



15 November 2011

Dear Shareholder

Rights Issue – notification to ineligible shareholders

Terrain Minerals Limited (**Company**) is in the process of raising up to approximately \$2.3 million (before costs) of new equity capital through a renounceable pro-rata rights issue to existing eligible shareholders (**Rights Issue**).

The Rights Issue will be offered to eligible shareholders on the basis of 1 new fully paid ordinary share (**New Share**) for every 2 shares held at 5.00 pm (AWST time) on the record date of 24 November 2011 at the price of \$0.02 per New Share. The Rights Issue is being made in accordance with a Prospectus dated 15 November 2011.

Details are as announced to the Australian Securities Exchange (**ASX**) on 15 November 2011.

Who are Eligible Shareholders?	Shareholders who are eligible to participate in the Rights Issue (Eligible Shareholders) are shareholders who: <ul style="list-style-type: none">- were registered as a shareholder as at 5.00 pm (AWST time) on 24 November 2011 (Record Date);- have a registered address in Australia or New Zealand;- are not in the United States and are not “U.S. persons” (as defined under Regulation S under the United States Securities Act of 1933, as amended) (U.S. Persons) and are not acting for the account or benefit of U.S. Persons; and- are eligible under all applicable securities laws to receive an offer under the Rights Issue.
Do you meet the eligibility criteria?	Unfortunately, as you do not satisfy the eligibility criteria for an Eligible Shareholder, you are not eligible to subscribe for New Shares and you will not be sent a copy of the offer documents. The Company wishes to advise you that it will not be extending the Rights Issue to you.

<p>Why are there restrictions on eligibility?</p>	<p>There are restrictions on eligibility because of:</p> <ul style="list-style-type: none"> - the legal limitations in some countries; - the relatively small number of shareholders in some countries; - the small number of shares those shareholders hold; and - the potential cost of complying with regulatory requirements in those countries. <p>The Company has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to make offers to shareholders in all countries other than Australia and New Zealand in connection with the Rights Issue.</p>
<p>Do you need to do anything?</p>	<p>You are not required to do anything in response to this letter.</p> <p>This letter is to inform you about the Rights Issue, the details of which are provided below. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares.</p> <p>The Company has appointed Patersons Securities Limited as its nominee to sell the entitlements of all Shareholders who are not Eligible Shareholders because they do not have registered addresses in Australia or New Zealand. Patersons Securities Limited will sell the entitlements during the rights trading period from 18 November 2011 to 7 December 2011 on ASX and account to all overseas shareholders for any net proceeds of sale after deducting the costs of sale. You may therefore in due course receive a cheque from the Company's share registry representing the net proceeds of sale of your entitlement under the Rights Issue depending on whether there is an active rights trading market and what the costs of sale are in relation to the price obtained for the entitlement sold on your behalf.</p>
<p>Questions</p>	<p>If you have any questions in relation to the Rights Issue and this letter, please seek professional advice or contact the Company Secretary on 08 9388 8290.</p>

Yours faithfully



Richard Sandner
Chairman