



Dear Shareholder,

22 April 2009

As your Chairman I would like to outline a series of actions through which Terrain Minerals Ltd will raise enough cash to resume an active exploration program, begin mine development, and retain an adequate level of working capital.

Negotiations are underway with a mining contractor to begin development of one of the company's gold deposits for which registered mine plans have already approved by the appropriate WA Government departments.

The series of actions will enable the company to effectively evaluate the unsolicited, hostile, off-market, all-share takeover offer from Iron Mountain Ltd, a company controlled by a former and recently retired director of Terrain, announced on March 10. This offer requires Terrain to abide by specific statutory procedures when raising new capital.

Since listing on the ASX, Terrain has spent 75% of the funds it has raised directly on exploration, resulting in the delineation of a number of gold deposits which the Company now plans to bring into production. The existing management and exploration team is to be congratulated.

In order to ensure that Terrain has sufficient capital to carryout its objectives, the board has decided to:-

- Make a placement of shares to raise \$500,000 at a price no less than 80% of the five day average of Terrain's share price on the day the issue is made;
- Take up a \$5 million equity draw-down facility over three years with Fortrend Securities Ltd. This facility can raise capital, the material commercial terms of which are set out in the Notice of Meeting which accompanies this letter; and
- A rights issue, (at the same price as the placement), will also be made to existing Shareholders to raise a further \$500,000 and an Offer Document will be circulated separately.

Because Terrain is currently affected by Takeover Code provisions, the first two initiatives outlined above require shareholder approval. So that further capital can be raised to carry out exploration, develop mines and provide working capital, Terrain has previously announced that the Coogee gold deposit will be sold. A number of parties have expressed interest in Coogee and negotiations are continuing.

#### **Takeover offer**

Terrain was made aware of the unsolicited, hostile, off-market, all-share, takeover offer by Iron Mountain Ltd, on March 10 2009. Iron Mountain Ltd is associated with a former (recently retired) director of Terrain. No formal takeover documentation has been received and shareholders need **take no action** at this time. If a formal take over offer is received, the Terrain board will procure an independent expert's report and make a formal recommendation to shareholders.

The board believes Terrain's future is positive. The financing options outlined above will help to ensure that all Terrain shareholders share in the expected material gains, resulting from the existing and anticipated exploration successes.

Yours Faithfully

**Dick Sandner - Chairman**