



ASX ANNOUNCEMENT

ASX CODE: TMX, TMXOA

CAPITAL STRUCTURE

TMX - Shares on Issue 171.23m
TMXOA - Options on Issue 16.89m
- Unlisted Options 10.57m

DIRECTORS & KEY MANAGEMENT

Dick Sandner Non-Exec Chairman
Jonathan Lim Non-Exec Vice Chairman
Chris Tomich Managing Director
Keith Wells Non-Exec Director
Paul Dickson Non-Exec Director
Ian Hobson Company Secretary

PRINCIPAL REGISTERED OFFICE

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Thursday 21 October 2010
Company Announcement

FINANCE RAISED TO BEGIN PRODUCTION CELTIC PIT

Terrain Minerals Ltd has secured financing of \$1.5 million (post fees interest payments and expenses leaves \$1.2 million available) from Zulu Capital Limited, via a convertible note, for funding of gold mining at the Celtic Pit, within the Bundarra Project, north of Leonora in Western Australia.

Zulu Capital Limited is a Hong Kong based investment company focussed on providing capital to mining and natural resource-focussed companies.

The Celtic Pit mining inventory currently stands at approximately 60,000t @ 3.5g/t gold (at a 1.0g/t gold lower cut-off grade) extending up to 15m below the current pit floor.

After allowing for metallurgical recovery and mining dilution it is anticipated that approximately 6,000oz of gold will be recovered from toll treatment of this ore, which should yield a cash surplus of \$2-3 million over a mining period of 2-3 months.

The ore will be toll treated at a nearby mill (details to be advised when finalised in a separate ASX announcement). This agreement will allow for the cost of toll treatment to be paid from gold sales.

Preliminary activities, including pit dewatering, are now underway, ahead of scheduled mining in November and December 2010.

Contracts for earthmoving/mining and ore haulage have now been awarded.

This mining operation represents an exciting new phase for Terrain Minerals Ltd as it progresses from explorer to producer status.

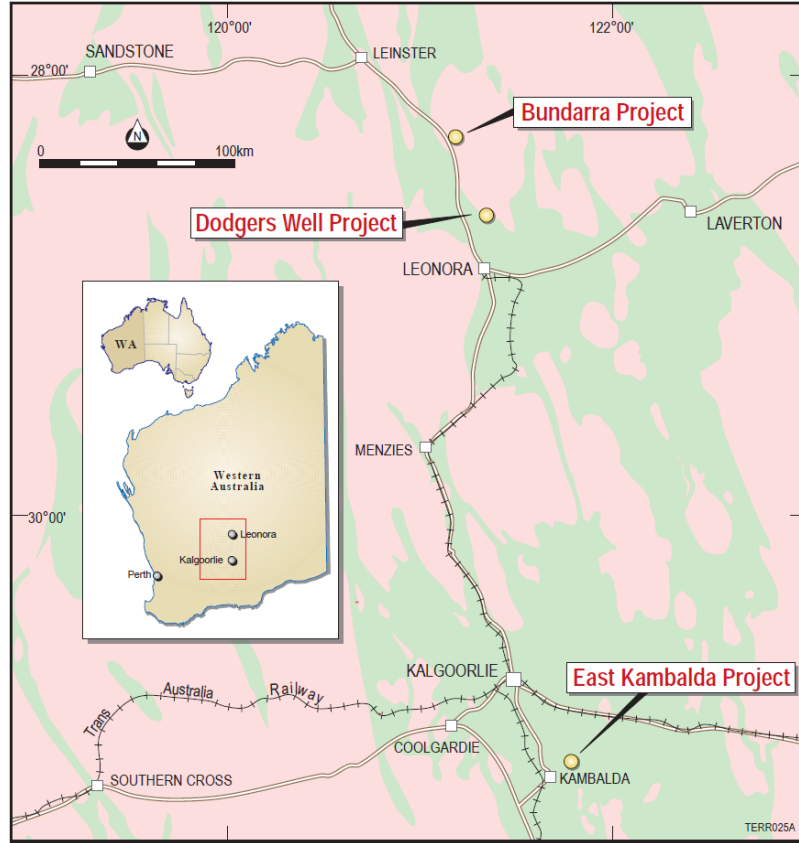
Terrain Minerals is also reviewing mining opportunities for other deposits within the Bundarra Project.

On behalf of the Board:

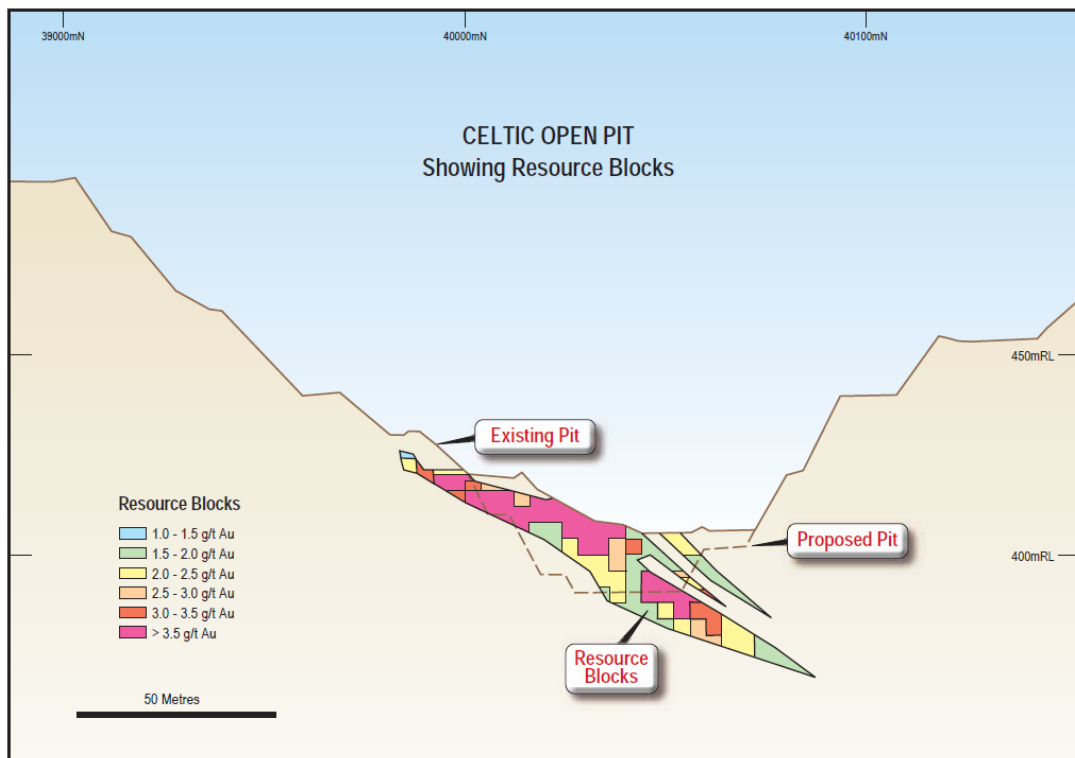
Chris Tomich,
Managing Director



Project Location Map



Celtic Pit: Generalised cross section of planned open pit mining





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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, including the advanced gold project at Bundarra.

Bundarra (60 kms north of Leonora)

TMX has outlined JORC compliant resources of 321,000 oz of gold in a closely related cluster of deposits including: Wonder North, Celtic, Great Western, Bluebush and Black Cat (see resource tables). All the deposits remain open down dip and down plunge. Mining scoping studies, including metallurgical test work, pit optimisations, pit designs and mine scheduling have indicated favourable mining economics with potential cash surpluses of >\$30 million (at a gold price of A\$1,350/oz). The company has also identified a potential for larger mining operations and drill programs are planned to test for extensions to the known deposits as well a number of new drilling targets.

The Celtic Pit is now being dewatered in preparation for mining in November – December 2010. Approximately 60,000t @ 3.5 g/t gold (undiluted) is to be treated at a nearby mill some 90km away. Toll treatment costs are to be deducted from gold sales.

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.

The Coogee gold deposit contains a JORC compliant resource of 277,500t @ 3.9 g/t gold (35,000 oz). A pit optimisation and pit design have been completed and indicate that the resource would support a profitable mining operation. Mining development is currently focused on the Bundarra project and the Coogee deposit is being offered for sale.

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. Followup drilling is planned to further evaluate these encouraging mineralised targets.

Competent Persons Statements

The information in this report that relates to Exploration Results is based on information compiled by Mr Chris Tomich, who is a full time employee of Terrain Minerals Ltd. Mr Tomich is a member of the Australian Institute of Geoscientists (MAIG) 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 Tomich consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

The Mineral Resource estimates (at 1g/t gold cut-off) for the Wonder North, Bluebush, Great Western and Black Cat deposits at Bundarra were completed by consultant Mr. Shane Fieldgate of CSA Global Pty Ltd, who is a Member of the Australian Institute of Geoscientists (MAIG) and is a Competent Person as defined by the Australasian Code for the Reporting of Exploration Result Mineral Resources and Ore Reserves (JORC Code) 2004 Edition and who consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The Mineral Resource estimate (at +3g/t gold cut-off) for the Wonder North deposit at Bundarra was completed by consultant Mr. Steve Le Brun of LBC Resources Pty Ltd, who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and is a Competent Person as defined by the Australasian Code for the Reporting of



Exploration Result Mineral Resources and Ore Reserves (JORC Code) 2004 Edition and who consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The Mineral Resource estimate for the Coogee deposit was reviewed by consultant Mr. Malcolm Castle, who is a Member of the Australian Institute of Mining & Metallurgy (MAusIMM) and is a Competent Person as defined by the Australasian Code for the Reporting of Exploration Results Mineral Resources and Ore Reserves (JORC Code) 2004 Edition and who consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

JORC Compliant Resource Table (at 1 g/t gold lower cut-off)

| Deposit | Resources | Measured | Indicated | Inferred | Totals |
|------------------------------|---------------|------------------|------------------|------------------|------------------|
| Bundarra Project | | | | | |
| Wonder North | Tonnes | 354,000 | 872,000 | 1,314,000 | 2,540,000 |
| | Grade g/t | 2.3 | 2.4 | 1.9 | 2.1 |
| | Ounces | 26,000 | 66,500 | 80,200 | 172,600 |
| Bluebush | Tonnes | | | 726,000 | 726,000 |
| | Grade | | | 1.7 | 1.7 |
| | Ounces | | | 38,900 | 38,900 |
| Black Cat | Tonnes | | | 134,000 | 134,000 |
| | Grade | | | 2.5 | 2.5 |
| | Ounces | | | 10,600 | 10,600 |
| Great Western | Tonnes | 58,000 | 284,000 | 131,000 | 473,000 |
| | Grade | 3.0 | 2.8 | 2.3 | 2.7 |
| | Ounces | 5,600 | 25,800 | 9,500 | 40,900 |
| Totals | Tonnes | 412,000 | 1,156,000 | 2,305,000 | 3,873,00 |
| | Grade | 2.4 | 2.5 | 1.9 | 2.1 |
| | Ounces | 31,600 | 92,300 | 139,200 | 263,100 |
| Celtic* | Tonnes | 683,900 | 199,400 | 204,400 | 1,087,700 |
| | Grade | 1.8 | 1.5 | 1.5 | 1.7 |
| | Ounces | 39,300 | 9,300 | 9,500 | 58,100 |
| TOTALS | Tonnes | 1,095,900 | 1,355,400 | 2,509,400 | 4,960,700 |
| | Grade | 2.0 | 2.4 | 1.9 | 2.0 |
| | Ounces | 70,900 | 101,600 | 148,700 | 321,200 |
| East Kambalda Project | | | | | |
| Coogee | Tonnes | | 137,800 | 139,700 | 277,500 |
| | Grade g/t | | 4.12 | 3.70 | 3.91 |
| | Ounces | | 18,250 | 16,620 | 34,870 |
| Total Resources | | | | | |
| All Deposits | Tonnes | 1,095,900 | 1,493,200 | 2,649,100 | 5,238,200 |
| | Grade | 2.00 | 2.56 | 1.99 | 2.10 |
| | Ounces | 70,900 | 119,850 | 165,320 | 356,070 |

Wonder North JORC Compliant Resource Table (at 3 g/t gold lower cut-off)

| CLASSIFICATION | TONNES | GRADE g/t GOLD | GOLD OUNCES |
|----------------|----------------|----------------|---------------|
| Measured | 0 | 0 | 0 |
| Indicated | 494,450 | 4.9 | 78,080 |
| Inferred | 127,150 | 4.4 | 18,000 |
| TOTAL | 621,600 | 4.8 | 96,080 |