



## ASX ANNOUNCEMENT

Thursday 29 April 2010

ASX CODE: TMX, TMXO

### CAPITAL STRUCTURE

TMX	- Shares on Issue	137.51M
TMXO	- Listed Options on Issue	51.62M
	- Unlisted Options	10.57M

### DIRECTORS & KEY MANAGEMENT

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

### PRINCIPAL REGISTERED OFFICE

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### CONTACT

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## QUARTERLY REPORT: MARCH 2010

### HIGHLIGHTS

#### BUNDARRA

- A mine scoping study, by an independent mining consultant over three adjacent gold deposits: Celtic, Great Western and Wonder North has outlined a potential operating cash surplus of A\$21m – A\$27m.
- The company has also identified the potential for further extensions to the known deposits and exploration has defined a number of new gold targets.
- Drilling programs will commence in the June Quarter to test the new targets and potential extensions.

#### EAST KAMBALDA

- An RC drilling program undertaken at the Aztec Dome nickel prospect in December 2009 has revealed wide (up to 143m) zones of anomalous nickel values, up to 0.32% Ni.
- More detailed investigations of drill samples has revealed the presence of nickel and copper sulphides and trace element analyses has shown the rock units are similar to the Kambalda Dome sequence immediately above the ultramafic units hosting the nickel sulphide deposits.
- In the June quarter it is planned to undertake more detailed EM surveys over selected areas, ahead of deeper diamond drilling programs.

#### CORPORATE

- The company announced on 31 March 2010 a 2 for 3 non-renounceable rights issue at a subscription price of 3.8c, together with an attaching free listed option on the basis of one new option for every two new shares issued. The new options have an exercise price of 8c and expire on 31 December 2012.
- The rights issue is not formally underwritten, but the company has engaged Greenday Corporate Pty Ltd, in order to participate in the allotment of any shortfall shares and options.
- The objective of the rights issue is to raise approximately A\$3.4m to undertake drilling programs both on the gold targets at Bundarra and Dodgers Well, as well as the nickel targets on the Aztec Dome at East Kambalda.



## BUNDARRA

- A mine scoping study has been completed by an independent mining consultant over three adjacent gold deposits: Celtic, Great Western and Wonder North (Figure 2). The study used mining cost estimates provided by a number of mining contractors, some reasonable assumptions regarding the costs of transport and toll treatment; plus a gold price of A\$1200 per ounce. See ASX announcement 17 February 2010 setting out sensitivities.
- The forecast mine cash flows:

	<b>Cash Surplus</b>	<b>Gross Cash</b>
Celtic Open Pit	A\$2.0m – A\$3.0m	A\$3.0m – A\$4.0m
Great Western Open Pit	A\$1.0m – A\$2.0m	A\$3.0m – A\$4.3m
Great Western Underground	A\$13.1m – A\$15.1m	A\$25.1m – A\$27.1m
Wonder North Open Pit	A\$4.8m – A\$6.8m	A\$15.1m – A\$17.1m
<b>Forecast Cash</b>	<b>A\$20.9m – A\$26.9m</b>	<b>A\$46.5m – A\$52.5m</b>

- The Celtic Open Pit would involve deepening the existing open pit by ~15m to produce 59,000t @ 3.52g/t gold (from a measured resource of 684Kt @ 1.8g/t gold), over a two month mine life.
- The Great Western Open Pit would be a new open pit to produce 128,000t @ 2.7g/t gold (from a measured, indicated and inferred resource of 473Kt @ 2.7g/t gold). The open pit would also provide portal access to the underground operation. The Great Western Underground operation is forecast to produce 194,000t @ 6.75g/t gold (from a measured, indicated and inferred resource of 473Kt @ 2.7g/t gold), over a twelve month period.
- The Wonder North Open Pit would involve deepening the existing open pit to produce 449,000t @ 2.56g/t gold (from a measured and indicated resource of 1,226Kt @ 2.4g/t gold). The company has also recognised the potential to develop a more profitable operation by mining the deposit underground. An underground mining study is currently in progress.
- In addition the company has identified possible down plunge extensions to the Great Western and Wonder North deposits (Figures 3 & 4).
- A number of other drill targets, with similar geological characteristics to the known deposits, have also been outlined:

### Bluebush

An Inferred Resource of 726,000t @ 1.7g/t gold (39,000 oz) requires closer spaced drilling to define a mineable reserve.

### Bluebush East

RAB drill intersections including: 3m @ 2.57g/t gold from 24m, 18m @ 1.26g/t gold from 30m and 11m @ 1.03g/t gold from 28m need to be followed up with a RC drilling program

### Craig/Katalina (Black Cat JV, TMX earning 75%)

Four geochemical anomalies: up to 50x background, up to 160m wide and up to 1,000m long coincide with shear zones extending along strike from the historic Craig and Katalina workings. Previous drill intercepts include:



Craig: **6m @ 37.83g/t gold from 15m**, 4m @ 2.04g/t gold from 11m and 6m @ 2.34g/t gold from 6m.

Katalina: **6m @ 3.83g/t gold from 12m**, 7m @ 2.86g/t gold from 0m and 9m @ 2.31g/t gold from 10m.

- Drilling programs to test the new exploration targets and the extensions of the known deposits will commence in the June quarter, subject to statutory approvals.

### **DODGERS WELL**

- High grade gold values, up to 240g/t gold have been located along the Sheffield/Champion line of historic workings. At the Glen Lyon/Myrtle line of workings epithermal breccias have been identified with gold values up to 92g/t gold (Figure 5)
- RC drilling to test these high grade targets will be undertaken, in conjunction with the nearby Bundarra drilling programs, in the June quarter, subject to statutory approvals.

### **EAST KAMBALDA**

- A RC drilling program completed in December 2009 to test four IP anomalies at the Aztec Dome nickel prospect, intersected wide zones of blebby and disseminated sulphides.
- Drill hole AZRC 009 intersected similar mineralisation to historic drill hole ASD 001, located 300m further south. A 143m wide zone of anomalous nickel values (best assay 0.32% nickel) and high chrome values (up to 0.35%) is associated with disseminated sulphides in a mixed sequence of basalts and ultramafics.
- The sulphides intersected in the drilling are believed to have been remobilised from a deeper source, possibly by the intrusion of a number of syenites in the area.
- More detailed evaluations of anomalous sulphide zones identified nickel sulphides (pentlandite and millerite) and copper sulphides (chalcopyrite).
- Trace element geochemistry on all nine RC holes displays similarities between the basalts intersected at the Aztec dome and the Paringa and Devon Consols Basalts, which overlie the Kambalda Ultramafics, host to the massive nickel sulphide deposits. (Figures 7 – 10).
- In the June quarter it is planned to undertake fixed loop EM surveys, over selected areas, ahead of deeper diamond drilling programs.



## CORPORATE

- The company announced on 31 March 2010 a 2 for 3 non-renounceable rights issue at a subscription price of 3.8c, together with an attaching free listed option on the basis of one new option for every two new shares issued. The new options have an exercise price of 8c and expire on 31 December 2012.
- The rights issue is not formally underwritten, but the company has engaged Greenday Corporate Pty Ltd, in order to participate in the allotment of any shortfall shares and options.
- The objective of the rights issue is to raise approximately A\$3.4m to undertake drilling programs both on the gold targets at Bundarra and Dodgers Well, as well as the nickel targets on the Aztec Dome at East Kambalda.

## EXPENDITURE

- Exploration expenditure in the March quarter amounted to \$527,000. Available cash reserves at 31 March 2010 were \$273,000. A further A\$3.3m net is expected to be received in May and June from the rights issue.
- Anticipated exploration expenditure in the June quarter, 2010 amounts to \$550,000.

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 (Table 1). All the deposits remain open down dip and down plunge. Mining scoping studies, including metallurgical test work, pit optimisations, pit designs and mine scheduling have forecast a mine operating cash surplus of A\$21m – A\$27m. The company has also identified a potential for larger mining operations and drill programs are planned to test for extensions to the known deposits as well a number of new drilling targets.

### Kambalda (15 kms east of Kambalda)

At the Aztec Dome drilling in December 2009 confirmed the existence of ultramafic rocks with anomalous nickel values associated with high MgO rocks. . Further drilling is planned for 2010.

Coogee gold deposit (277,500t @ 3.9 g/t gold (35,000 oz)) (Table 1)

A pit optimisation and pit design have been completed and indicate that the resource would support a profitable mining operation. Mining development is currently focused on the Bundarra project and the Coogee deposit is being offered for sale.

### Dodgers Well (30 kms north east of Leonora)

TMX recently exercised an option to purchase this project for \$50,000 worth of Terrain shares.. Preliminary work has identified high grade (up to 240g/t gold) quartz reef deposits, and drilling programs are planned for mid 2010.

### Corporate

Shares on Issue (TMX) - 137.5m: Options on Issue (TMXO) - 51.6m

Directors: Dick Sandner – Non-Exec Chairman

Jonathan Lim – Non-Exec Vice-Chairman

Keith Wells – Managing Director

Paul Dickson – 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](http://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.*

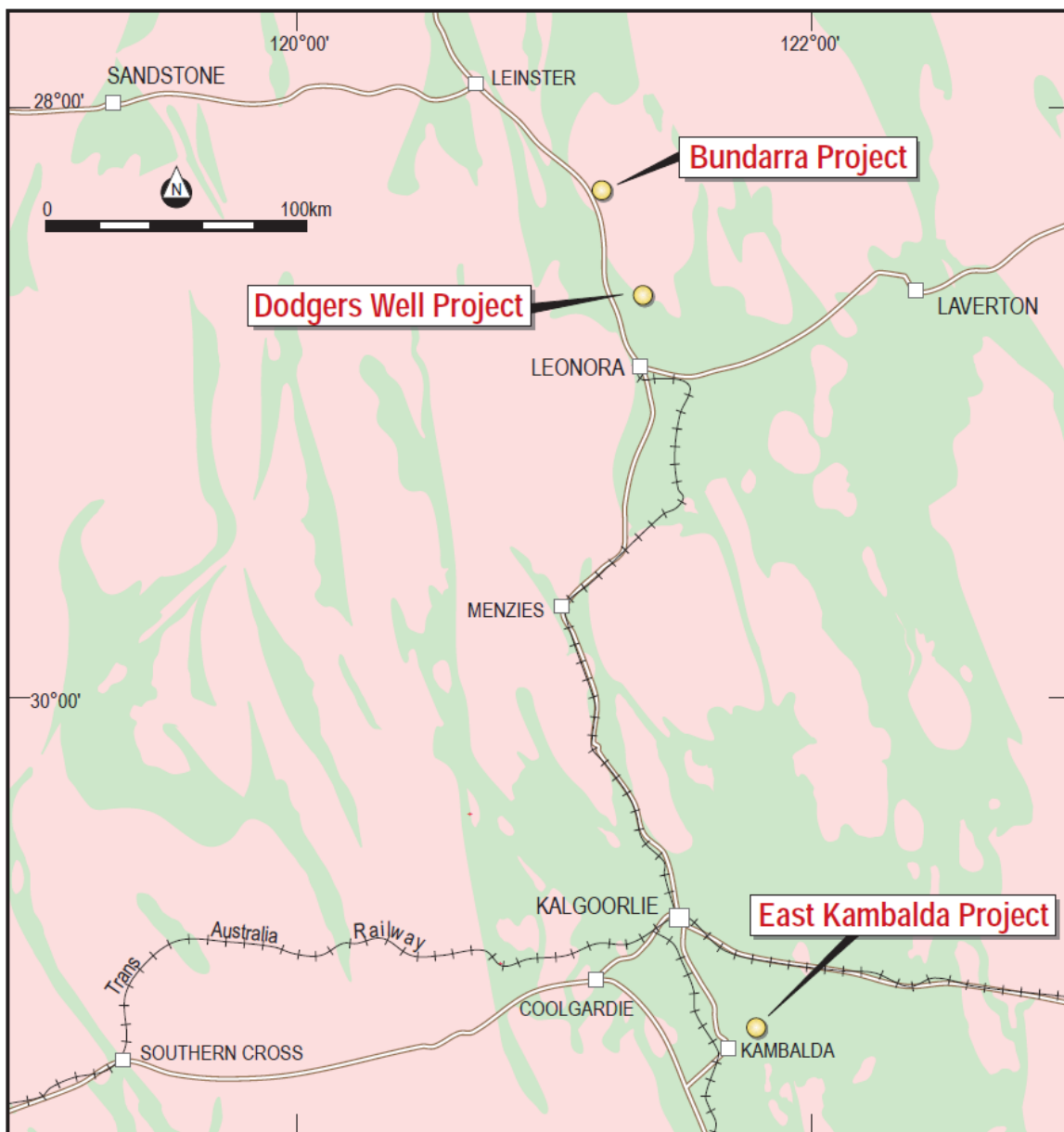


## Terrain Minerals Ltd: Resources

Deposit	Resources	Measured	Indicated	Inferred	Totals
<b>Bundarra Project</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>
<b>East Kambalda Project</b>					
Coogee	Tonnes		137,800	139,700	277,500
	Grade g/t		4.12	3.70	3.91
	Ounces		18,250	16,620	34,870
<b>Total Resources</b>					
All Deposits	<b>Tonnes</b>	<b>1,095,900</b>	<b>1,493,200</b>	<b>2,649,100</b>	<b>5,238,200</b>
	<b>Grade</b>	<b>2.00</b>	<b>2.56</b>	<b>1.99</b>	<b>2.10</b>
	<b>Ounces</b>	<b>70,900</b>	<b>119,850</b>	<b>165,320</b>	<b>356,070</b>



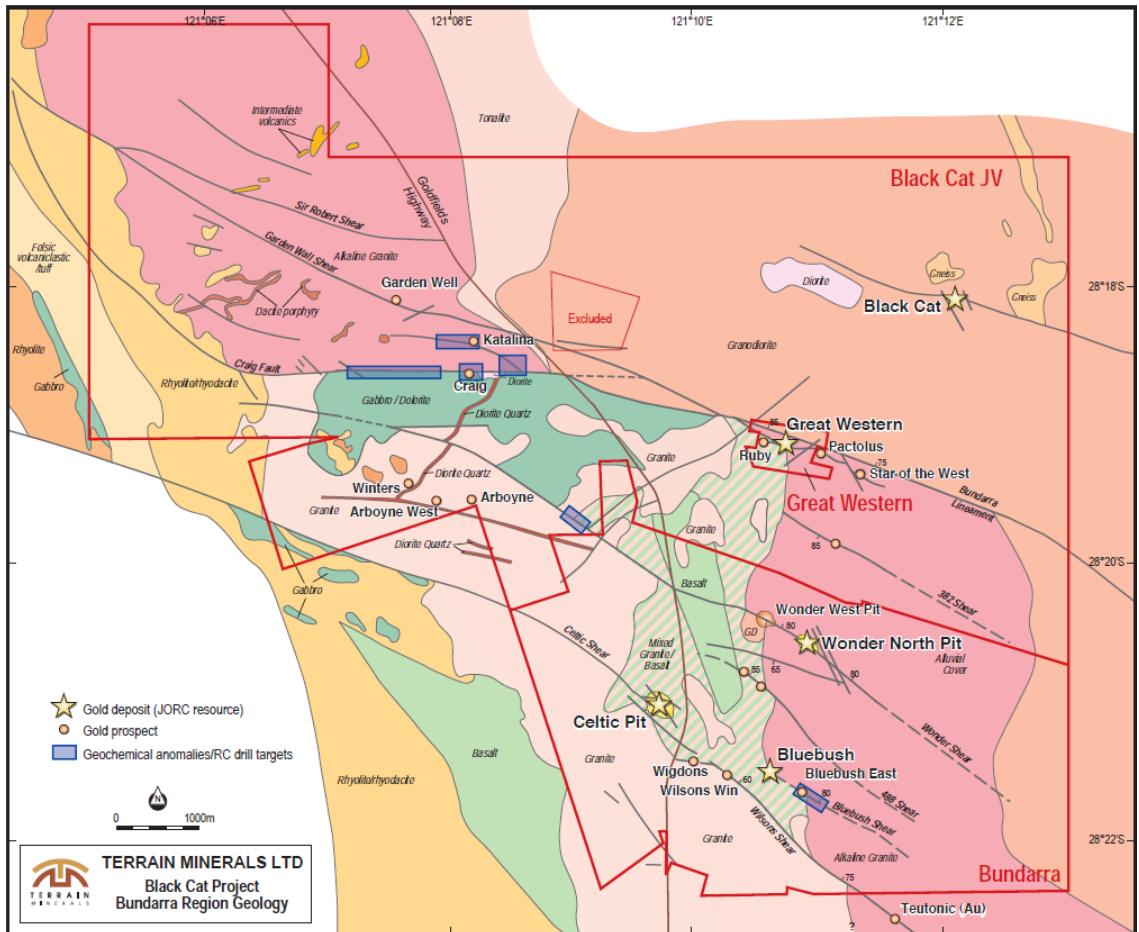
**Figure 1: Projects Location Plan**







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





**GREAT WESTERN GOLD DEPOSIT**  
(Longitudinal Section)  
**PROPOSED MINE PLAN**

**Open Cut 128,000t @ 2.70 g/t gold**

**Total 322,500t @ 5.14 g/t (53,000oz)**

**Underground 194,000t @ 6.75 g/t gold**

**LEGEND**

- > 10 gram/metres
- 5-10 gram/metres
- < 5 gram/metres

**50 Metres**

Figure 4: Bundarra Project, Wonder North Long Section

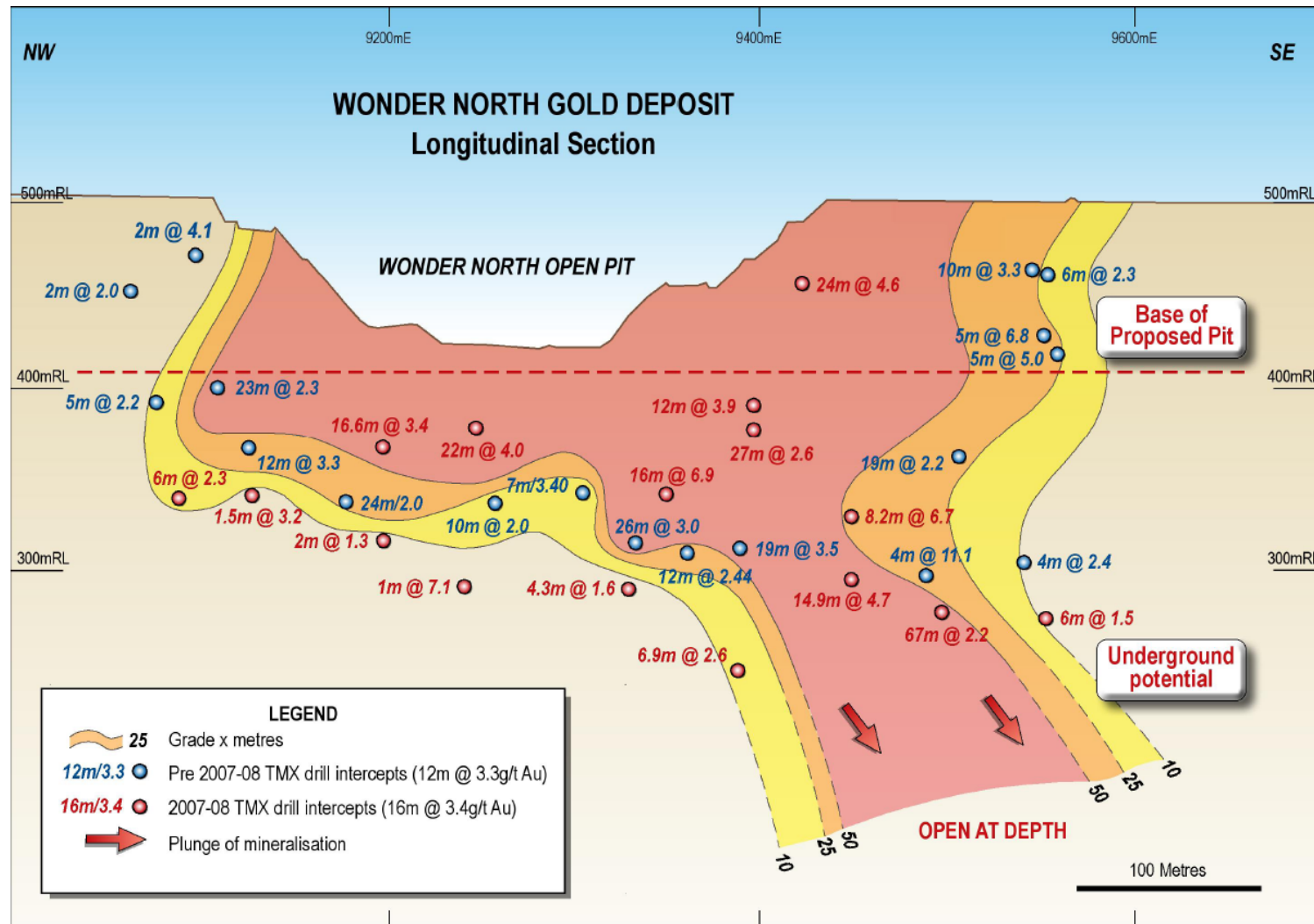


Figure 5: Dodgers Well Project (with Rock Chip assays)

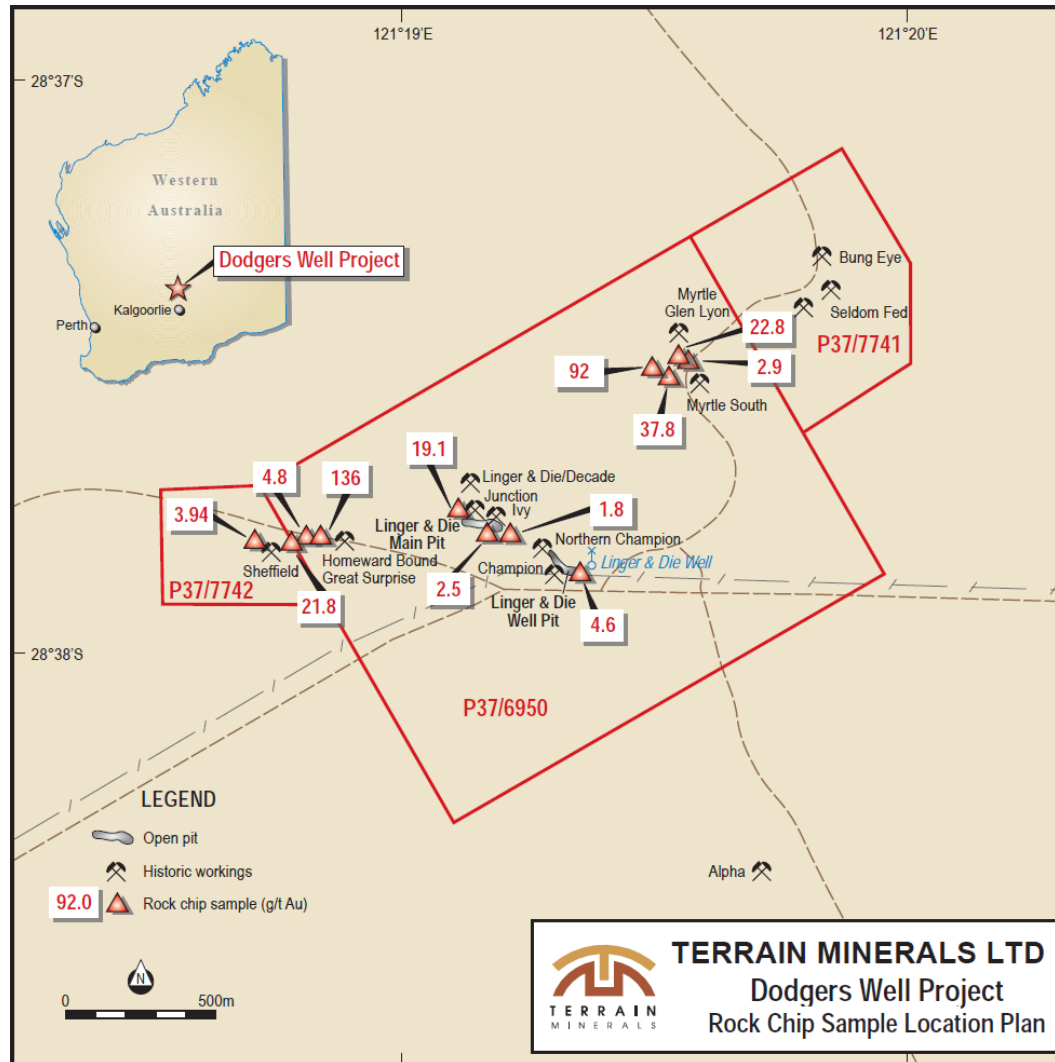


Figure 6: East Kambalda Project – Location & Prospects

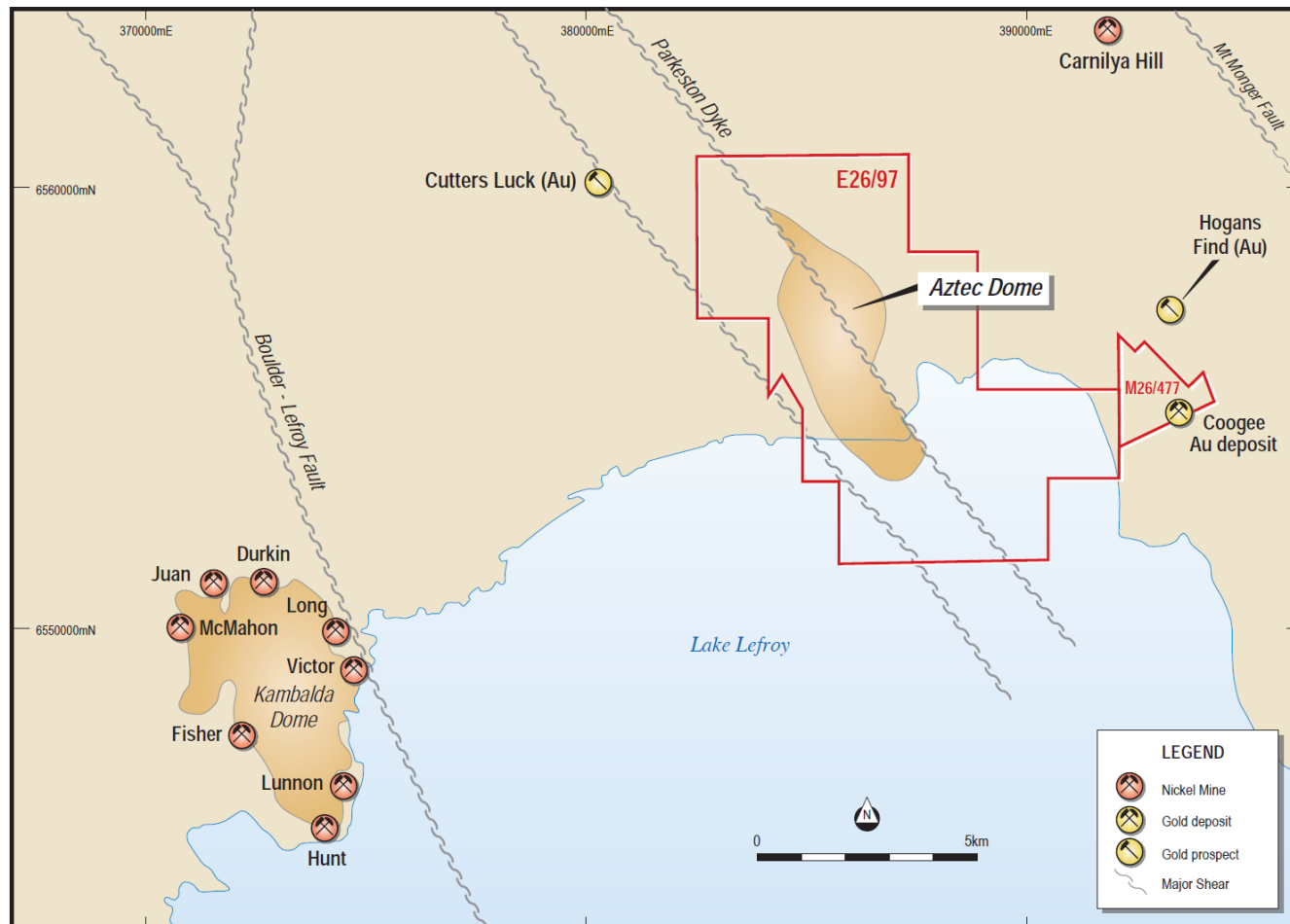




Figure 7: East Kambalda Project, Aztec Dome/Kambalda Stratigraphic Sequence

## Kambalda: Stratigraphic Sequence

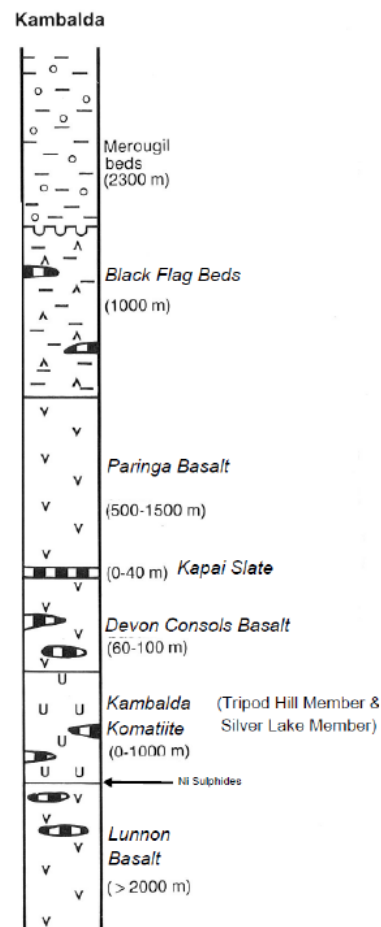


Figure 8: Kambalda v Aztec Dome – Trace Element Geochemistry

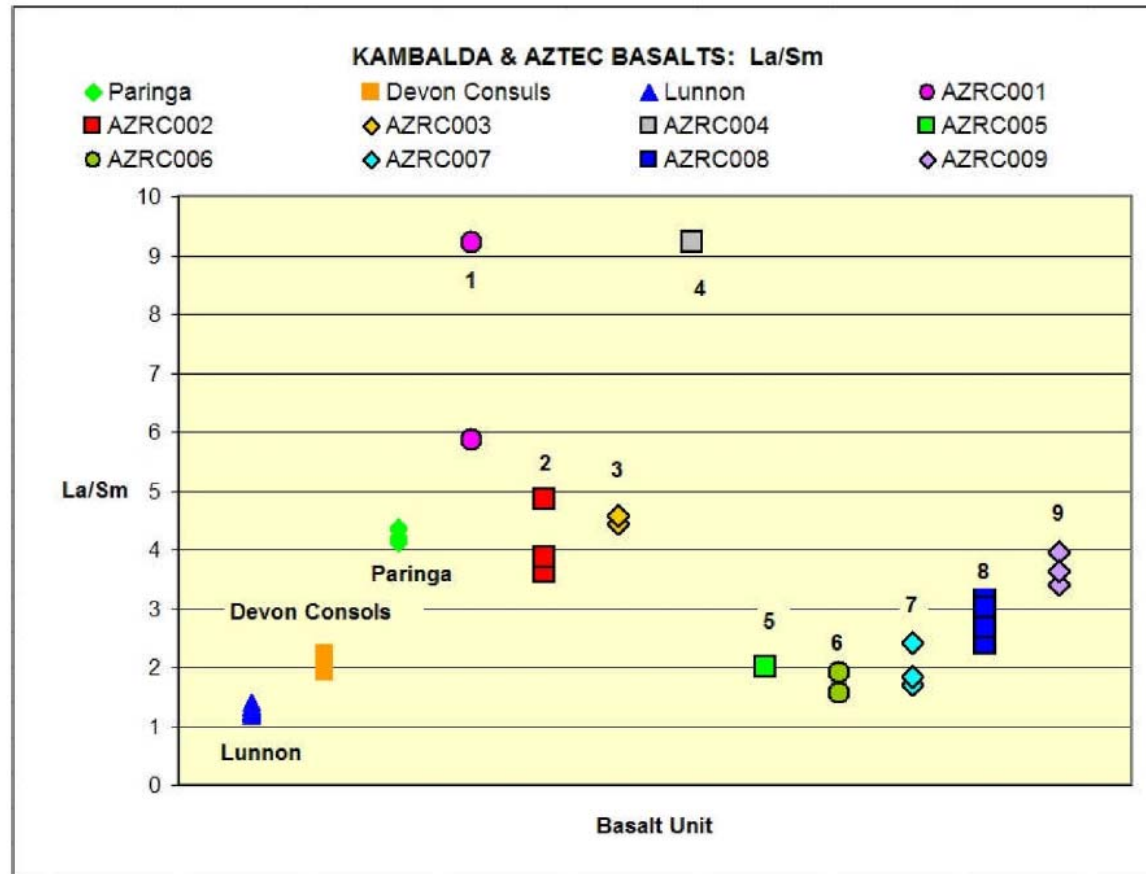


Figure 9: Kambalda v Aztec Dome – Trace Element Geochemistry

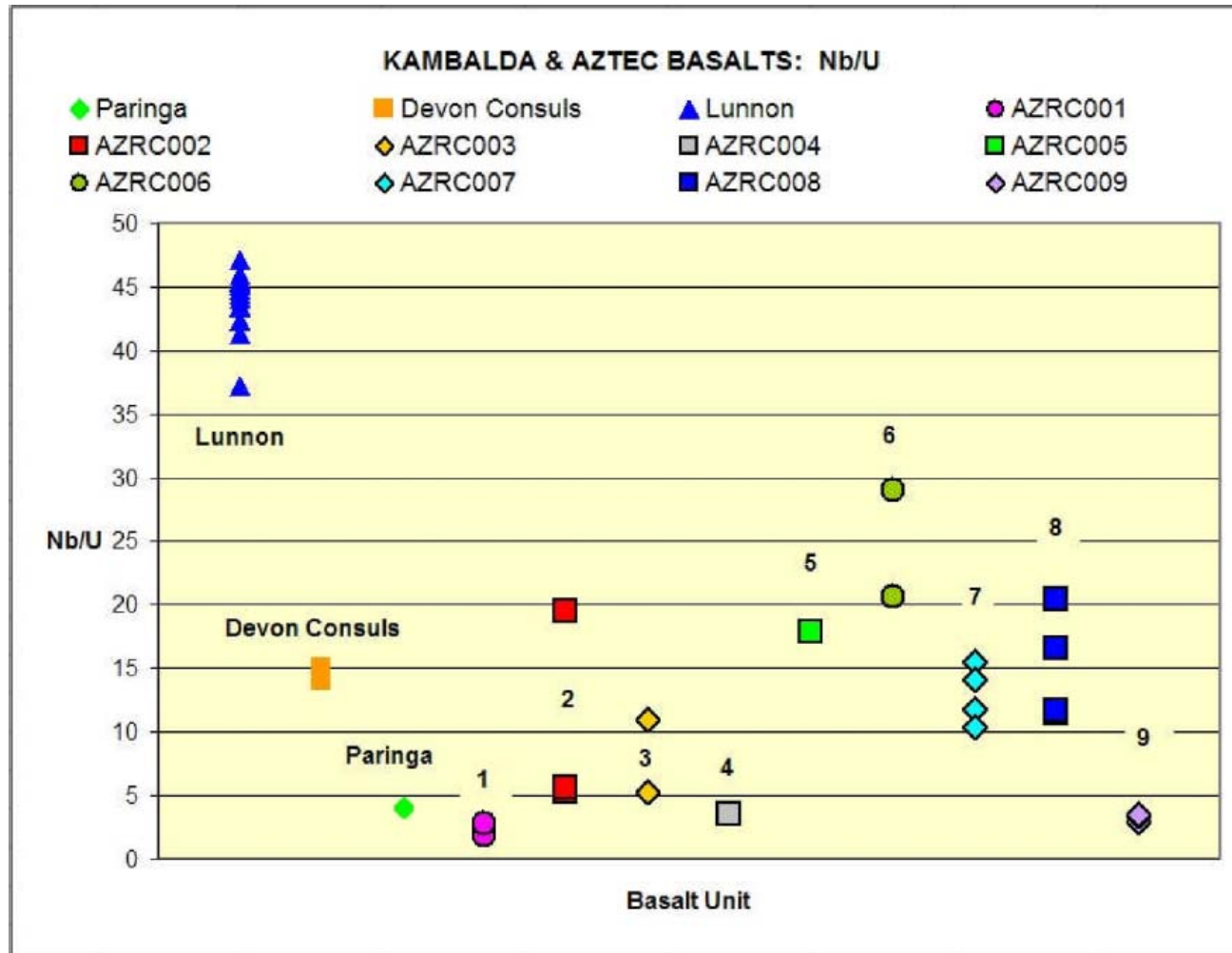






Figure 10: Kambalda v Aztec Dome – Trace Element Geochemistry

