



QUARTERLY REPORT: SEPTEMBER 2009

ASX ANNOUNCEMENT

Friday, 30 October 2009

ASX CODE: TMX, TMXO

CAPITAL STRUCTURE

TMX	- Shares on Issue	117.2M
TMXO	- Options on Issue	55.1M

DIRECTORS & KEY MANAGEMENT

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

PRINCIPAL REGISTERED OFFICE

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HIGHLIGHTS

BUNDARRA

- Mining studies on the Celtic, Wonder North and Great Western deposits are approaching completion.
- Archaeological surveys have been completed over proposed mining areas and new target zones.
- Terrain has completed the expenditure required to earn 60% equity in the Black Cat Joint Venture area.

EAST KAMBALDA

- A geophysical IP survey was completed over the Aztec Dome in September 2009.
- A series of IP anomalies have been detected associated with favourable structures and have enhanced the prospectivity of the Aztec Dome for Kambalda style nickel deposits and structurally controlled gold mineralisation.
- A RC drilling program to test the IP anomalies is planned before Christmas 2009.

CORPORATE

- Mr. Jonathan Lim, a major investor in Terrain has accepted the position of Vice-Chairman of the board.
- A planned placement to some major Terrain investors will raise \$1.97m.



BUNDARRA

- Mining studies are progressing on the Celtic, Wonder North and Great Western deposits (Figure 2):
 - The block models and mine plans have undergone a series of optimisations.
 - Negotiations are in progress regarding a toll treatment agreement.
 - The results of further metallurgical test work have been received from Wonder North and Great Western:

Sample No	% Gravity Gold Recovery	% Total Gold Recovery
G. Western 1	90.36	98.1
G. Western 2	92.36	99.1
G. Western 3	80.83	96.5
Wonder N. 1	66.40	94.8
Wonder N. 2	76.54	96.0

- The recoveries are very high, with low cyanide and lime consumption.
 - Results of metallurgical test work from the Celtic deposit are awaited.
 - Alternative water supplies for a mining operation are being evaluated.
- An aboriginal heritage survey completed in the June quarter outlined some limited areas requiring archaeological surveys. These surveys have now been completed. A final report is awaited, but no major archaeological sites have been located.
- An application to proceed with a mining operation is expected to be lodged with the WA Department of Mining and Petroleum before the end of October 2009.
- A final board decision to proceed with a mining operation is anticipated before the end of 2009.
- Terrain has now completed the \$750,000 of expenditure required to earn 60% equity in the Black Cat JV tenements. (Figure 2)

EAST KAMBALDA

Aztec Dome

- A 25 line-kilometre, ground, IP, geophysical survey was completed in September 2009. The survey was a follow up to the successful geophysical orientation survey undertaken in late 2008.
- A series of interesting linear to spot anomalies at depths of 100m to greater than 300m were defined (Figure 4). The linear anomalies vary in intensity and the IP responses are indicative of disseminated sulphides, possibly



hydrothermal alteration associated with gold mineralisation or haloes around massive sulphide bodies (e.g., nickel or base metal mineralisation).

- The distinct shape ("edges and shoulders") of several anomalies suggests multiple basement sources for the IP response and highlight the gold prospectivity of the Aztec Dome as well as confirming the nickel prospectivity (Figure 5).
- In the central and western portions of the Aztec Dome two IP anomalies (Anomalies D and C, Figures 4 & 5) occur in structurally complex areas previously interpreted from aeromagnetic and gravity surveys to be prospective for nickel sulphide mineralisation.
- Another set of anomalies (Anomaly B, Figure 4), associated with the regionally significant "Parkeston Dyke" structure, occurs along strike from an historic surface gold anomaly.
- A further IP anomaly (Anomaly A, Figure 4) extends the northerly strike length of a 2008 IP anomaly, which coincides with up to 40m wide intervals of anomalous nickel and sulphur geochemistry, intersected in the historic diamond core hole, ASD 001.
- A 2,000-3,000 RC drilling program to test the best shallow IP anomalies will commence as soon as statutory approvals have been received. It is anticipated that the program will be completed before the end of 2009. The drilling program will also better define the stratigraphy of the Aztec Dome and assist with the siting of several deep diamond core holes to be drilled in the first half of 2010.
- The IP survey is considered to have further enhanced the prospectivity of the Aztec Dome for Kambalda style nickel sulphide mineralisation as well as for structurally controlled gold mineralisation.

Coogee Gold Deposit

- A pit optimisation study and preliminary pit plan, completed in the June quarter, outlined a mining inventory of 102,000t @ 3.82g/t gold (11,600 recoverable oz).
- Terrain's current mining studies are focussed on the Bundarra gold project and it has been decided to offer the Coogee project for sale.



CORPORATE

- Mr. Jonathan Lim, a major investor in Terrain, accepted the position of Vice-Chairman of the board on 11 September 2009.
- The Company announced on 22 October 2009 plans to place approximately 39.5m shares, at 5c per share, to raise approximately \$1.97m.
- The placement will be in two tranches; the initial tranche of 8,323,000 fully paid shares, raising \$416,150, falls under Terrain's capacity to place up to 15% of its issued capital and will be issued to Mr. Tan Lee Peng. The placement will raise Mr. Peng's shareholding to 17.32m shares (13.79%). The second tranche involves the placement of 31,226,940 fully paid shares to Mr. Jonathan Lim and related parties, to raise \$1,561,347 and will require shareholder approval at the AGM on 30 November 2009.
- Post approval of these placements Terrain anticipates having 156,816,278 shares on issue

EXPENDITURE

- Exploration expenditure in the September quarter amounted to \$247,000. Available cash reserves at 30 September 2009 were \$712,000. Following the placements outlined above the cash reserves will be \$2.7m.
- Anticipated exploration expenditure in the December quarter amounts to \$400,000.

For further information:

A handwritten signature in black ink that reads "Keith Wells".

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About Terrain Minerals Ltd (ASX: TMX)

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 320,000 oz of gold in a closely related cluster of deposits including: Wonder North, Celtic, Great Western, Bluebush and Black Cat. All the deposits remain open down dip and down plunge. Mining studies are currently in progress, including metallurgical test work, pit optimisations, pit designs and mine scheduling. These mining studies are anticipated to be completed in the fourth quarter 2009.

On the adjoining Black Cat JV area (TMX 60%), a number of strong geochemical anomalies coincident with geological features, similar to the known deposits remain to be drill tested.

Kambalda (15 kms east of Kambalda)

Aztec Dome: A recently completed IP survey has outlined a number of anomalies prospective for both Kambalda style nickel sulphide deposits and structurally controlled gold deposits. A drill program to test the anomalies is anticipated in the December quarter of 2009.

Coogee gold deposit: A pit optimisation and mine design study has outlined a mining inventory of 102,000t @ 3.82g/t gold (11,600 recoverable oz). The prospect is being offered for sale.

Dodgers Well (30 kms north east of Leonora)

TMX has entered into an option to purchase agreement over this project. Preliminary work has identified high grade (up to 130g/t gold) quartz reef deposits. It is anticipated that the option to purchase will be exercised before the end of 2009, ahead of drilling programs in 2010.

Corporate

Shares on Issue (TMX)- 117.2m: Options on Issue (TMXO)- 55.1m

Directors:

- Dick Sandner – Non-Exec Chairman
- Jonathan Lim – Non-Exec Vice-Chairman
- Keith Wells – Managing Director
- Paul Dickson – Non-Exec Director
- William Bannister – Non-Exec Director
- Ian Hobson – Company Secretary

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

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.

The Mineral Resource estimates for the Wonder North, Bluebush, Great Western and Black Cat deposits at Bundarra 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 Mineral Resource estimate for the Coogee deposit was reviewed by Mr. Malcolm Castle, who is a Member of the Australian Institute of Mining & Metallurgy (AUSIMM) 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.



Terrain Minerals Ltd: Resources

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		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



Figure 1: Project Locations

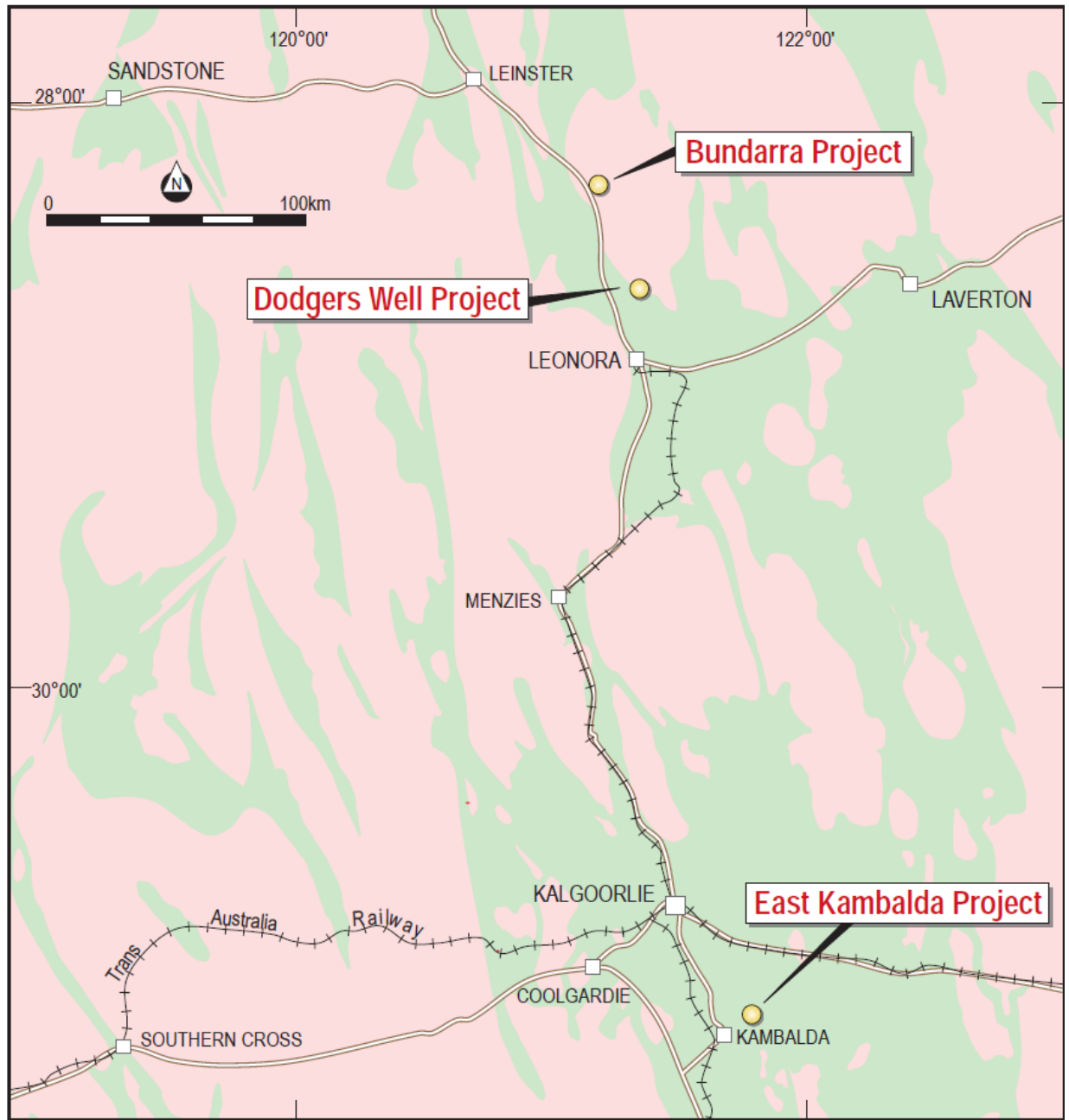




Figure 2: Bundarra Project: Geology, Gold Deposits and Prospects

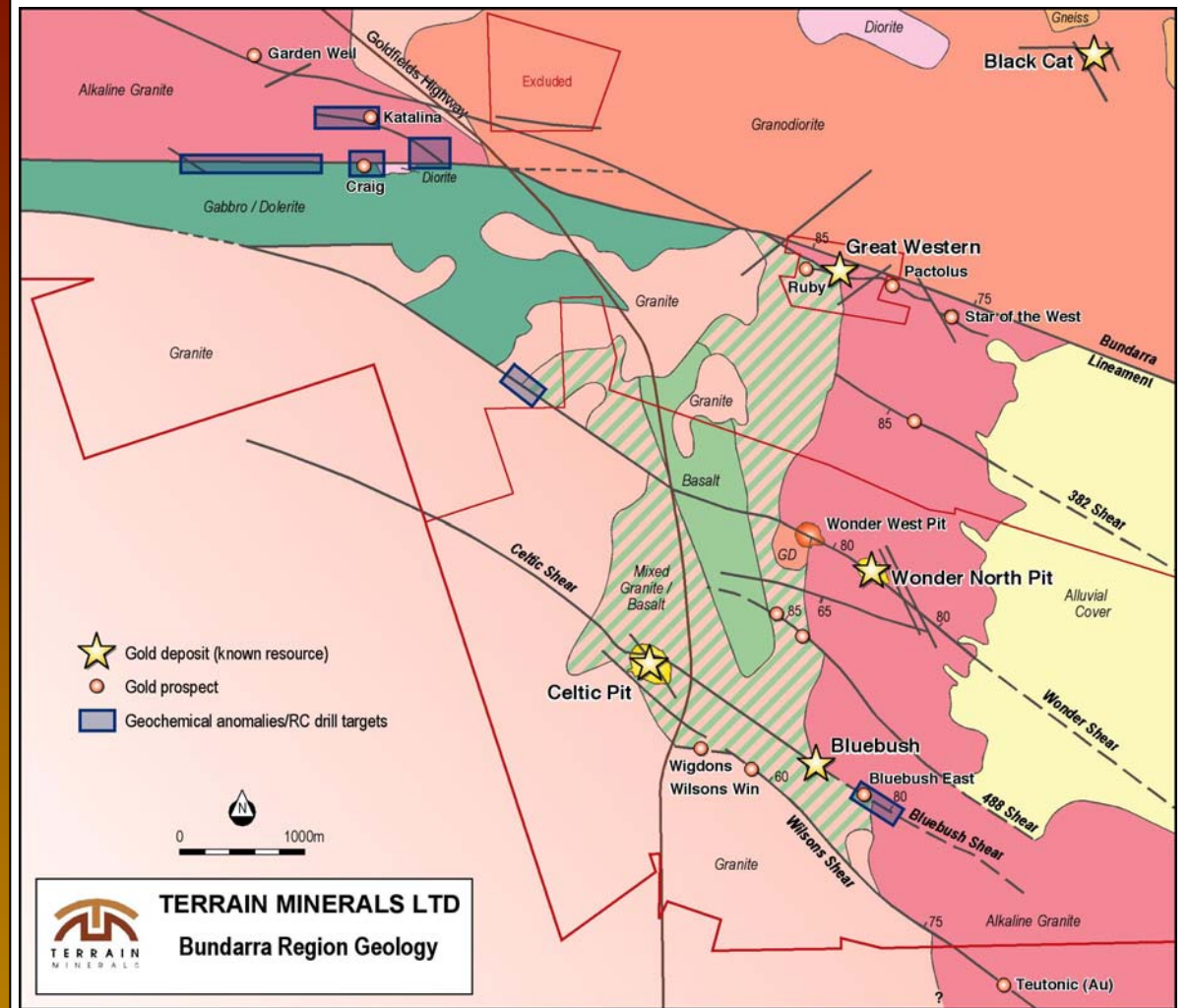




Figure 3: East Kambalda: Location and Prospects

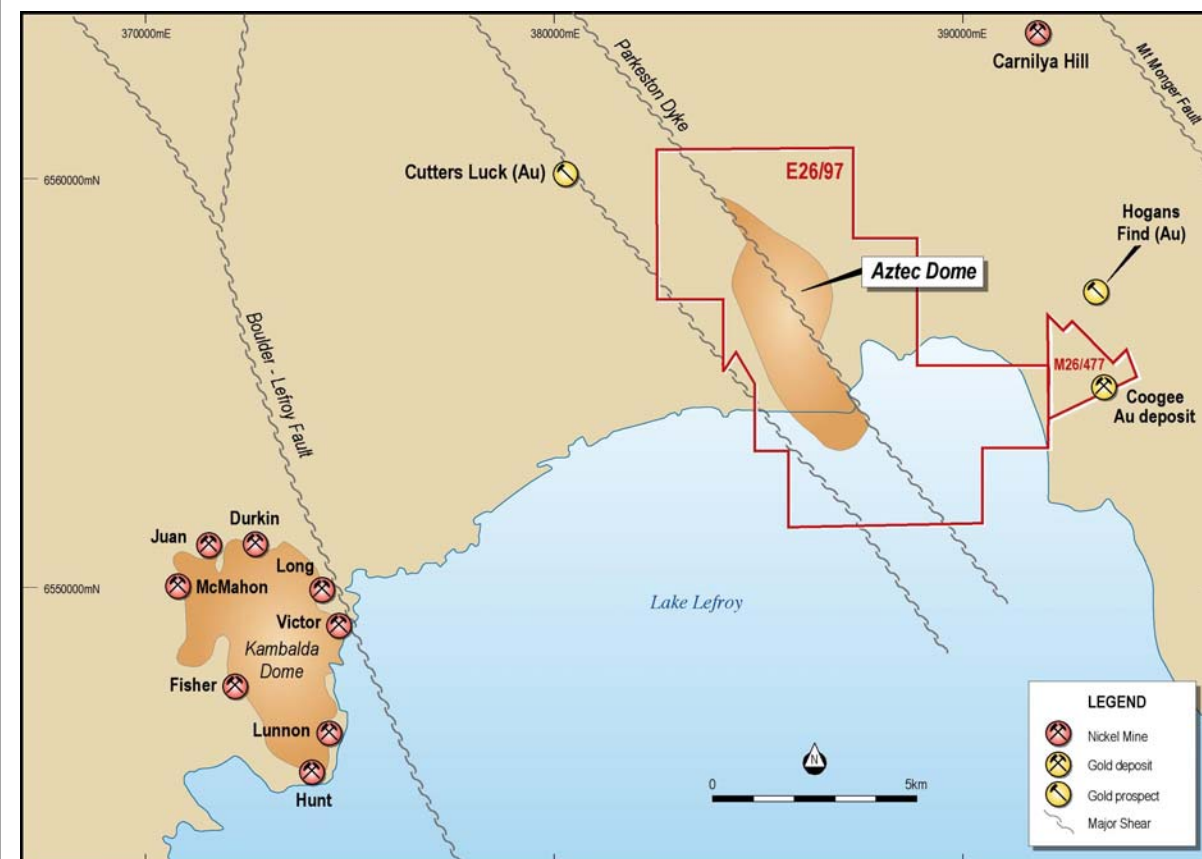




Figure 4: Aztec Dome: IP Anomalies

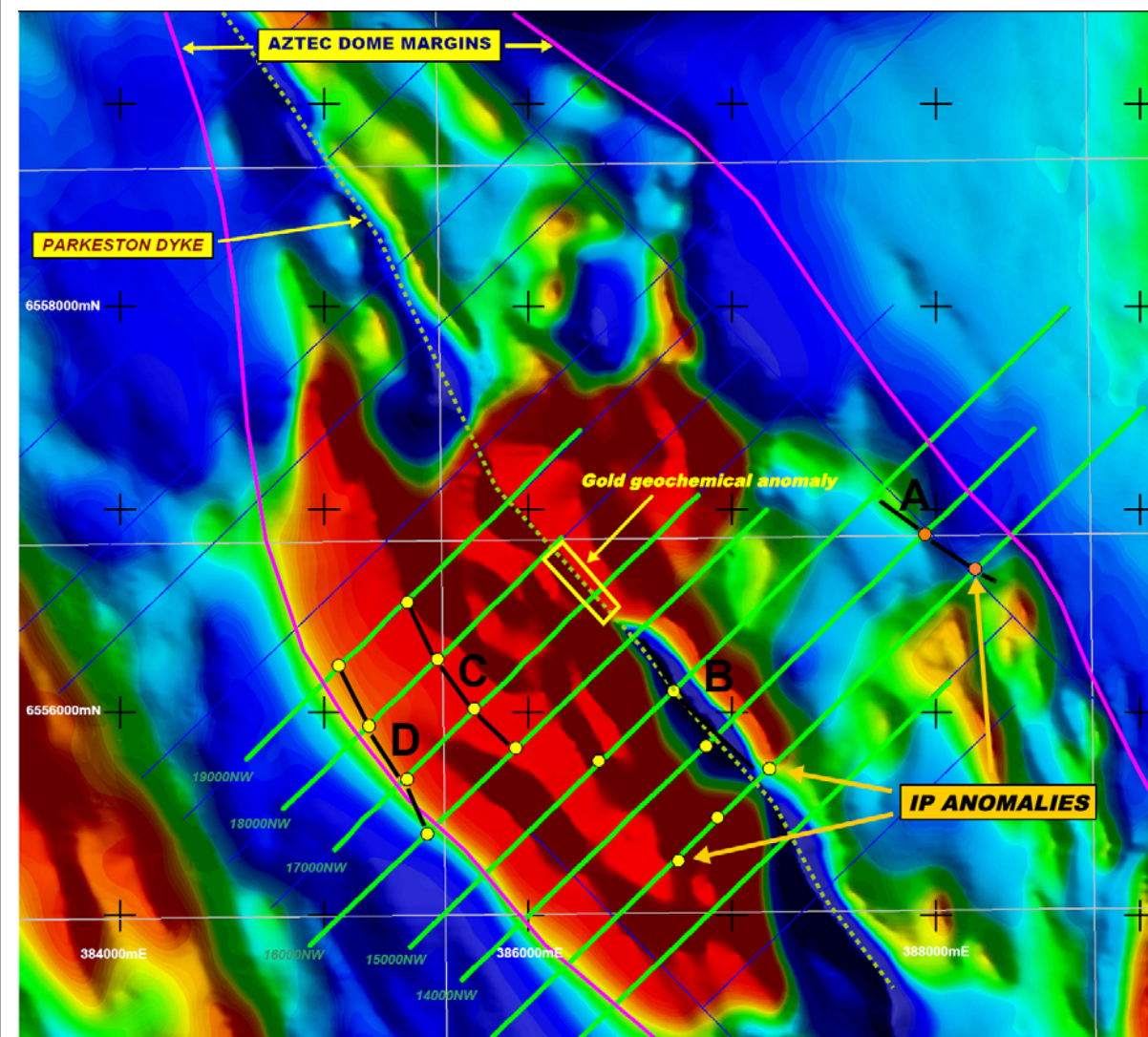




Figure 5: Section 18000NW: IP Anomalies

