



QUARTERLY REPORT

For Period Ending 31 December 2007

HIGHLIGHTS

- Resource definition drilling targeting 500,000oz of gold continues at the Bundarra Project
- The Bundarra Project includes a number of gold deposits, in close (2 kms) proximity to each other, with a current, total JORC compliant resource of 195,000 oz.
- Encouraging results have been received from all three deposits: Great Western, Bluebush and Wonder North currently being tested.

GREAT WESTERN DEPOSIT

- The Great Western Deposit consists of a series of high grade, quartz veins. Recent intercepts include:

GWRC 092: 4m @ 5.83g/t gold

GWRC 094: 4m @ 26.20g/t gold

GWRC 095: 4m @ 6.77g/t gold

**GWRC 097: 2m @ 6.80g/t gold; and
10m @ 11.63g/t gold**

WONDER NORTH DEPOSIT

- Drill testing the projected strike and depth extensions of the known resource (1.98mt @ 2.13g/t gold (136,500 oz)). New drill intercepts include:

**WNRC 246: 20m @ 6.20g/t gold; including
4m @ 17.90g/t gold**

- Three RC holes drilled as pre-collars for Diamond Drill holes ended in mineralisation, including:

WNRCD 235: 2m @ 1.26g/t gold

WNRCD 242: 2m @ 4.78g/t gold

WNRCD 245: 3m @ 3.41g/t gold

- Seven diamond drill holes have been completed; all intersected mineralisation and core sample assays will be available in January 2008.

ASX ANNOUNCEMENT 11 JANUARY 2008

ASX CODE

TMX, TMXO

DIRECTORS & KEY MANAGEMENT

Daniel Tucker - Non-Exec Chairman
Keith Wells - Managing Director
Jimmy Lee - Non-Exec Director
Clive Brown - Non-Exec Director
Jason Brewer - Non-Exec Director

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BLUEBUSH PROSPECT

Bluebush is a new discovery, announced during the September quarter, following a number of highly encouraging RAB drill intercepts. The RAB drilling results were confirmed by later RC drill intercepts including:

**BBRC 001: 40m @ 2.43g/t gold; including
10m @ 4.86g/t gold**

Further RC drilling in the December quarter continued to generate attractive intersections including:

**BBRC 011: 44m @ 2.49g/t gold; including
29m @ 3.41g/t gold**

**BBRC 012: 19m @ 1.65g/t gold; including
13m @ 2.06g/t gold**

Diamond drilling is planned for early 2008, ahead of further RC drilling in March 2008.

ACCELERATED DRILLING PROGRAM

Diamond drilling recommenced at Bundarra on 8 January 2008 to continue the successful December quarter drilling program. The program will be accelerated by completing the balance of the diamond drilling program utilising double shifts: In addition a RC rig will be employed in February to complete all the required pre-collar holes ahead of the diamond drilling program.

This aggressive program will ensure that the resource definition drilling is completed on schedule and enable the resource upgrade to be undertaken by mid-2008. The target for the resource upgrade is 500,000 oz of gold.

The main focus of work during the December 2007 quarter was resource development drilling at the Bundarra project. A small RC program was also completed at the East Kambalda Project (refer Fig 1)

BUNDARRA PROJECT

The Bundarra project is located 65 kilometres north of Leonora in Western Australia (refer Figure 1). Terrain has consolidated ownership of a number of disparate tenements into a substantial gold project with a current JORC-compliant mineral resource containing 195,000oz of gold. A number of prospects have been identified, ranging from gold deposits to regional geochemical/geophysical targets (refer Figure 2).

Previous work at Bundarra has established that gold mineralisation is associated with a series of northwest trending shear zones, preferably where the shears intersect an alkaline granite.

Terrain is currently focused on resource definition drilling at the Great Western and Wonder North deposits, as well as the virgin Bluebush discovery announced in October 2007. These deposits are all located within a 2kms radius of Wonder North.

Great Western Deposit

- The Great Western deposit consists of a series of high grade quartz veins. A number of attractive RC drill intercepts confirmed the significance of other exciting intercepts achieved earlier in the year. The new intercepts include:

GWRC 092: 4m @ 5.83g/t gold (76 – 80m)

GWRC 094: 4m @ 26.20g/t gold (60 – 64m)

GWRC 095: 4m @ 6.77g/t gold (67 – 71m)

**GWRC 097: 2m @ 6.80g/t gold (61 – 63m); and
10m @ 11.63g/t gold (78 – 88m)**

- Further Drilling at Great Western directed towards testing other shallow targets, separate to the known mineralisation, intersected a series of narrow intercepts; some of which may require further testing after the data has been reviewed and interpreted.

Wonder North Deposit

- The Wonder North deposit is associated with a broad zone of alteration (up to 60m wide), related to a major shear zone. Resource definition drilling commenced during the quarter, using two drill rigs. The RC rig was employed either filling in gaps in the drill coverage or drilling pre-collars for the diamond drill rig. RC drill intercepts included:

**WNRC 246: 20m @ 6.20g/t gold (40m-60m); including
4m @ 17.90g/t gold (44m-48m); and
4m @ 7.41g/t gold (56m-60m)**

Seventeen RC pre-collar holes have been completed and a number have ended in mineralisation. These intercepts included:

WNRCD 235: 2m @ 1.26g/t gold (88 - 90m eoh)

WNRCD 242: 2m @ 4.78g/t gold (100 - 104m eoh)

WNRCD 245: 3m @ 3.41g/t gold (117 - 120m eoh)

- Seven (7) diamond drill holes have been completed either as “tails to RC pre-collar holes, or as core holes from the surface. All the holes intersected mineralisation and drill core assays are expected before the end of January 2008.

Bluebush Prospect

- The Bluebush prospect was discovered in September 2007. Gold mineralisation is associated with a wide zone of alteration (up to 100m wide) and a 1,600m long x 200m wide magnetic anomaly, which is coincident with a dilation zone extending along the shear zone trending southeast from the Celtic gold deposit (1.09mt @ 1.66g/t gold (58,000 oz)).
- New drill intercepts include:

**BBRC 011: 44m @ 2.49g/t gold (95 - 139m); including
29m @ 3.41g/t gold (99 - 128m)**

**BBRC 012: 19m @ 1.65g/t gold (167 - 186m); including
13m @ 2.06g/t gold (169 - 182m)**

- The deposit remains open down dip and along strike and the current drilling density is still too widely spaced at 50m x 50m to enable a reliable interpretation/correlation to be undertaken. Two diamond drill holes are planned for January 2008, prior to a closer spaced RC drilling pattern on a 25m x 25m grid. This is expected to lead to the definition of an initial resource estimate later in 2008.

Planned Drilling Programs

- Diamond Drilling at Bundarra will recommence, with double shifts on 10 January 2008. In February 2008 an RC rig will complete all the planned pre-collar holes for the diamond drill program, which is expected to be completed by late March/early April 2008.
- A second RC program is planned for April 2008 to continue testing the large number of additional targets available within the Bundarra project area.

EAST KAMBALDA PROJECT

- A nine (9) hole RC drilling program, totaling 738m, tested a number of separate targets north of the Coogee gold deposit (277,500t @ 3.9g/t gold (35,000 oz)) (refer Fig 3).
- A number of narrow intercepts were detected at Anomaly D. The best intercept was:

ADRC 001: 3m @ 3.91g/t gold (46 - 49m)

CORPORATE

- Mr. Jason Brewer was appointed to the board as a non-executive director on 12 December 2007. Jason Brewer has a Masters Degree in Mining Engineering from the Royal School of Mines, London. Over the past ten years he has worked for a number of investment banks including Dresdner Kleinwort Benson, NM Rothschild & Sons (Aus) Ltd and Investec bank (Aus) Ltd. Currently he is a Director and Head of the Perth office for New Holland Capital Pty Ltd.
- At 31 December 2007 the Company held cash and deposits totaling \$3.97million.

SIGNIFICANT RC DRILL RESULTS - EAST KAMBALDA (Anomaly D)

| Hole No | East (AMG) | North (AMG) | Length (m) | From (m) | To (m) | Interval (m) | Grade (g/t Au) |
|----------|------------|-------------|------------|----------|----------|--------------|----------------|
| ADRC 001 | 390200 | 6560333 | 90 | 46 | 49 | 3 | 3.91 |
| ADRC 003 | 390189 | 6560320 | 72 | 43 56 | 44 57 | 1 1 | 1.45 1.87 |
| ADRC 004 | 390257 | 6560185 | 84 | 62 | 63 | 1 | 1.51 |

- All holes drilled at -60°.
- All holes drilled towards Azimuth 45° mag.



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; all include immediate drilling targets.

The current Resource base includes:

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

Terrain listed on the ASX in March 2006; raising \$5 million. A vigorous exploration program has been underway since listing and encouraging results have been received from all the projects, particularly Bundarra. A further \$4 million was raised via a placement in July 2007 and the Company is now focused on resource definition drilling at Bundarra.

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: Project Locations Map

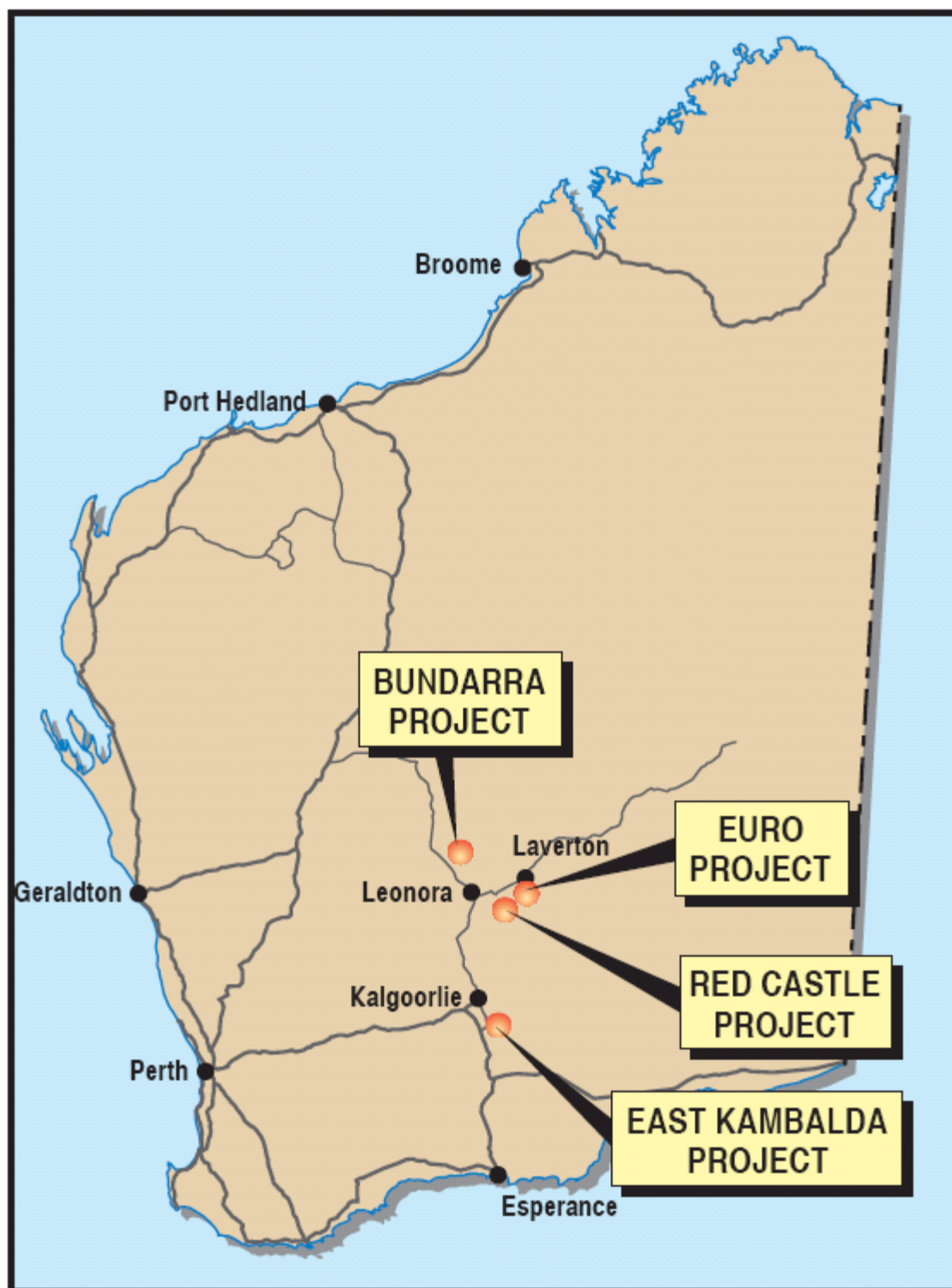


Figure 2: Bundarra Geology and Prospects

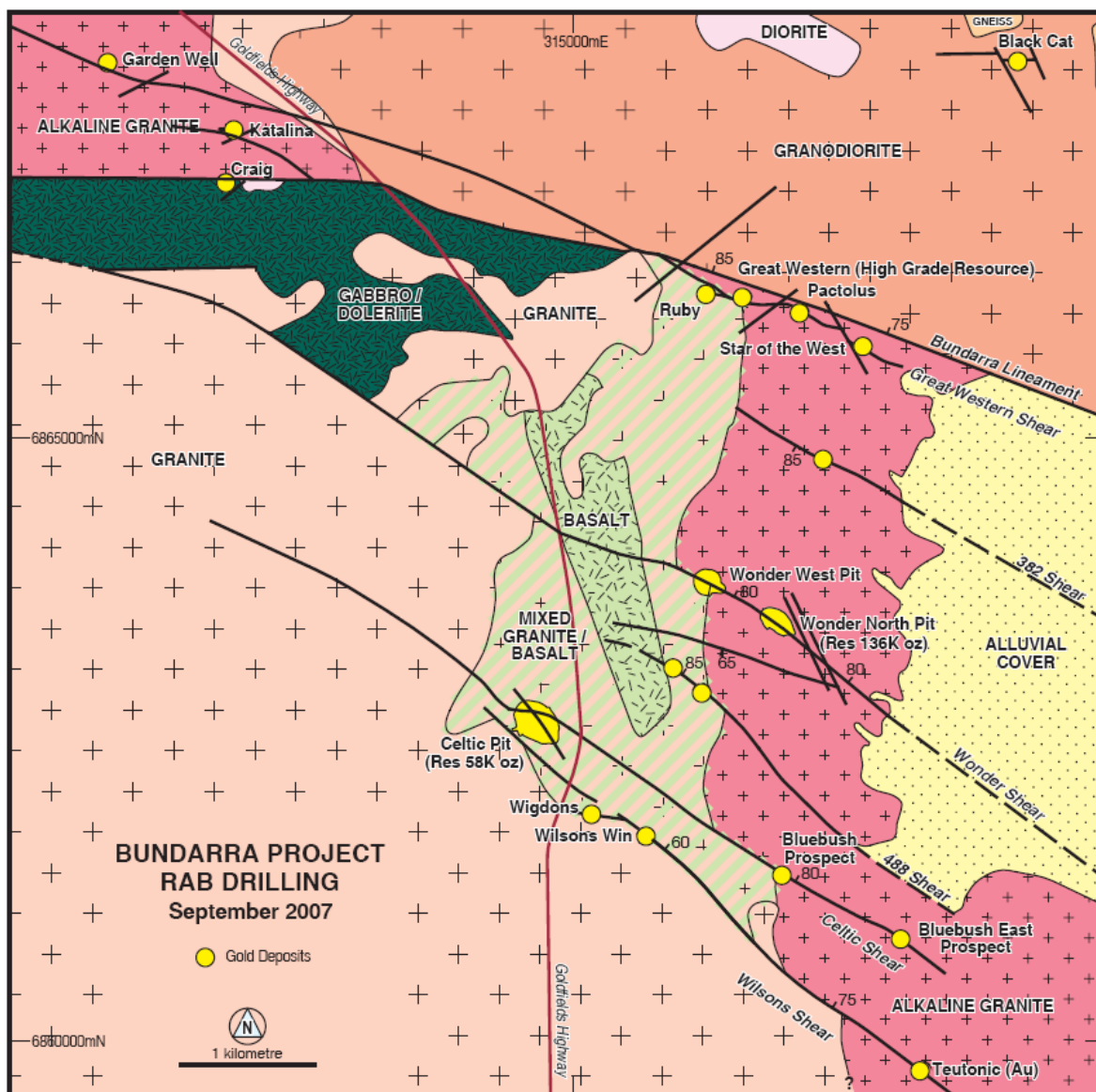


Fig 3; East Kambalda Project

