



6 December 2011

Dear Shareholder

I am proud Terrain Minerals Ltd has been able to have Patersons Securities Ltd underwrite a @A\$2.3m Rights Issue at 2 cents per share on a 1 for 2 basis.

To participate in the Issue and support your company you will need to take up your allocation by Wednesday 14 December 2011. A Prospectus for this rights issue has been sent to you previously. Your company will be well funded remembering that the Bundarra Gold Asset sale gives Terrain a further \$700,000 in October 2012 and an ongoing minimum \$600,000 per year for 10 years from production payments.

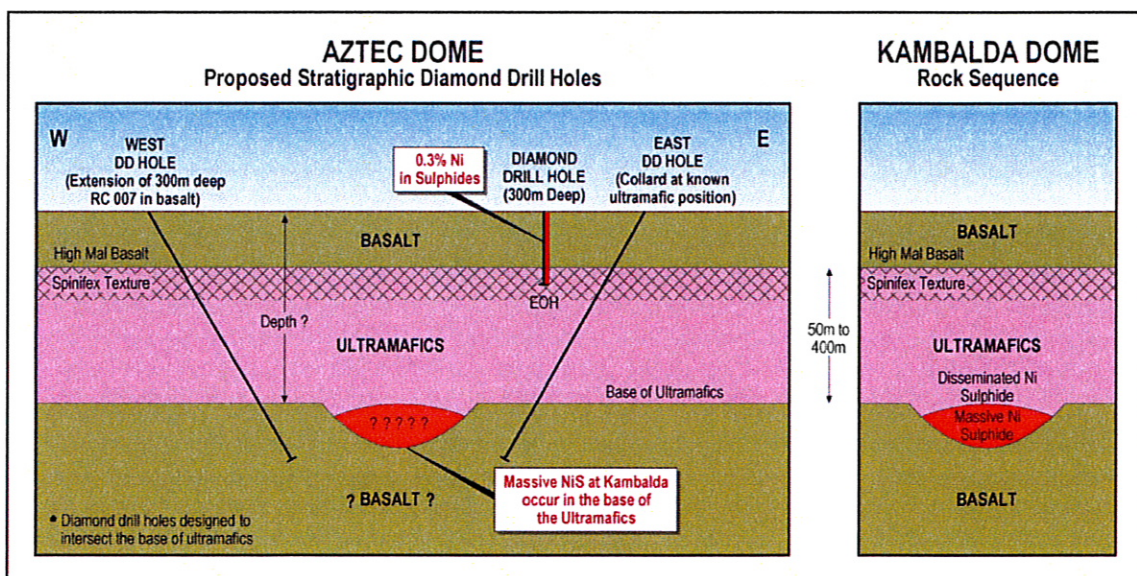
This rights issue capital raising will ensure Terrain Minerals can focus its exploration on the Aztec Dome and Black Cat joint venture.

**AZTEC DOME**

- ◆ Diamond drilling starts January 2012
- ◆ Two distinct targets with total diamond drilling cost of \$1.0m.

*Target 1 – To prove Aztec Dome rock sequence is the same as Kambalda Dome*

- ◆ Two 1000m deep stratigraphic diamond drill holes will be completed;
  - » Eastern hole drilled where known spinifex textured ultramafic were intersected
  - » Western hole will re-enter previous drilled RC hole and commence in basalt at 300m depth
- ◆ Aim to identify rock sequence and the base of the ultramafics on which the nickel ore bodies occur
- ◆ Define rock characteristics such as density and mineralization for geophysical modeling.



Target 2 – A geophysical EM anomaly has been interpreted to target massive sulphides

- ◆ Three 400m holes and one 250m hole
- ◆ Drilling will be RC collars with diamond tails
- ◆ Target is massive sulphides defined by previous geophysics

Follow up program of geophysics is expected to include:

- ◆ Reinterpretation of geophysics, using geological facts ascertained from the stratigraphic drilling
- ◆ Down hole EM – all holes will be prepared for down hole EM
- ◆ Helimag EM
- ◆ Cost \$400,000.

#### BLACK CAT JV WITH ST BARBARA

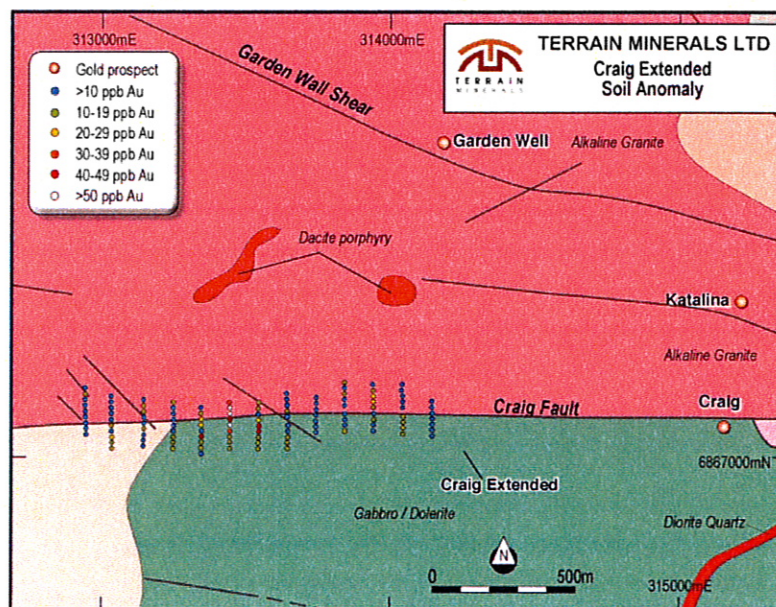
At 60% earning 75% by spending \$750,000 currently at \$150,000.

Three Gold target areas:

- ◆ Craig
- ◆ Craig Extended
- ◆ Katalina.

Craig Extended

- ◆ Drilling starts January 2012
- ◆ 1 km x 160m wide soil anomaly
- ◆ Directly along strike from old Craig workings
- ◆ Cost \$200,000.



To maximize your participation in these two projects I suggest you take up your rights entitlement by Wednesday 14 December 2011.

Yours faithfully

Alan Coles  
Managing Director