



31 October 2011

Company Announcement

ASX ANNOUNCEMENT

ASX CODE: TMX, TMXOA

CAPITAL STRUCTURE

TMX	- Shares on Issue	231.02m
TMXOA	- Options on Issue	18.24m
	- Unlisted Options	72.18m

DIRECTORS & KEY MANAGEMENT

Dick Sandner	Non-Exec Chairman
Jonathan Lim	Non-Exec Vice Chairman
Alan Coles	Managing Director
Paul Dickson	Non-Exec Director
Ian Hobson	Company Secretary

PRINCIPAL REGISTERED OFFICE

Terrain Minerals Ltd
ABN: 45 116 153 514

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QUARTERLY REPORT: SEPTEMBER 2011

HIGHLIGHTS

- The \$8.0m term sale of Bundarra Gold Assets announced in July 2011, initially completed in October
- The Zulu Capital Convertible note discharged in October by:-
 - payment of \$1.2m cash
 - conversion of \$300,000 into shares and options
- Stratigraphic diamond drilling planned for Aztec Dome in November/December with the aim of penetrating the base to the ultramafic
- The company is debt free

On behalf of the Board:

Alan Coles
Managing Director

Terrain Minerals Ltd ABN: 45 116 153 514

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EAST KAMBALDA

The proposed diamond drilling programme to be commenced in late November/December depending on drill rig availability will drill stratigraphic holes to prove the geological sequence is similar to the nearby Kambalda Dome where the first nickel sulphide ore deposit in Australia was discovered in 1967.

The drilling programme includes two stratigraphic diamond drill holes to depth of one kilometre with the aim of identifying the base to the ultramafics on which the nickel sulphide ore deposits occur at Kambalda.

The second target is to explore two EM anomalies identified in previous work. This will be completed by initially drilling four holes totalling 1,300m total.

BUNDARRA SALE

The binding contract with S R Mining Pty Ltd was signed on 30 August 2011 for the sale of Great Western and the Bundarra Gold Assets for \$8.0m as detailed below. Shareholder approval was given at the EGM on 19 October 2011 and the transaction settled on 24 October 2011.

The Agreement includes:

- \$1.3m cash after TMX shareholders give approval
- \$0.7m cash when first gold produced or 1 year after receipt of initial payment
- 1.0 grams/ounce produced up to a total value of A\$6.0m with a minimum payment of \$600,000 per year

Total value \$8.0m equates to 3.4 cents per share.

A caveat will be held by TMX until full payment is received and if leases are on sold, full payment of the \$6.0m remainder will become due.

The funds were used to discharge the Zulu Capital convertible note in the sum of \$1.2m in cash and Zulu Capital converted \$300,000 into 13,043,478 shares and 13,043,478 options exercisable at 5 cents, expiring 31 December 2012.

BLACK CAT JV (earning 75% interest by spending \$750,000)

Exploration at the Black Cat JV to increase its value is being planned for early 2012, testing the Craig Extended 1.0km long gold soil anomaly.

CORPORATE

At the Extraordinary General Meeting on 19 October, shareholders approval was given for the sale of the Bundarra Lease to S R Mining.

Convertible Note

The Zulu Capital Limited Convertible Note has now been repaid by a cash payment of \$1.2m with \$300,000 being converted into 13,043,478 shares and 13,043,478 options exercisable at 5 cents, expiring 31 December 2012.

This will leave Terrain Minerals debt free. The company will receive a minimum of \$600,000 per year for the next 10 years.



Future Direction and Proposed Capital Raising

Following the sale of the Company's Bundarra Gold Assets for a total of A\$8.0m the company will concentrate its exploration for nickel at the Aztec Dome project in East Kambalda. Work at the Black Cat JV to increase its value, will also be undertaken.

TMX will undertake a further capital raising to undertake work at the Aztec Dome and the Black Cat JV and to provide working capital. Negotiations for a placement and an underwritten rights issue are well advanced. Full details of the capital raising will be announced shortly.

The Company's cash position reported in the September quarter cash flow report of \$200k has been supplemented by \$100k net receipt from the Bundarra sale. The planned capital raising will provide sufficient funds to meet the exploration budget of \$959k and administration budget of \$223k.

About Terrain Minerals Ltd (ASX: TMX & TMXOA)

TMX is a Perth based exploration company with a number of gold and nickel projects in the Eastern Goldfields of Western Australia.

East Kambalda (15 kms east of Kambalda)

The Aztec Dome is believed to be an analogue of the nearby Kambalda Dome which hosts a series of high grade nickel sulphide deposits. At the Aztec Dome drilling in December 2009 confirmed the existence of ultramafic rocks with anomalous nickel values associated with high MgO rocks. Trace amounts of nickel sulphide minerals were detected in several drill holes. Two distinct and strong EM conductors have been defined on the eastern edge of the Aztec Dome and further deep drilling is planned to test these encouraging targets as well as several other geological and geophysical targets.

It is noted that over 1,000,000 tonnes of contained nickel has been produced from the Kambalda dome and is still in production.

Black Cat Joint Venture

The Black Cat Joint Venture with St Barbara (TMX at 60% earning 75%) contains a series of prospective gold targets. The site has an untested soil anomaly 1 km long and 160 m wide, directly along strike from the old Craig workings. Drill targets exist below the old workings at Garden Well, Craig and Katalina.

Dodgers Well (30 kms north of Leonora)

The Dodgers Well Mining Centre contains a series of historic gold workings, some with historic production up to 2 oz/t gold. Previous rock chip sampling returned results up to 210 g/t gold. Drilling underneath several workings in mid-2010 returned very encouraging results including 4m @ 36.10 g/t Au (including 1m @ 115.7 g/t gold which re-assayed at 1m @ 220.5 g/t gold) and 3m @ 9.67 g/t gold, both in areas not previously drilled. The project is being evaluated for possible joint venture or sale.



Competent Persons Statements

The information in this report that relates to Exploration Results and JORC compliant Mineral Resources is based on information compiled by Mr Alan Coles, who is a full time employee of Terrain Minerals Ltd. Mr Coles is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Coles consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

