



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

Terrain Minerals Ltd
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QUARTERLY REPORT: SEPTEMBER 2010

HIGHLIGHTS

BUNDARRA – CELTIC PIT

- \$1.5 million convertible note (\$net 1.2 million) secured to finance mining operations at the Celtic Pit north of Leonora in Western Australia.
- Toll treatment agreement signed with the Gold Fields Agnew Gold Mine for processing of the Celtic Pit ore. The ore will be trucked 90km to the Agnew Gold Mine for processing.
- Agreement allows for the cost of toll treatment to be paid from gold sales (no cash outlay), which will greatly assist TMX with its cash flow.
- Preparations, including pit dewatering, underway for mining of the Celtic Pit.
- Contracts for earthmoving/mining and ore haulage have been awarded.
- Anticipated recovery of approximately 6,000oz of gold from toll treatment of Celtic Pit ore, which should yield a cash surplus of \$2-3 million over a mining period of 2-3 months.

DODGERS WELL

- Reassay result of 1m @ 220.5 g/t gold (previously 1m @ 115.7 g/t gold) from 76m in hole DWRC013 at the Dodgers Well Project. A cyanide leach assay of this same interval returned 227.94 g/t gold.

EAST KAMBALDA – AZTEC DOME

- Two strong discrete EM conductors detected on the eastern edge of the Aztec Dome, near drill holes with sulphides and anomalous nickel and chrome geochemistry in a mixed mafic and ultramafic sequence.
- Presence of these strong EM anomalies further enhances the prospectivity of the eastern Aztec Dome, where nickel sulphides are believed to be remobilised from a deeper source in to the overlying mafic cover sequence.



BUNDARRA REGION

Terrain Minerals has committed to mining of the Celtic Pit with preliminary mining activities already underway (Figures 1 & 2).

Celtic Pit Mining

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.

A \$1.5 million convertible note (net \$1.2 million) has been secured, via Zulu Capital Limited, to finance the mining operation.

An agreement with Gold Fields' Agnew Gold Mine has been signed to toll treat gold ore from the Celtic Pit. The ore will be trucked 90km to the Agnew Gold Mine for processing.

Gold Fields will be paid for these services through a share of the gold recovered. With no cash outlay this greatly assists Terrain Minerals with its cash flow.

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.

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.

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.

Wonder North Gold Deposit

An underground mining scoping study indicates that the high grade +3g/t gold resource core (part of indicated and inferred resources of 621,600t at 4.8 g/t gold) below the current pit floor is economic to mine as a stand alone operation, but the economics would be greatly enhanced if this operation was combined with other mining operations in the Bundarra region, eg Great Western underground.

Using cost assumptions from previous scoping studies, and a gold price of A\$1,200/oz, the underground operation yields a potential cash surplus of A\$2.15 million for approximately 71,000 oz mined. For each A\$50/oz increase in the gold price the cash surplus would increase by A\$3.55 million, eg at a gold price of A\$1,350/oz the potential cash surplus increases to A\$12.8 million.

The Wonder North underground resource remains open at depth with several attractive deep drill targets. In particular, a flexure zone in the eastern part of the high grade underground resource is associated with several additional satellite +3 g/t gold lodes (Figure 3). The flexure zone is a good structural target for possible "bonanza" mineralisation.

Other Gold Targets

A series of attractive gold targets remain to be tested -



Craig-Katalina

- Two major soil anomalies up to 160m wide and 1,000m long, with gold values up to 50X background, are untested;
- Craig workings - historic shallow drill intersections below and along strike from the old workings, including 2m @ 82.67g/t gold and 1m @ 9.42g/t gold, require follow-up drilling;
- Katalina workings - historic drill intersections below the old workings, including 2m @ 26.58g/t gold, 6m @ 3.83g/t gold, and 2m @ 9.05g/t gold, require follow-up drilling.

Great Western Deeps

- High grade underground mineralisation remains open at depth and down plunge with good potential for a series of stacked ore zones - deeper core drilling is planned to increase this resource.

Wonder North Deeps

- High grade lenses (+3g/t gold) remain open down plunge - deeper core drilling is planned to increase this resource.

DODGERS WELL PROJECT

Resampling of the high grade assay in hole DWRC013 returned 1m @ 220.5 g/t gold (previously 1m @ 115.7 g/t gold) from 76m. A cyanide leach assay of this same interval returned 227.94 g/t gold. These high assay results are encouraging and confirm the presence of coarse gold in the mineralised quartz vein in hole DWRC013.

Previously reported anomalous drill intercepts (Figures 4 & 5) include -

DWRC013, 4m @ 36.10 g/t gold from 76m, including 1m @ 115.7 g/t gold from 76m (within a larger interval of 9m @ 17.04 g/t gold from 76m)

DWRC014, 3m @ 9.67 g/t gold from surface (within a larger interval of 6m @ 5.65 g/t gold)

DWRC008, 4m @ 1.67 g/t gold from 20m

Further followup drilling of these newly identified zones of gold mineralisation is planned.

EAST KAMBALDA PROJECT

A fixed loop electromagnetic (FLEM) survey has detected two strong discrete conductors on the eastern edge of the Aztec Dome, in the East Kambalda Project (Figure 6). They appear to be offset and separated by a fault.

These FLEM anomalies dip moderately to the west-southwest and appear to cut across stratigraphy and structure.

The larger FLEM anomaly occurs at approximately 300-400m below surface, and the smaller, but more strongly conductive anomaly, occurs at approximately 140m depth.

The FLEM anomalies occur just north of 2009 drill hole AZRC009 which contains sulphides with up to 0.32% nickel in a mixed mafic and ultramafic sequence. The nickel-copper sulphides identified include pentlandite, millerite, and chalcopyrite. Historic hole AZRC001, also containing anomalous nickel and chrome geochemistry, as well as



spinifex textured komatiite at the end of hole, is located a few hundred metres further south.

The presence of these strong FLEM anomalies further enhances the prospectivity of the eastern Aztec Dome, where nickel sulphides are believed to be remobilised from a deeper source in to the overlying mafic cover sequence.

These new geophysical targets require drill testing, which is currently being planned (Figures 7 & 8). The Aztec Dome also contains other geological and geophysical anomalies which require deep drill testing.

The Aztec Dome is believed to be an analogue of the Kambalda Dome, located 10-20km to the southwest, which is the host to numerous komatiitic nickel sulphide ore bodies.

CORPORATE

Financing of \$1.5 million (post fees interest payments and expenses leaves \$1.2 million available) has been secured from Zulu Capital Limited, via a convertible note, for funding of gold mining at the Celtic Pit. This can be drawn down in tranches and repaid in cash, shares, or a combination of both.

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

On 6 May 2010 Terrain Minerals Ltd signed an agreement with New Global Mining Ltd ("NGO") to sell the Coogee Gold Deposit (Figure 5) for up to \$1.15m in cash and script (\$400,000 cash and up to 3,000,000 shares at \$0.25). Cash deposits to the value of \$100,000 were received by TMX as part of the agreement. This agreement, which was subsequently extended, expired on 31 August 2010.

Discussions are underway with potential buyers for sale of the Coogee Gold Deposit.

Estimated exploration expenditure is \$60,000 and estimated production expenditure is \$2,000,000 for the December 2010 quarter.

On behalf of the Board:

A handwritten signature in blue ink that reads 'C S Tomich'.

Chris Tomich,
Managing Director

Terrain Minerals Ltd ABN: 45 116 153 514

Contact

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Further information regarding the company, Terrain's projects and exploration programs can be found on the Company's website: www.terrainminerals.com.au



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



Figure 1: Bundarra Region Map

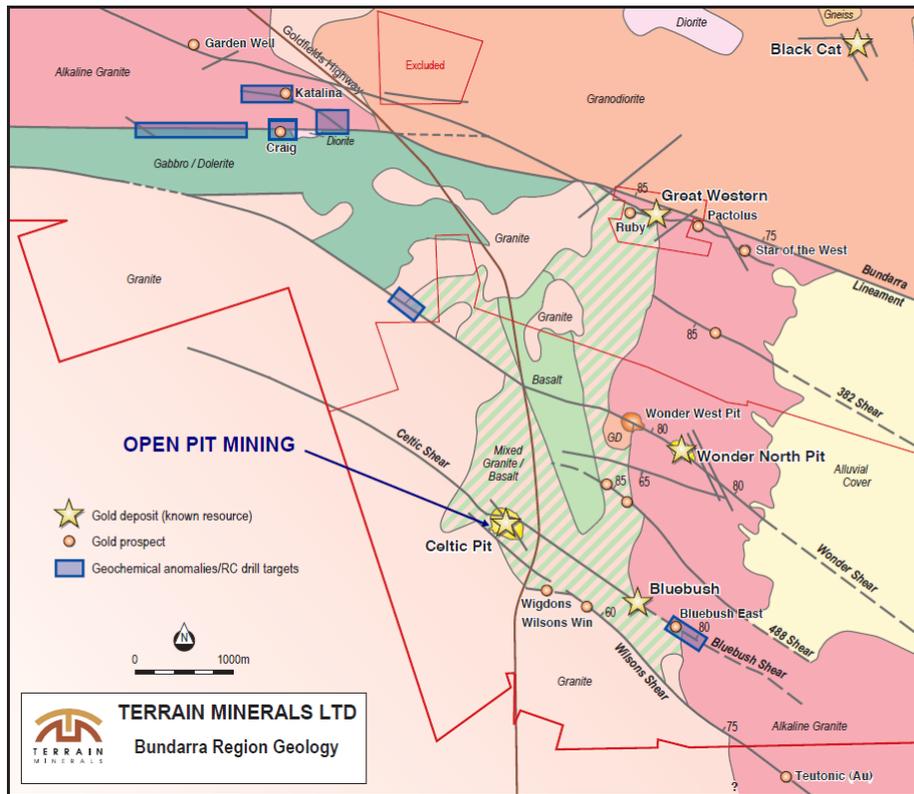


Figure 2: Celtic Pit – generalised cross section

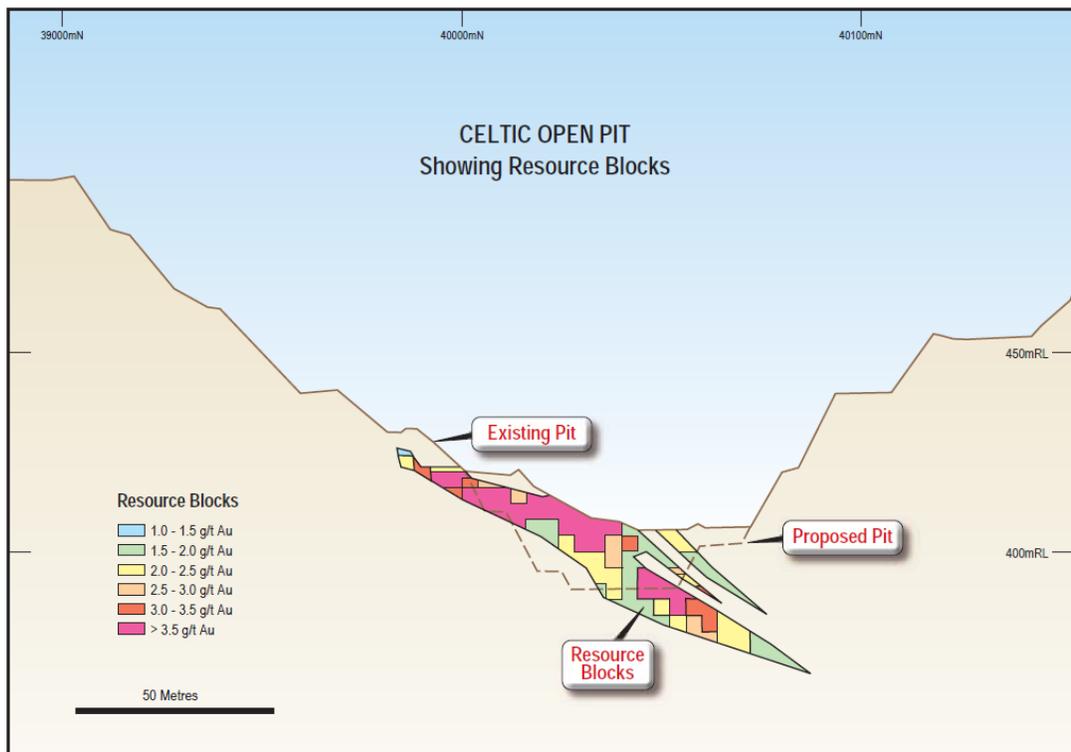




Figure 3: Long Section of Wonder North showing current pit (orange), main +3g/t gold zone (magenta) up to 250m below surface, and satellite lodes (green) to the grid east.

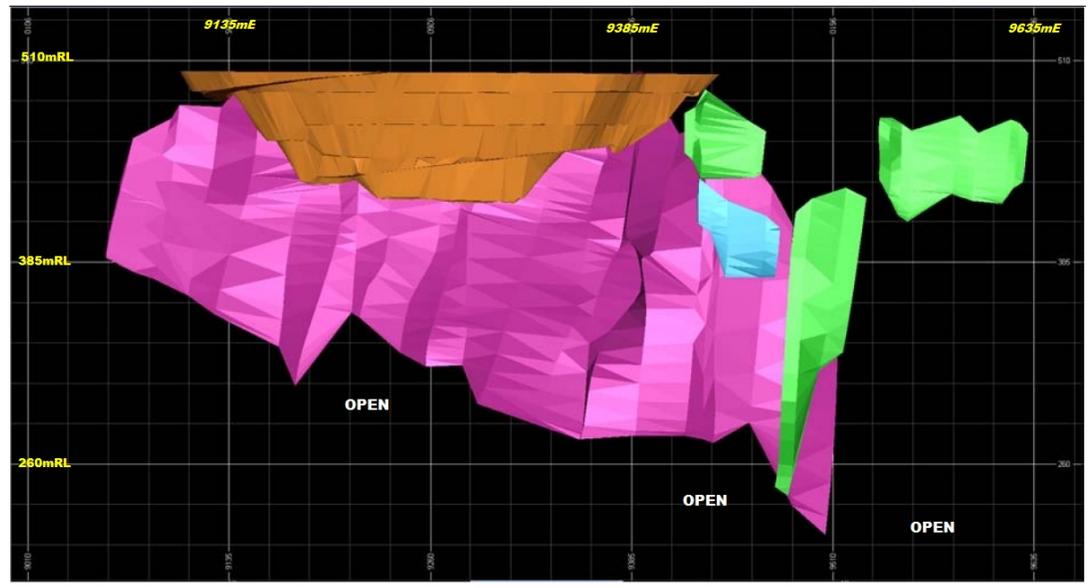


Figure 4: Dodgers Well Drill Hole & Rock Chip Locations

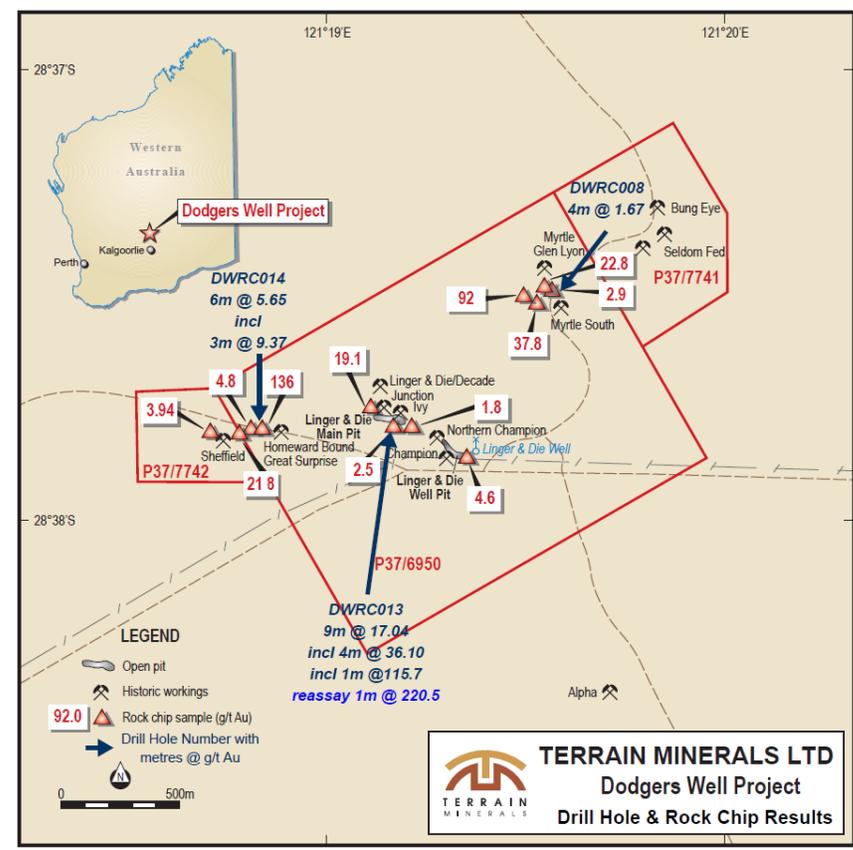




Figure 5: Dodgers Well Hole DWRC013 Cross Section

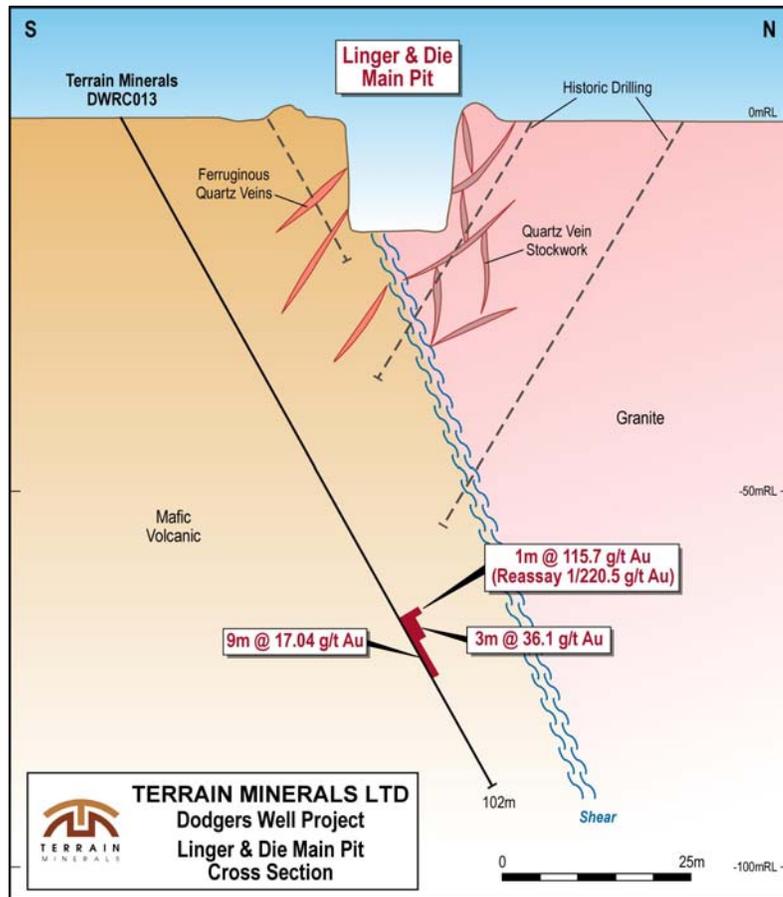


Figure 6: East Kambalda project Location Map

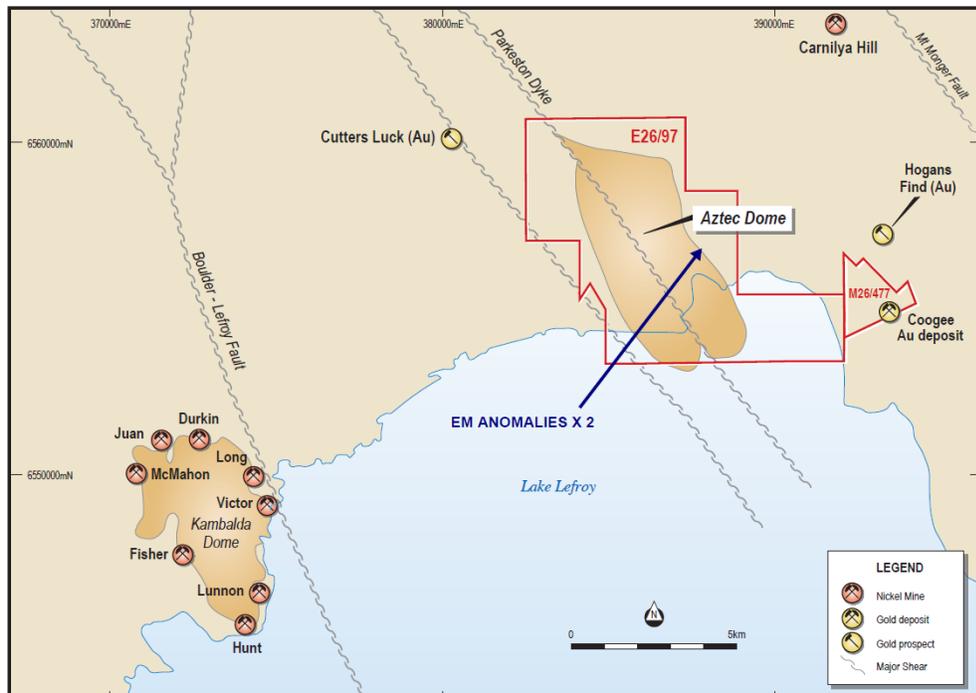




Figure 7: Aztec Dome EM Anomaly 1

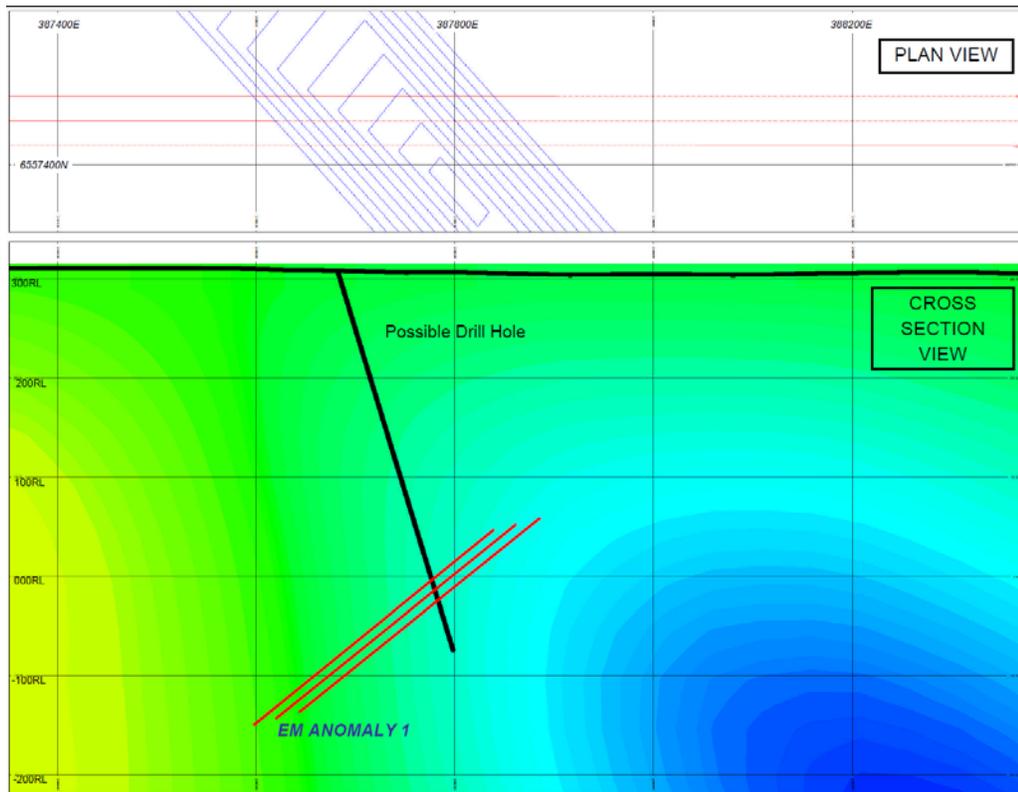


Figure 8: Aztec Dome EM Anomaly 2

