



QUARTERLY REPORT

For the period ending 30 June 2007

HIGHLIGHTS

Bundarra

- A 4,800m RC drilling program was completed at the Great Western prospect. The program outlined a gold deposit; consisting of multiple, high grade quartz veins carrying coarse gold; extending over a strike length of 300m and to a depth of 150m.
- Some of the Great Western drill intercepts included:
 - 9m @ 10.02g/t gold from 43m
 - 4m @ 13.80g/t gold from 117m
 - 3m @ 9.31g/t gold from 110m
- RC drilling 300m west of the Great Western deposit, at the Ruby prospect also intersected a number of gold bearing quartz veins; with an underlying massive sulphide horizon hosting 1m @ 47.5g/t gold from 107m. The Ruby intersections potentially extend the overall mineralised strike length of the Great Western zone to 600m.
- In June 2007 a 9,000m RAB drilling program outlined wide zones of shallow mineralisation, in NEW GOLD DISCOVERIES at Bluebush and Bluebush East. Drill intercepts included:
 - 28m @ 1.40g/t gold from 10m
 - 50m @ 1.52 g/t gold from 00m; including
 - 20m @ 2.07g/t gold from 20m
- The RAB drill intercepts occur at the eastern extremity of a previously untested 1,600m long x 200m wide geological/geophysical target zone.

Corporate

- In June 2007 Terrain raised, through a successful placement, \$4.07m to fund aggressive drilling programs. Post placement the cash position will be in the order of \$5.7m.
- The directors have also resolved to issue options to all shareholders on the basis of 1 option for every 2 shares.

September ¼

- Further RC and RAB drilling programs at Great Western and Bluebush are scheduled to commence in August 2007.

BUNDARRA PROJECT

- Two successful drilling programs have been completed in 2007, both in the June quarter. An RC program at the Great Western deposit, which achieved a number of high grade intercepts; and a RAB program, which resulted in NEW GOLD DISCOVERIES at Bluebush and Bluebush East.

RC Drilling Program

- The RC program at Great Western was designed to upgrade a previously defined resource to JORC compliant status and to test the down dip and strike extensions of the deposit.
- The drilling program intersected a zone of multiple, high grade, quartz veins carrying coarse gold. The high grade zone has been outlined over a strike length of 300m and a vertical depth of 150m. The zone remains open down dip and along strike.
- Additional RC drilling 300m west of Great Western, at the Ruby prospect also intersected multiple quartz veins, together with an underlying zone of massive sulphide hosting 1m @ 47.5g/t gold. The Ruby intersections potentially extend the overall mineralised strike length of the Great Western zone to 600m.
- Further RC drilling will commence in August 2007 to complete the definition of the Great Western deposit. An initial resource estimate is likely by March 2008.

RAB Drilling Program

- The RAB drilling program was the first of a number of planned programs that have been designed to test a series of highly prospective shear zones. The extensive shear zones host all the known mineralisation.
- The program intersected anomalous gold values on three of the four shears tested and detected NEW DISCOVERIES at the Bluebush and Bluebush East prospects.
- The Bluebush drill traverse is located at the eastern extremity of a previously untested 1,600m long x 200m wide section of a shear zone which extends southeast from the Celtic gold deposit (115,000 oz). The section of shear zone coincides with a distinctive magnetic anomaly.
- The second RAB drilling program will commence in August 2007 and will test the full extent of the Bluebush and Bluebush East prospects, as well as continue with testing the high priority sections of some other shear zones.

REDCASTLE PROJECT (100%)

- A single RAB drilling traverse across the “Main” shear intersected a number of high grade intercepts including:

RR069: **3m @ 3.09g/t gold** from 20m

RR070: **2m @ 5.36g/t gold** from 33m

RR071: **2m @ 2.12g/t gold** from 53m

- The intercepts are enclosed within a broad zone of anomalous values up to 25m wide, dipping north at ~50°.
- Further RAB drilling to establish the strike length of the zone and RC drilling to define the depth extent of the mineralisation will be required.

CORPORATE UPDATE

The exploration results from Bundarra indicate the potential to define sufficient resources to support an economically attractive mining operation. To realise this potential the directors have raised, in June 2007, through a placement, \$4.07 million. The funds will enable an aggressive drilling campaign to be undertaken in 2007/08. The directors have also resolved to issue options to all shareholders on the basis of 1 option for every 2 shares. The placement was approved at an EGM held on 26 July 2007.

Post placement the company’s cash position will be in the order of \$5.7m

FURTHER INFORMATION

Further information, including details of Terrain’s projects, exploration programs and previous ASX announcements can be found on the Company’s website, www.terrainminerals.com.au.

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. More recent ground acquisitions have also been undertaken at Black Cat and Great Western, both adjacent to the Bundarra project. Both these new projects also include immediate drill targets.

The current Resource base includes:

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

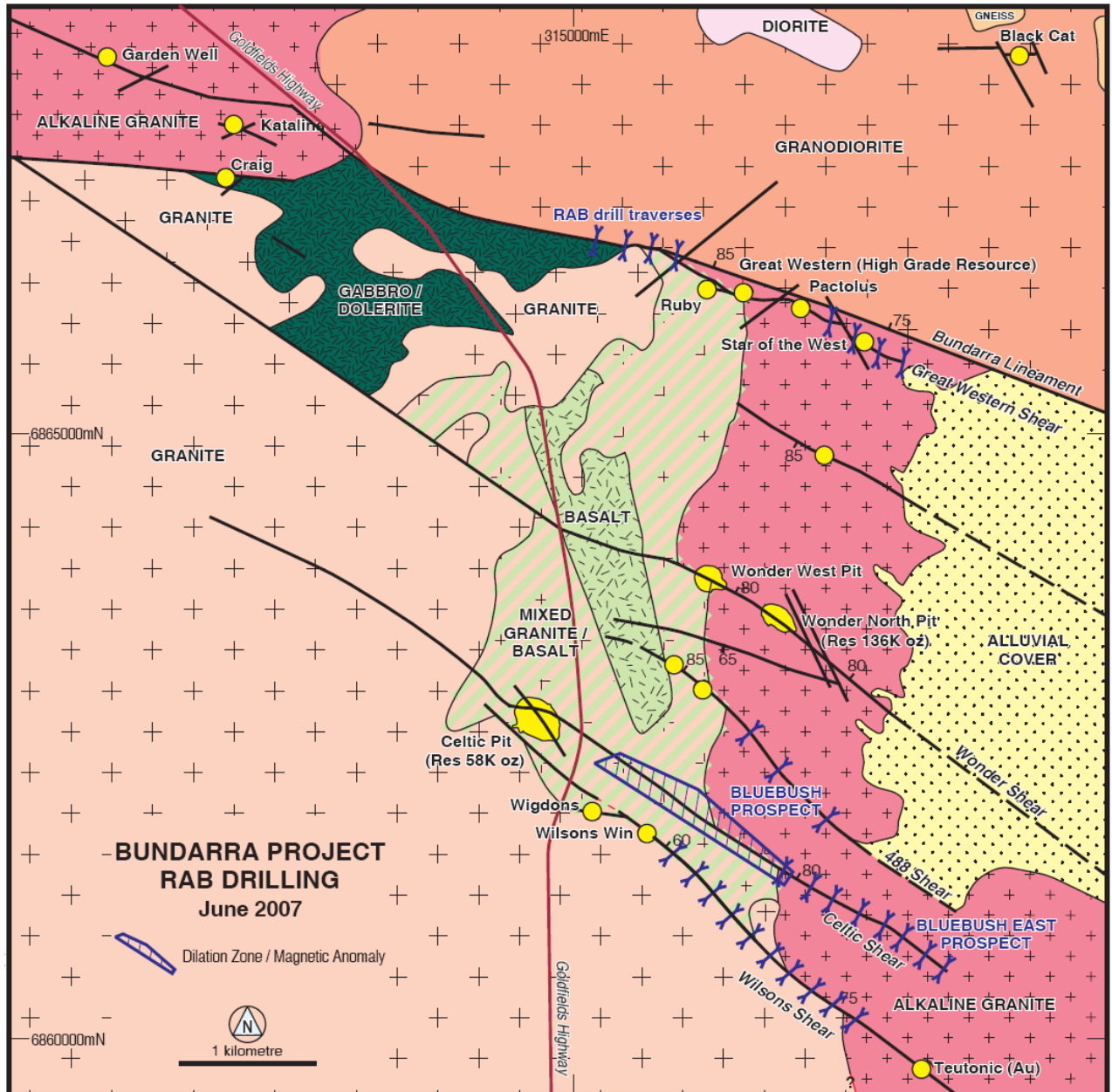
Terrain listed on the ASX in March 2006; raising \$5 million. A vigorous exploration program has been underway since listing and encouraging results have been received from all the projects, particularly Bundarra.

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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.

Bundarra Project



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Figure 1