



15 November 2011

Dear Optionholder

Rights Issue – Notice to Optionholders

We wish to advise you that Terrain Mineral Limited (**Company**) today announced a capital raising by way of a renounceable pro-rata rights issue (**Rights Issue**).

Details of the Rights Issue	This Rights Issue entitles eligible shareholders to subscribe for 1 fully paid ordinary share for every 2 shares held at 5.00pm (AWST time) on 24 November 2011 (Record Date) at an issue price of \$0.02 per share. The Rights Issue will be made pursuant to a prospectus dated 15 November 2011.
Can you participate as an optionholder?	As an optionholder you are not entitled to participate in the Rights Issue.
What if you want to participate in the Rights Issue?	For you to participate in the Rights Issue, you must exercise any options (subject to the terms of the options) and be registered as an eligible shareholder before 5.00 pm (AWST time) on the Record Date. You should carefully consider your personal circumstances and the Rights Issue Prospectus (Prospectus) before deciding whether to exercise your options. If you are unsure what action you should take or have any questions about the Rights Issue, you should contact your stockbroker, accountant or other professional adviser. Specifically, you will need to consider the terms of any restriction agreements that relate to your options and how they impact your rights.
What will happen if you don't exercise your options?	If you do not want to exercise your options and participate in the Rights Issue, then you can continue to hold the options in accordance with their terms.

Further details of the Rights Issue are set out in the announcement released today, which will be available at www.asx.com.au or from the Company's website, <http://www.terrainminerals.com.au>, for information purposes only.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Richard Sandner'.

Richard Sandner
Chairman