



Terrain Minerals Ltd
ACN: 116 153 514

QUARTERLY REPORT

For the period ending 30 September 2006

HIGHLIGHTS

- **Bundarra (Celtic):** The second drilling program commenced late in September 2006. Drill intercepts along strike from the Wonder North open pit include: **10m @ 3.27g/t gold, 14m @ 2.56g/t gold and 6m @ 6.99g/t gold.**
- Successful exploration programs have been completed on all the accessible projects in accordance with the prospectus forecast. The emphasis has now shifted to **expanding the known 200,000 oz resource** base at Bundarra.
- The results of a detailed aeromagnetic survey and geological mapping have also outlined **a number of new targets, which remain untested.**
- **Redcastle:** a detailed aeromagnetic survey flown in August 2006 has defined **extensions of known mineralisation under cover.**
- **Euro:** a Native Title agreement has been reached which will enable the tenement to be granted. Drilling will be undertaken early in 2007.
- **Cash balance** of A\$3.92million, with 52.8m shares on issue.

CONTACT US

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Bundarra (Celtic) Project – Terrain 100%

Considerable effort has gone into verifying and collating the large existing database. The drill data from the Celtic and Wonder North deposits has been wire-framed and a series of sections produced to facilitate drill planning. Follow up drilling commenced late in the quarter and results from testing the strike extension of the Wonder North deposit were released to the ASX on 18 October 2006. The drill intercepts include:

- **10m @ 3.27g/t gold, from 38m; including
4m @ 4.53g/t gold, from 41m**
- **14m @ 2.56g/t gold, from 120m; including
4m @ 5.22g/t gold, from 126m**
- **52m @ 1.50g/t gold, from 176m; including
4m @ 11.09g/t gold, from 224m**
- **6m @ 6.99g/t gold, from 63m: including
2m @ 16.9g/t gold, from 63m**

Some of the deeper drilling beneath the Wonder North open cut has encountered problems with ground water and a number of holes, which had to be curtailed before reaching their target depths, will be extended with diamond drilling. The RC drill rig has currently moved off site, due to a pre-existing commitment, but drilling will recommence during the first week of November.

A detailed air-magnetic survey was flown in August 2006. The results of this survey, together with information generated by the geological mapping program currently underway has outlined a number of untested mineralised zones and a RAB drilling program is being planned for early in 2007.

East Kambalda (Coogee) Project – Terrain 100%

RC drill testing of the TEM anomalies at the Lefroy nickel prospect and drilling to confirm the controls on the Coogee Gold deposit (278,000 tonnes @ 3.91g/t gold (35,000 oz)) was undertaken in August 2006. The results were released to the ASX on 16 August 2006.

At Lefroy high water inflows and poor ground conditions prevented three of the four holes from reaching their target depths and further drill testing will require a diamond drill rig. Drill intercepts at Coogee included 4m @ 3.06 g/t gold (CRC034, 96m-100m) and 8m @ 2.26g/t gold (CRC 037, 76m-84m). The drilling established that the ore shoots are bounded on all sides by faulting; the known mineralisation occurs in three separate fault blocks. From the Coogee deposit the fault interrupted ore horizon strikes towards the northwest, into an area obscured by recent cover; where a

number of additional magnetic anomalies remain untested.

Mapping and sampling north of the Coogee has identified an additional northwest to southeast striking, 900m long x 70m wide zone of gold mineralisation with rock chip values up to 4.06g/t gold. Extensive, historical alluvial workings are evident in two creeks downstream from the zone of interest. An RC drilling program is being planned to test the zone in the first half of 2007.

Redcastle Project – Terrain 100%

A detailed aeromagnetic survey was flown in August 2006. The data is currently being assessed, utilising the results of detailed geological mapping completed earlier in the year. Extensions of known mineralised lodes, under cover have already been identified and will be drill tested in 2007.

Euro Project – Terrain has the right to acquire 100%

An Aboriginal Heritage Survey has been completed and an agreement reached with the Native Title claimants to enable the MLA to be granted. RC drill testing of the 2kms x 0.5kms RAB anomaly, which includes intercepts of 18m @ 0.48g/g gold and 5m @ 0.85g/t gold, is scheduled for early 2007.

Finance

Exploration expenditure in the September quarter was \$285,000. At the end of the quarter the company had cash resources of A\$3.92million.

Keith Wells

Managing Director

27 October 2006

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.