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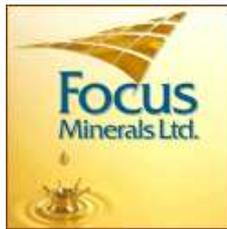


ALLIED GOLD LIMITED

SIMBERI & GOLD RIDGE
200k ozpa in 2011, 300k ozpa in 2013

Friday
14 May 2010

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Gold price improves Bundarra cash surplus

Kristie Batten
Friday, 14 May 2010

TERRAIN Minerals says the economics of its Bundarra gold project in Western Australia have been significantly enhanced by the higher gold price and will lead to a cash surplus of up to \$A40 million.

The company has updated the recent scoping study to reflect the increase in gold price to its current level of \$1350 per ounce.

The original study, released in February, envisaged a cash surplus of \$20.9-26.9 million, based on a \$1200/oz gold price.

The forecast cash surplus has now increased to \$34.6-40.6 million.

The scoping study comprised the Celtic, Wonder North and Great Western open pits, as well as the Great Western underground.

The combined deposits have total measured, indicated and inferred resources of nearly 5 million tonnes grading 2 grams per tonne gold for 321,200 ounces of gold.

Terrain is currently preparing an updated resource estimate for the Wonder North deposit and said the higher cut-off grade of 3gpt gold will further enhance the economics of the project.

The company is aiming to start mining this year and has already obtained mining approval.

A \$3.48 million rights issue was completed in March and the company sold its non-core Coogee gold deposit for up to \$1.15 million in cash and shares to fund the upcoming work at Bundarra.

Shares in Terrain jumped 16% or half a cent to 3.6c following the announcement.

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