



QUARTERLY REPORT

For the period ending 30 September 2007

HIGHLIGHTS

EXPLORATION

- Significant new discovery of Bluebush and Bluebush East prospects at Bundarra Project
- Continuing high-grade drill results at Great Western prospect at Bundarra
- Replacement tenements granted at Redcastle Project, with RAB drilling program planned to follow recent encouraging results
- Tenement granted at Euro Project, with RC program planned to test existing gold anomaly
- Focus on resource development drilling in December 2007 quarter
 - 25 x 25 metre pattern RC drilling underway to upgrade Great Western prospect to JORC Compliance
 - Diamond drilling underway at Wonder North deposit, which remains open down dip and down plunge
- Target of expanding Bundarra Project from current resource of 194,600 oz gold towards 500,000 oz gold by mid-2008

CORPORATE

- Successfully completed second tranche of placement to sophisticated investors raising \$2.79m (total placement \$4.07m)
- Fully subscribed shareholder option offer raised \$384k
- Deposits and cash reserves of \$5.36m at end of quarter

EXPLORATION

BUNDARRA PROJECT (100%)

The Bundarra project is located 65 kilometres north of Leonora in Western Australia. Terrain has consolidated ownership of a number of disparate tenements into a substantial gold project, exceeding 100kms², with a JORC compliant resources containing 195,000 oz of gold. In addition to the known resources, a number of other prospects have been identified ranging from high grade quartz vein hosted gold deposits to regional geochemical/geophysical targets.

The first of a number of planned, targeted RAB programs was undertaken in June 2007. The RAB programs have been designed to test extensive mineralised zones outlined by geological mapping and geophysical programs (see Figure 2).

Terrain holds four projects in the Eastern Goldfields of WA: Bundarra, Redcastle, Euro and East Kambalda (see Figure 1), with all four projects hosting immediate drilling targets. Exploration during the September quarter was largely focused on the Bundarra project.

RAB Drilling

- Geological mapping has established that gold mineralisation is located on a series of northwest trending shears (see Figure 2).
- Two RAB drilling programs have now been completed and detected anomalous gold values on all seven shears tested. In June 2007 attractive RAB intercepts were discovered at Bluebush that included:

24m @ 2.10g/t gold; including
10m @ 4.86g/t gold
50m @ 1.52g/t gold; including
11m @ 3.03g/t gold

Additional RAB drilling during this quarter at Bluebush extended the width of the anomaly to 40m and intersected:

19m @ 0.77g/t gold

- Other RAB anomalies which remain to be followed up include:

Bluebush East: 18m @ 3.24g/t gold, 5m @ 3.24g/t gold;
382 Shear: 8m @ 1.56g/t gold; and
Great Western and Black Cat prospects.

Bluebush Prospect

- Follow up RC drilling at Bluebush intersected (see Figure 3):

40m @ 2.43g/t gold; including
10m @ 4.86g/t gold

and 150m away (see Figure 4):

39m @ 2.46g/t gold; including
7m @ 5.10g/t gold; and
4m @ 8.76g/t gold

- The Bluebush deposit as currently known is AT LEAST 150m IN LENGTH, HAS A TRUE WIDTH OF 40m and a plunge of ~30° towards the northwest. The deposit remains open down plunge. Further drilling is planned.

Great Western Prospect

- Pattern RC drilling aimed at upgrading the current resource estimate to JORC Compliance commenced in October 2007. A number of high-grade intercepts were achieved, including:

4m @ 5.83g/t gold (76 - 80m)
4m @ 26.20g/t gold (60 - 64m)
4m @ 6.77g/t gold (67 - 71m)
2m @ 6.80g/t gold (61 - 63m); and
10m @ 11.63g/t gold (78 - 88m)

- The results have identified some potential extensions to the deposit and a number of exploration holes are planned in addition to the resource definition drilling program.

Wonder North Deposit

- A diamond drill rig commenced resource drilling at Wonder North on 23 October 2007 to pattern drill extensions to the established resource (**1.98mt @ 2.13g/t gold (136,500 oz)**) located by previous RC drilling programs. The deposit remains open down dip and down plunge.

Resource Drilling

- The resource drilling program will take 3 - 4 months and upgrade and/or establish resource estimates on a number of gold deposits at Bundarra.
- The target of the program is to **increase the current JORC compliant resource from 195,000 oz to 500,000 oz**

REDCASTLE PROJECT (100%)

- In October 2007 a number of replacement (Reversion) tenements were granted and field programs can now commence. A RAB drilling program to follow up the encouraging RAB results received in the June quarter is being planned. The results announced in the previous quarter included: 3m @ 3.09g/t gold, 2m @ 5.36g/t gold and 2m @ 2.12g/t gold.

EURO PROJECT (100%)

- The tenement has now been granted and an RC program to test the existing gold anomaly is being planned.

CORPORATE ACTIVITIES

- Successful completion of tranche 2 of a placement of 15,495,804 ordinary shares and 7,747,804 free attaching options to sophisticated investors raised \$2.79m (total placement \$4.07m). The placement was made pursuant to shareholder approval granted at a general meeting held on 26 July 2007.
- Subsequent offer to shareholders of 38,354,152 options on the basis of one option for every two shares held (1¢ paid, exercise price 25¢, expiry date 31/07/10). The offer was fully subscribed and raised a total of \$383,538.
- At the end of September 2007 Terrain had deposits and cash reserves of \$5.36m.

ABOUT TERRAIN MINERALS LTD

Terrain Minerals Ltd (ASX: TMX) is a focused gold explorer with four projects in the Eastern Goldfields of Western Australia: Bundarra, East Kambalda, Redcastle and Euro.

The current Resource base includes:

Bundarra	Celtic	1,087,700t	@ 1.66g/t gold	(58,100 oz)
	Wonder North	<u>1,978,300t</u>	<u>@ 2.13g/t gold</u>	<u>(136,500 oz)</u>
		3,066,000t	@ 1.96g/t gold	(194,600 oz)
East Kambalda	Coogee	<u>277,400t</u>	<u>@ 3.91g/t gold</u>	<u>(34,870 oz)</u>
	Total	3,342,500t	@ 2.12g/t gold	(229,500 oz)

During the last year, the Bundarra project has been enlarged via acquisition of the adjacent Black Cat and Great Western projects, both of which add further drill targets to the exploration inventory.

Terrain raised \$4 million via a placement in July 2007 and currently has cash reserves in excess of \$5m. An aggressive drilling program is currently underway at Bundarra, with drilling programs to test targets on Terrain's other projects planned for later this calendar year.

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

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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.

Figure 1: Terrain Minerals Ltd Project Locations (100%)

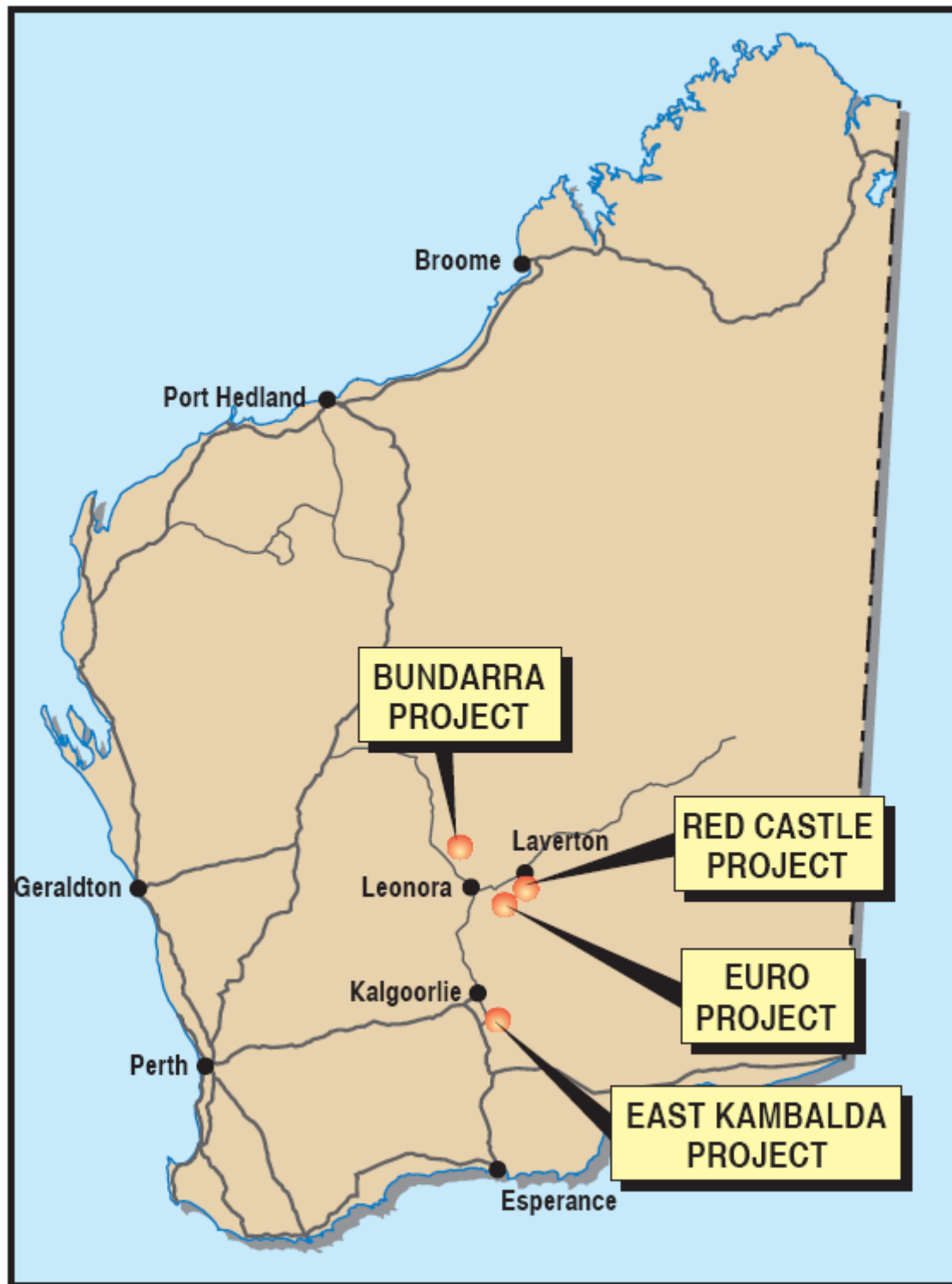


Figure 2: Bundarra Project (100%) Geological Map

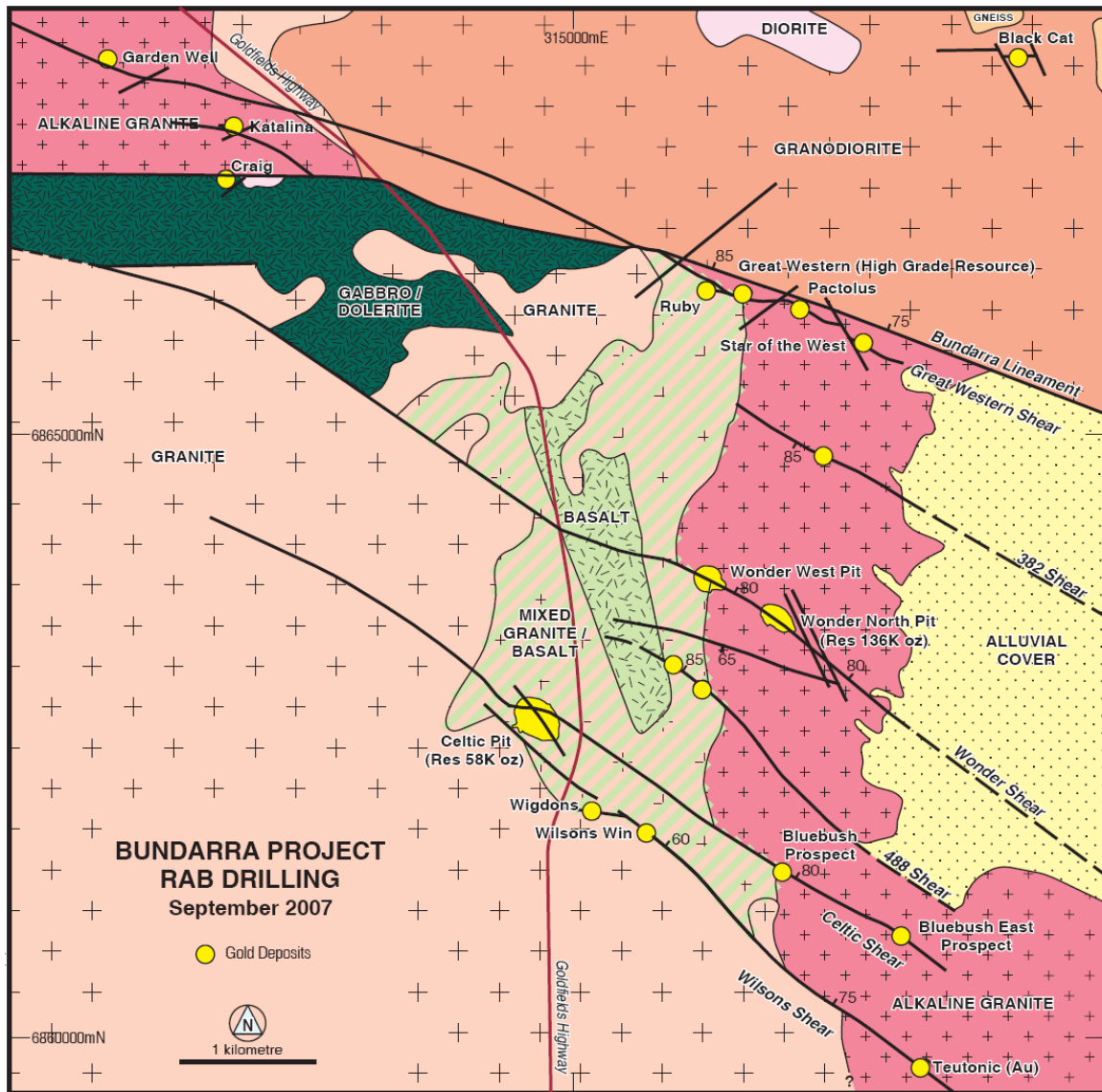


Figure 3: Bluebush Prospect “Discovery” Cross-Section

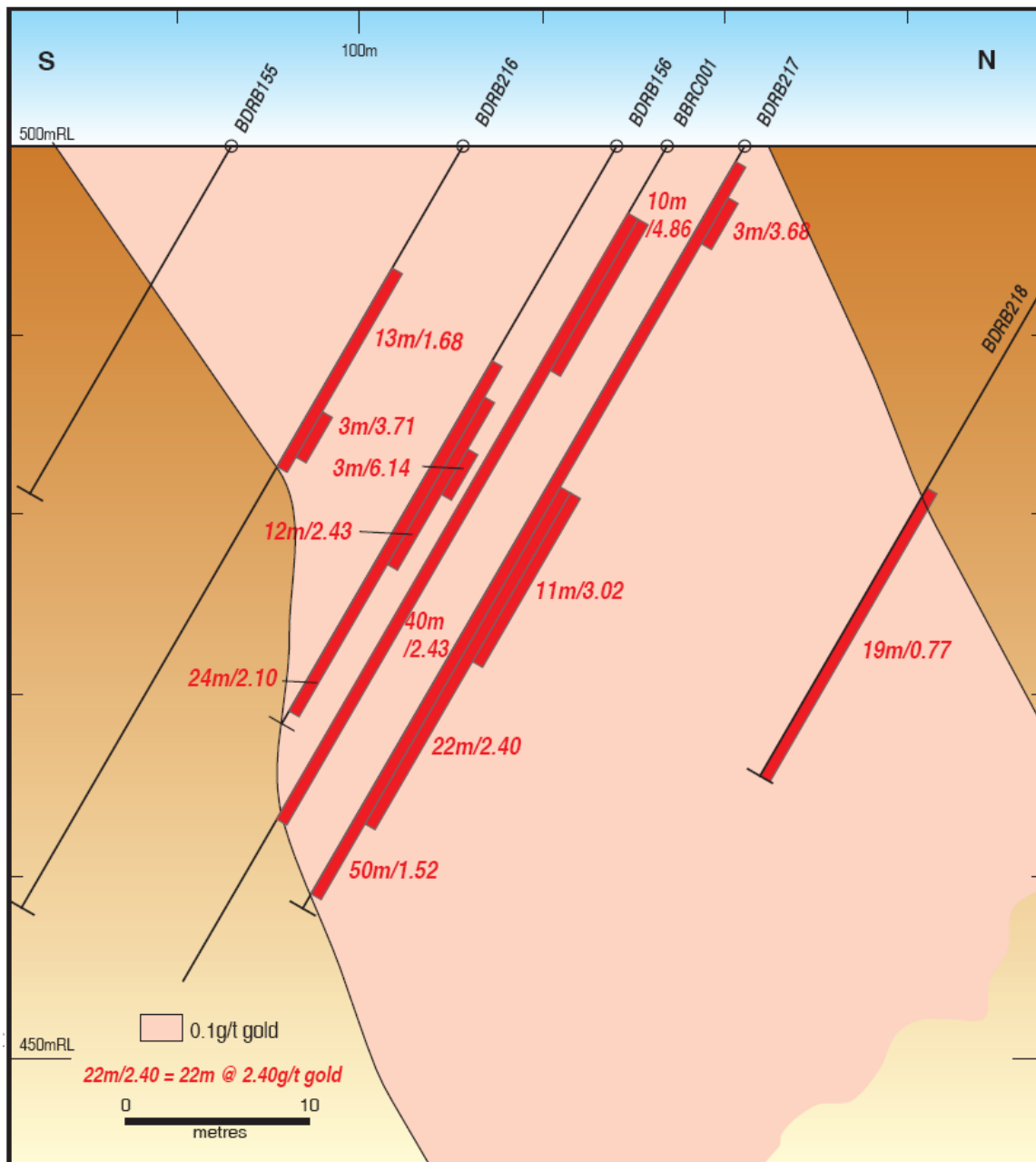


Figure 4: Bluebush Prospect “100m West” Cross-Section

