



## SHAREHOLDER UPDATE – OCTOBER 2008

### “Terrain –a successful explorer”

#### About Terrain Minerals

The company is a focused gold and nickel explorer with projects located in the world class mineral province of the Eastern Goldfields of Western Australia.

The Company raised \$5m and listed on the ASX in March 2006. A further \$4m was raised through a placement in June 2007 to undertake a resource drilling program at the Bundarra Project.

The company's key focus is to capture significant value for investors by expanding the existing resource inventory and defining new high quality projects through both ongoing exploration and selective acquisitions.

ASX Codes: TMX, TMXO

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#### Capital Structure

Listed Shares:	77,449,748
Listed Options:	51,624,141
Unlisted Options:	1,990,000

#### Dear Shareholder,

Following the placement and rights issue at the beginning of the 2007-08 financial year, Terrain committed to a resource definition drilling program at Bundarra. Between September 2007 and May 2008 the Company completed 16,000m of RC and Diamond Drilling, targeting a number of deposits within the project area.

In August 2008 Terrain announced a 60% increase in the JORC compliant resources to 4.96mt @ 2.0g/t gold (321,000 oz) (See TMX Release dated 29.08.08). The Company regards the new resource estimate as a significant step towards defining an interim target of 400,000 – 600,000 oz (#) of Gold at Bundarra. Geological mapping and sampling programs are currently in progress to complete the identification of all areas within the tenement block which will justify more intensive exploration.

In addition to the programs at Bundarra the Company's exploration team have been working on the Aztec Dome nickel prospect, located 12 kms east of Kambalda. An analysis of historical data together with a detailed gravity survey has outlined the potential for a repeat of the Kambalda Dome and its associated nickel deposits. Further geophysical programs are currently underway to define drilling targets to be tested in 2009.

The main exploration programs undertaken in 2007-08 have been very successful. The Company has a number of exciting drill targets to be tested and we look forward to building on the exploration success in 2008-09.

Kind Regards,

Keith Wells  
Managing Director

(#) The target is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and that it is uncertain that further exploration will result in a Mineral Resource.

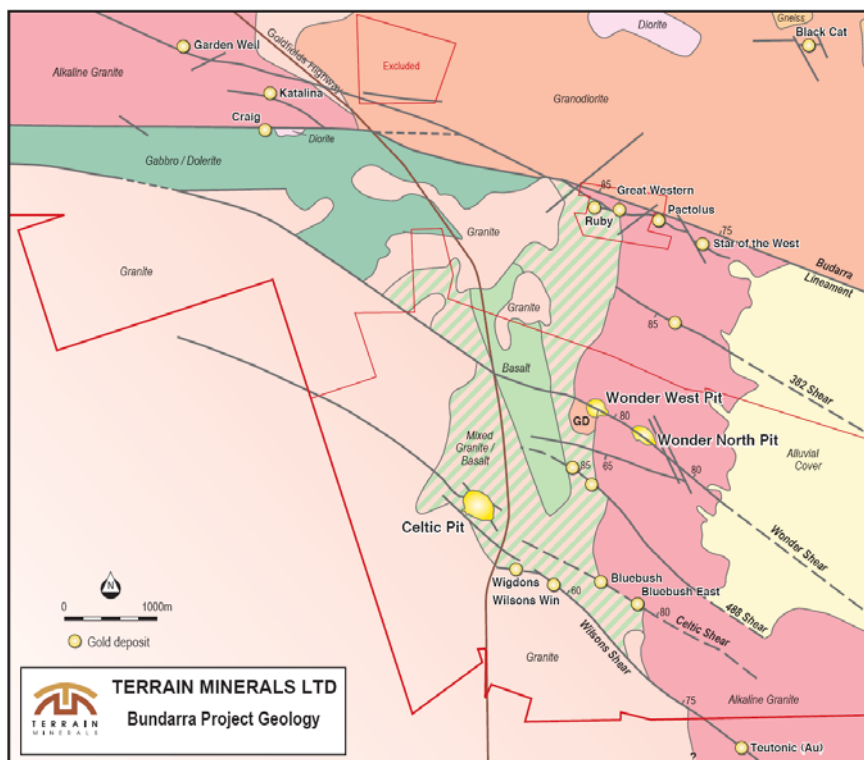
*The Mineral Resource estimates for the Wonder North, Bluebush, Great Western and Black Cat deposits were completed by Mr. Shane Fieldgate of CSA Global Pty Ltd, who is a Member of the Australian Institute of Geoscientists (MAIG) and is a Competent Person as defined by the Australasian Code for the Reporting of Exploration 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.*

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



## BUNDARRA PROJECT UPDATE

### Bundarra Project: Geology and Prospects



Field programs have resolved the geological controls on the gold deposits, which will enable the most prospective areas to be targeted. All the gold deposits are located on a series of northwest trending shears and there remains >25kms of the prospective shears to be tested. Testing of the unexplored sections of the shears commenced in 2007 and immediately identified new deposits at Bluebush and Bluebush East.

New resources estimates were announced in August 2008:

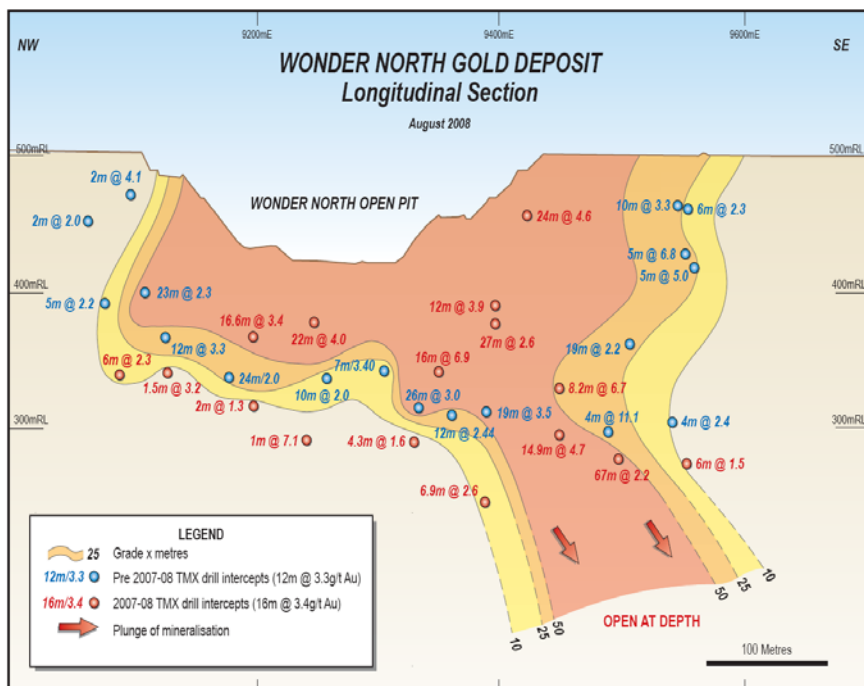
#### Bundarra: JORC Compliant Resources (1g/t gold cut off)

Wonder North	2.54mt @ 2.1g/t gold (172,600 oz)
Bluebush	0.73mt @ 1.7g/t gold (38,900 oz)
Black Cat	0.13mt @ 2.5g/t gold (10,600 oz)
Great Western	0.47mt @ 2.7g/t gold (40,900 oz)
Celtic	1.09mt @ 1.7g/t gold (58,100 oz)

**Total: 4.96mt @ 2.0g/t gold (321,200 oz)**

(Details of JORC Resource in ASX Release dated 29.08.08)

### Wonder North



Wonder North, the largest known deposit, has a strike length of 600m and a true width up to 40m.

The deposit has only been drilled to a vertical depth of ~200m; the last two drill holes intersected:

14.9m @ 4.7g/t gold  
67.0m @ 2.2g/t gold (including 21m @ 3.1g/t gold).

Within the outcropping ore shoot there are smaller zones of higher grade (+4g/t gold) e.g.

16.0m @ 6.9g/t gold  
8.2m @ 6.7g/t gold  
4.0m @ 11.1g/t gold

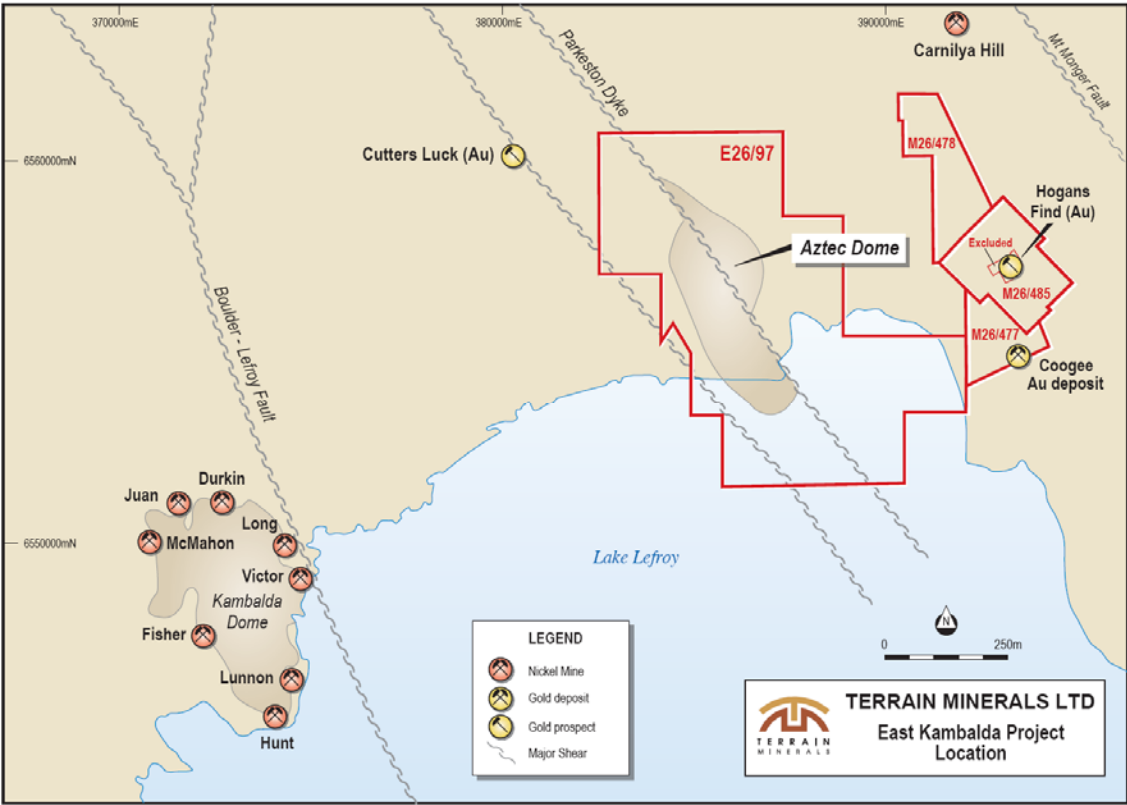
There is good potential to define both an open pitable deposit and a deposit suitable for underground mining.

The Wonder North mineralised zone like all the other drill tested prospects, remains open down dip and down plunge. Work planned for 2009 will include testing extensions of the known resources, drill testing of other identified prospects and continuing with the first pass testing of the prospective shear zones.



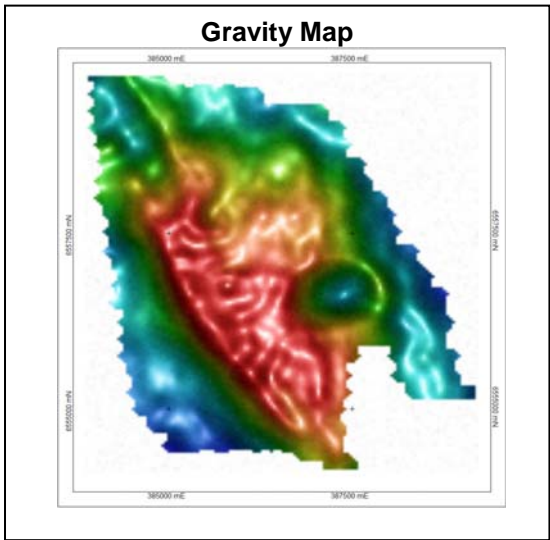
## AZTEC DOME PROJECT UPDATE

### Aztec Dome: Location Plan



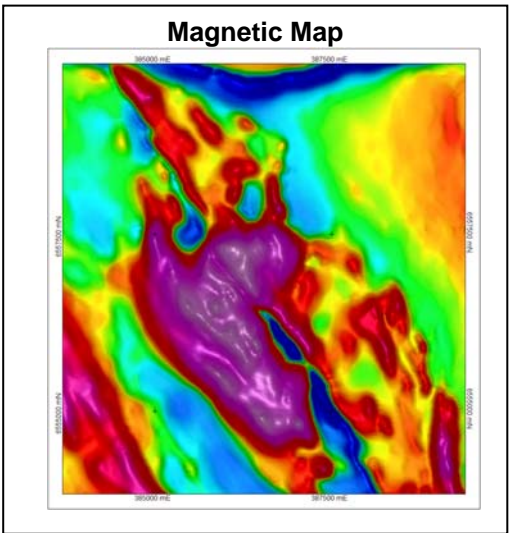
Aztec Dome is located 12 kms northeast of the Kambalda Dome, with its associated nickel deposits and 9 kms southwest of the Carnilya Hill nickel deposit. The Aztec Dome is a similar size to the Kambalda Dome and cut by a major northwest – southeast trending shear zone.

A review of historical data indicated that the Aztec Dome has the potential to be a repeat of the Kambalda Dome. There has been little or no nickel exploration over the Aztec Dome, because the potentially mineralised horizon does not outcrop.



### - Aztec Dome -

A gravity survey completed in June 2008 outlined a strong gravity high coincident with a strong magnetic high.

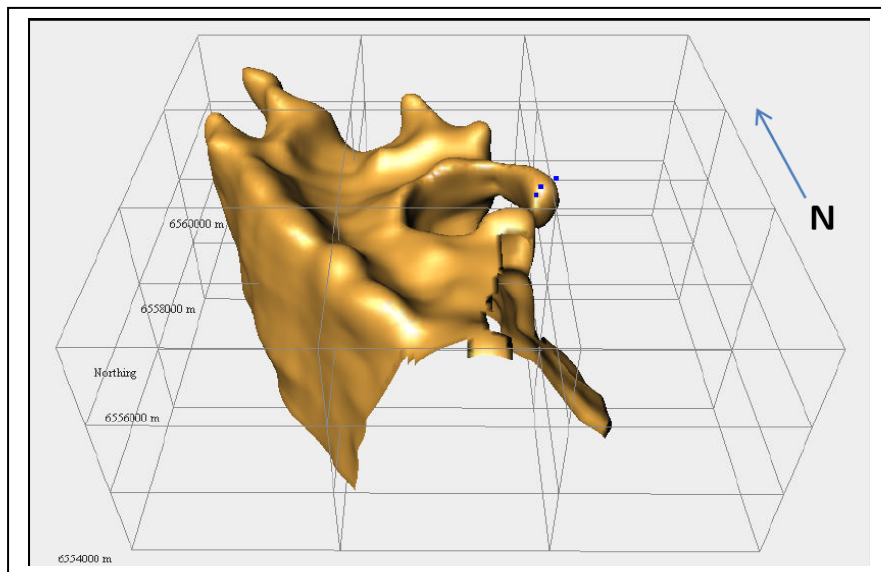






The 3D computer interpretation of the geophysical data (shown below) has outlined the depth and surface shape of the rock unit producing the gravity and magnetic results.

### Aztec Dome: 3D Interpretation of Ultramafic Rock Unit

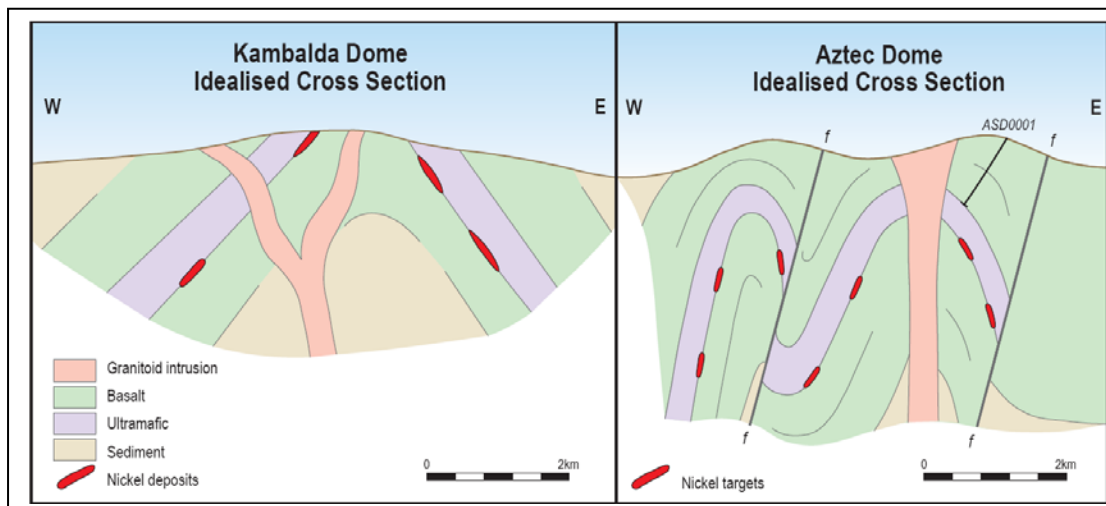


The rock unit outlined extends 6kms northwest to southeast by 3-4kms wide. The only deep drill hole in the area, located on the eastern side of the dome, intersected ultramafic rocks exactly where the 3D computer interpretation predicted the surface would be located.

The drill hole also intersected wide (up to 40m) zones of disseminated sulphides with nickel values up to 0.35%. The sulphide mineralisation is believed to be due to remobilisation from sulphide deposits deeper down, following the emplacement of a syenite granite intrusion.

The size, shape, rock types and known mineralisation all appear similar to the Kambalda Dome.

### Idealised Cross Sections: Kambalda Dome V Aztec Dome



A further geophysical survey, EM which directly detects massive sulphide nickel deposits will be undertaken in November 2008. Anomalies generated by this survey will be drill tested in 2009.



**Bundarra Resources (at 1 g/t gold cut off)**

<b>Deposit</b>	<b>Resources</b>	<b>Measured</b>	<b>Indicated</b>	<b>Inferred</b>	<b>Totals</b>
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
<b>TOTALS</b>	<b>Tonnes</b>	<b>1,095,900</b>	<b>1,355,400</b>	<b>2,509,400</b>	<b>4,960,700</b>
	<b>Grade</b>	<b>2.0</b>	<b>2.4</b>	<b>1.9</b>	<b>2.0</b>
	<b>Ounces</b>	<b>70,900</b>	<b>101,600</b>	<b>148,700</b>	<b>321,200</b>

\* - Celtic Resource previously published in Terrain Prospectus dated March 2006