TARGET'S STATEMENT

TERRAIN MINERALS LIMITED

ABN 45 116 153 514

Your Independent Directors unanimously recommend that you

REJECT

the Offer from Iron Mountain Mining Limited to acquire your shares in Terrain Minerals Limited.

To REJECT the Offer, simply ignore all documents sent to you by Iron Mountain Mining Limited and take no action.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU DO NOT UNDERSTAND IT OR ARE IN DOUBT AS TO HOW TO DEAL WITH IT, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

IMPORTANT INFORMATION

Target's Statement

This statement is made in response to the bidder's statement dated 24 April 2009 received by Terrain Minerals Limited ABN 45 116 153 514 ("**Terrain**") from Iron Mountain Mining Limited ABN 62 112 914 459 ("**Iron Mountain**") (the "**Bidder's Statement**") and relates to the Offer made by Iron Mountain constituting a takeover bid (the "**Offer**") for the acquisition of all the issued shares in Terrain (including all shares issued as a result of the exercise of Terrain's Options) referred to in the Bidder's Statement.

A copy of this Target's Statement was lodged with ASIC on 27 May 2009 and provided to ASX on 27 May 2009. None of ASIC, ASX or any of their officers takes any responsibility for the contents of this Target's Statement.

Defined Terms

A number of defined terms are used in this Target's Statement. These terms have capitalised first letters and are set out in **section 11**. **Section 11** also sets out some rules of interpretation which apply in this Target's Statement.

Investment Decisions

This document does not take into account the investment objectives, financial situation or particular needs of any person. Before making any investment decisions on the basis of this Target's Statement you should consider whether that decision is appropriate in light of those factors and seek independent financial and taxation advice if necessary.

Disclaimer regarding forward looking statements

This Target's Statement may contain statements in the nature of forward-looking statements. All statements other than statements of historical fact are forward-looking statements. Shareholders should note that forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions which could cause actual values, results or events to be materially different to those expressed or implied in those forward-looking statements. These risks, uncertainties and assumptions include matters specific to the industries in which Terrain operates as well as economic and financial market conditions; legislative, fiscal or regulatory developments; the price performance of Terrain Shares, including the risk of possible price decline in the absence of the Offer or other takeover or merger speculation; and risks associated with the business and operations of Terrain. None of Terrain, any of its officers or any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation or warranty (either express or implied) or gives any assurance that the implied values or anticipated results or events expressed or implied in forward-looking statements contained in this Target's Statement will be achieved, and you are cautioned not to place undue reliance on these statements. Any forward-looking statement in this Target's Statement is qualified by this cautionary statement.

Information line and website

If you have any queries in relation to the Offer or this Target's Statement, please contact Terrain on 08 9481 2455 between 9.00am and 5.00pm (Perth time). International callers please call +61 8 9481 2455.

Further information in relation to Terrain and the Offer can be obtained from Terrain's website at www.terrainminerals.com.au.

27 May 2009

Dear Shareholder

Iron Mountain Mining Limited ("**Iron Mountain**") has made an offer for your shares in Terrain Minerals Limited (“**Terrain**” or the “**Company**”) which is described in the Bidder's Statement prepared by Iron Mountain. Iron Mountain is offering 1 Iron Mountain Share for every 2 Terrain Shares. This takeover bid was announced to the Australian Securities Exchange ("**ASX**") on 10 March 2009 and a bidder's statement was lodged by Iron Mountain with the Australian Securities and Investments Commission ("**ASIC**") on 24 April 2009 and distributed to Terrain shareholders on 22 May 2009.

This Target's Statement is Terrain’s formal response to the Bidder's Statement.

Your Independent Directors unanimously recommend that you REJECT the Offer from Iron Mountain.

In the opinion of your Independent Directors, the Iron Mountain Offer:

- undervalues your Company;
- will dilute Terrain Shareholders’ interests in the Company’s projects from 100% to 39%;
- does not offer access to any other substantial assets or increased capability within the combined entity;
- offers Terrain Shareholders shares in Iron Mountain which are less liquid when compared to Terrain Shares;
- does not bring any substantial cost synergies; and
- the Independent Expert has assessed the Offer as being **NEITHER FAIR NOR REASONABLE**.

Iron Mountain is offering Terrain Shareholders 1 Iron Mountain Share for every 2 Terrain Shares. There is no cash consideration included in the Offer. Therefore the value Shareholders will receive for their Terrain Shares is uncertain and will depend on the future market performance of Iron Mountain Shares.

There is no guarantee that individual Terrain Shareholders will be able to realise the implied value of the Offer through selling their Iron Mountain Shares acquired through this Offer on the market as Iron Mountain Shares are not heavily traded.

The Board of Terrain has received significant support from its Shareholders in rejecting this Offer. Notices undertaking to reject the Offer have been received from Shareholders representing 24.54% of the issued shares of Terrain.

As greater than 20% of Shareholders have indicated that they will not accept the Offer, it is likely that Iron Mountain will not achieve an 80% interest in Terrain and hence any Shareholders who accept this Offer will not qualify for scrip-for-scrip capital gains tax relief. Shareholders who accept the Offer may therefore face potential tax consequences which they will have to meet personally, without receiving any cash proceeds under the Offer to assist in meeting this cost.

The Board of Terrain is committed to the development of the Company’s projects in a manner that maximises value for Terrain Shareholders. While there are a number of exciting new targets remaining to be tested, the Company’s main focus has moved from exploration to mine development.

The reasons for the Independent Directors' recommendations are described in more detail in the section of this Target’s Statement headed “Reasons for Independent Directors’ Recommendation”.

Terrain has appointed RSM Bird Cameron Corporate Pty Ltd ("**RSM Bird Cameron**") as the independent expert to assess the terms of the Offer.

RSM Bird Cameron has concluded that the terms of the Offer are **NEITHER FAIR NOR REASONABLE** for Terrain Shareholders.

In reaching their conclusion that the Offer is **Not Fair**, RSM Bird Cameron has compared its assessed value of a Terrain share of between 9.9 cents and 15.1 cents to the value of the consideration being offered by Iron Mountain of between 6 cents and 8.1 cents. The Offer represents a discount on the fair value of a Terrain Share of between 40% to 46%.

In reaching the conclusion that the Offer is **Not Reasonable**, RSM Bird Cameron concluded that the disadvantages of the Offer outweigh the advantages.

A copy of the Independent Expert's Report is annexed to this Target's Statement as Appendix B and your Directors urge you to consider this report carefully as you read this Target's Statement.

TO REJECT THE OFFER YOU NEED NOT TAKE ANY ACTION.

TO ACCEPT THE OFFER, YOU SHOULD FOLLOW THE INSTRUCTIONS IN IRON MOUNTAIN'S BIDDER'S STATEMENT.

Shareholders should not take any action until they have considered the Bidder's Statement and this Target's Statement, including the Independent Expert's Report, in their entirety.

Shareholders should seek professional financial advice if they are in any way concerned about whether acceptance of the Offer is in their own best interests, taking into account their own individual circumstances.

The Directors will provide you with further information if there are any material developments relating to the Offer. In the meantime, I urge you to read this Target's Statement carefully.

Should you have any enquiries in relation to the Offer, please refer to **section 8** of this Target's Statement or telephone 08 9481 2455 or +61 8 9481 2455 for international callers between 9.00am and 5.00pm (Perth time).

Yours sincerely

Mr Richard Sandner
Chairman

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REASONS FOR INDEPENDENT DIRECTORS' RECOMMENDATION

1. The Iron Mountain Offer is highly opportunistic and does not recognise the true value of Terrain's Projects.

Terrain's 100% owned Projects contain potentially large gold and nickel deposits.

The Offer fails to recognise and appropriately compensate Terrain Shareholders for the value associated with the deposits. Terrain Shareholders who accept the Offer will transfer a share of this value uplift and potential market re-rating of the Company to Iron Mountain Shareholders without appropriate compensation.

RSM Bird Cameron, the Independent Expert commissioned to form an opinion on the Iron Mountain Offer has concluded that the Offer is **NEITHER FAIR NOR REASONABLE** to Terrain Shareholders.

In its report, RSM Bird Cameron has concluded that a fair mid point valuation for Terrain Shares is 12.5 cents per share, with a range of 9.9 cents to 15.1 cents. This valuation considers the net asset value of the company based on an independent valuation of the mineral assets. and the analysis of the recent trading in Terrain Shares.

RSM Bird Cameron concluded that the consideration offered is not sufficient and does not include a full control premium for the acquisition of the shares in Terrain by Iron Mountain.

2. The Offer is extremely dilutive to Terrain Shareholders as if approved they would exchange their 100% ownership of Terrain for a 39% minority interest in Iron Mountain.

Iron Mountain's projects are all early stage exploration projects with significant risk and unproven potential. On the other hand, Terrain owns more advanced projects, with JORC compliant Mineral Resource of gold of 356,000 ounces and is moving towards the early stages of mine development.

By accepting the Offer Terrain Shareholders are diluting their exposure to Terrain assets in exchange for a minority share of Iron Mountain's early stage exploration projects with significant risks and unproven potential.

If the Offer is successful, Terrain Shareholders will dilute their 100% interest in their assets to 39% in the combined assets.

3. The Offer is at a discount to the traded share price.

The Offer of 1 Iron Mountain share for 2 Terrain shares is at a discount of between 20% and 32% to the traded share price immediately prior to the announcement of the takeover bid.

4. There are likely to be potential Capital Gains Tax ("CGT") consequences for Shareholders who accept the Offer as they will not qualify for scrip CGT rollover relief.

Scrip-for-scrip CGT rollover relief will only be available to Terrain Shareholders if Iron Mountain acquires at least 80% of Terrain. Terrain has received undertakings from its shareholders representing 24.54% of the Company's issued shares to reject the Iron Mountain Offer. In this circumstance it is highly likely that Terrain Shareholders who accept this Offer will not qualify for scrip-for-scrip CGT relief, and hence may be required to pay CGT.

If a CGT liability becomes payable, individual Shareholders will be required to settle the liability with a cash payment. As the consideration offered for your Terrain Shares comprises Iron Mountain Shares only and does not include any cash component, accepting Terrain Shareholders will have to find the funding required to pay this tax liability from their own resources and will not be able to rely on any funds received in consideration of their Terrain Shares.

If a substantial number of Shareholders seek to sell Iron Mountain Shares in order to meet such tax liabilities, the price of Iron Mountain Shares is likely to be depressed further.

5. The value Terrain Shareholders will receive under the Offer is uncertain.

There is no cash component to the Iron Mountain Offer and Terrain Shareholders who accept the Offer will only receive Iron Mountain Shares in exchange for their Terrain Shares. Therefore, the value of the consideration received depends solely on the future trading price of Iron Mountain.

Iron Mountain shares have low liquidity and there is no guarantee that the value indicated by Iron Mountain will be achievable to Terrain Shareholders who accept the Offer and wish to liquidate their holdings to realise cash. Given the low liquidity of Iron Mountain Shares, shareholders who wish to sell their Terrain Shares to receive cash may either face a substantial discount on the price of those shares or have to wait a significant time to sell their shares at their desired price.

The risk of the Iron Mountain Share price becoming depressed due to selling pressures from previous Terrain Shareholders is likely to increase if a significant number of Shareholders are forced to sell Iron Mountain Shares to meet any capital gains tax charges triggered by their acceptance of the Iron Mountain Offer.

6. The combination of Terrain with Iron Mountain will not bring any obvious synergies or cost savings and does not enhance the prospect of successful development of the Terrain projects.

The Terrain team has successfully advanced the Bundarra project from an early stage exploration project to the point where a JORC compliant Inferred Mineral Resource has been defined and mining studies are in progress.

The Independent Directors believe that merging Terrain with Iron Mountain will not enhance the prospect of successful development at Bundarra.

Iron Mountain does not bring any increased management capability with noteworthy project development or marketing experience, nor does Iron Mountain bring an increased funding capability, both of which would be required to "allow Terrain shareholders to realise the benefits from their company's exploration assets earlier", as suggested by Iron Mountain in its Bidder's Statement.

In its Bidder's Statement, Iron Mountain claims that the merger will create the opportunity for cost savings without describing how these savings will be achieved.

While there may be some minor cost synergies associated with merging the two companies, the Independent Directors believe they will be minimal. Additionally, given the disparate nature of the minerals in the combined entity's portfolio there is potential for duplication of technical resources due to their specialised nature.

7. Combining Terrain and Iron Mountain does not result in an increase in scale or diversification that is material enough to warrant any market re-rating.

If the Iron Mountain Offer is successful, the combination of Iron Mountain, with a market capitalisation of approximately $5.42 million, with Terrain, a company with a market capitalisation of approximately $4.6 million will not result in an increase in scale or diversification that is material enough to warrant any market re-rating.

In addition, the combined entity will hold interests in gold, nickel and iron ore. This can only be described as minimal diversification considering Iron Mountain has interests in iron ore.

The Iron Mountain assets are all risky early stages exploration projects with significant risks and unproven potential. By contrast Terrain has delineated gold resources totalling 356,000 ounces at its Bundarra and Coogee Projects. Combining the Terrain assets with Iron Mountain's assets will not make the portfolio materially stronger and may be negatively viewed by investors as they dilute the quality of the asset base.

In the opinion of the Independent Directors, this modest increase in size and minimal diversification will not warrant the follow-on benefits described by Iron Mountain in its Bidder's Statement and will not make the merged entity more attractive to international and institutional investors.

8. Loss of Gold Mining and Nickel expertise

Iron Mountain has stated that they will remove the Terrain board if the Offer is approved. The Terrain directors are concerned that by their removal the ongoing board of Iron Mountain will lack the exploration and mining expertise to fully realise the value of Terrain's gold and nickel projects.

9. Inability to accept a higher offer, should one emerge.

Except under limited circumstances provided for in the Corporations Act, Terrain Shareholders who accept the Offer are unable to withdraw their acceptance or accept a higher offer, should one emerge.

As at the date of this Target's Statement, the Board of Terrain is not aware of any proposal to make an alternative offer.

TARGET'S STATEMENT

Terrain Minerals Limited
ABN 45 116 153 514

1. INTRODUCTION

This Target's Statement has been prepared by Terrain. Details of the Offer are included in the Bidder's Statement.

The Independent Directors unanimously recommend that you REJECT the Offer.

The reasons for the Directors' recommendations are described in the section of this Target's Statement headed "Reasons for Independent Directors' Recommendation".

An independent expert's report prepared by RSM Bird Cameron is annexed to this Target's Statement as Annexure B. The report contains the Independent Expert's opinion that the terms of the Offer are **NEITHER FAIR NOR REASONABLE**.

It is the intention of Messrs Wells and Dickson, being those Independent Directors who hold a relevant interest in Terrain Shares, to **REJECT** the Offer in respect of all of their Terrain Shares.

Mr William Bannister also does not intend to accept the Offer. Mr Bannister is not considered to be independent by virtue of Mr Bannister's connection with United Orogen Limited and in accordance with Terrain's corporate governance policies.

2. SUMMARY OF THE IRON MOUNTAIN OFFER

In making a decision whether to accept or reject the Offer, Terrain Shareholders should carefully consider the matters outlined below, including both the advantages and disadvantages of the Offer, which are outlined in the Independent Expert's Report.

2.1 Offer

Iron Mountain is offering 1 Iron Mountain Share for every 2 Terrain Shares you own.

Unless extended or withdrawn beforehand, the Offer expires at 7.00pm Sydney time on 26 June 2009.

2.2 Assessment of the value of the Offer

The Independent Expert has assessed the preferred fair value of a Terrain Share to be between 9.9 cents and 15.1 cents and the value of the consideration to be received by the Terrain Shareholders to be between 6.0 cents and 8.1 cents. The Independent Expert's Report is attached as Appendix B to this Target's Statement.

On the basis of the above, the Offer represents a discount of between 40% and 46% to the assessed value of a Terrain Share.

2.3 Terms and conditions of the Offer

The full terms and conditions of the Offer are set out in Part D of the Bidder's Statement.

Terrain Shareholders should note that the Offer (and each contract resulting from acceptance of the Offer) is subject to a number of conditions, and that the Offer will lapse unless the conditions are either satisfied or waived by Iron Mountain prior to the end of the Offer Period. These conditions (the "Defeating Conditions") are set out in full in **section 10.1** of the Bidder's Statement and summarised in **section 8.10** below.

On 25 May 2009, the Shareholders of Terrain approved the placement of Shares in accordance with the notice of general meeting dated 22 April 2009. The Company is now proceeding to undertake the placement of Shares as contemplated by the notice of general meeting. Should this share issue proceed, it will trigger a Defeating Condition. Terrain is unaware of whether Iron Mountain will waive this Defeating Condition if the proposed issues are approved by Shareholders.

Terrain Shareholders should be aware that even if the Defeating Conditions are not satisfied they may be waived by Iron Mountain. Furthermore, if a Defeating Condition is not satisfied and has not been waived, then Iron Mountain may allow the Offer to lapse and you will continue to hold your Terrain Shares.

2.4 Other offers for the Company or the Assets

As at the date of this Target's Statement, the board of Terrain is not aware of any proposal or any intention to make a proposal to acquire Terrain or the Company's assets.

2.5 Overseas Shareholders

If you are a Foreign Shareholder, there may be additional considerations for you in accepting the Offer. Refer to Part D of the Bidder's Statement and **section 8.13(b)** of this Target Statement.

3. RELEVANT CONSIDERATIONS FOR TERRAIN SHAREHOLDERS

In making a decision whether to accept or reject the Offer, Terrain Shareholders should carefully consider the matters outlined below, including both the advantages and disadvantages of the Offer, details of which are outlined in the Independent Expert's Report.

3.1 Offer Price, Share Price and Liquidity

The Offer presented by Iron Mountain in its Bidder's Statement provides for Terrain Shareholders to receive 1 Iron Mountain Share for every 2 Terrain Shares held. This notionally values each Terrain Share at approximately 3.75 cents, based on the ASX closing price of 7.5 cents for Iron Mountain Shares on 26 May 2009, being the last trading day before the date of this Target's Statement. This represents a discount of 25% over the ASX closing price of Terrain Shares of 5.0 cents on 26 May 2009.

During the 12 months to 9 March 2009, the daily closing price of Terrain Share has ranged from a high of 12.5 cents in March 2008 to a low of 2.2 cents recorded in early December 2008, with a weighted average market price for 1 week, 1 month and 3 month period to 9 March 2009 of 4.0 cents, 3.7 cents and 3.9 cents respectively.

62% of Terrain Shares have traded in the 12 months to 9 March 2009. However, 28% of the issued share capital was traded in May 2008 as UOG built up their shareholding. Since then less than 5% of the issued Shares of Terrain have been traded in each month.

The Independent Expert has assessed the range of values for the underlying price of a Terrain Share based on market pricing is between 3.7 cents and 4.0 cents. However, as Iron Mountain is offering to acquire all the shares of Terrain, the Independent Expert has assessed the market value of a Terrain Share including a premium for control would be in the range of 4.4 cents and 5.2 cents.

During the 12 months to 9 March 2009, the daily closing price of Iron Mountain Shares has ranged from a high of 33.0 cents on 2 June 2008 to a low of 4 cents recorded in late November 2008, with a weighted average market price for 1 week, 1 month and 3 months period to 9 March 2009 of 5.1 cents, 5.8 cents and 6.4 cents respectively.

After adjusting for the 27% of Iron Mountain issued share capital held in escrow, 41.0% of Iron Mountain Terrain Shares have traded in the 12 months to 9 March 2009. The market for Iron Mountain Shares has historically been less than Terrain shares.

The Independent Expert has assessed the range of values for the underlying price of an Iron Mountain Share based on market pricing is between 6.8 cents and 7.1 cents.

3.2 Tax considerations

Section 8 of this Target's Statement contains details on tax considerations relating to the Offer. The Directors recommend all shareholders read the section carefully and seek independent advice that takes into account their specific circumstances. The key tax considerations identified with regards to the Iron Mountain offer is Capital Gains Tax ("**CGT**") for the individual shareholders.

The Australian income tax consequences for Terrain Shareholders who accept the Offer will be dependent upon a number of factors including:

- whether the Terrain Shareholder holds their Terrain Shares on capital or revenue account or as trading stock;
- the tax residency of the Terrain Shareholder (i.e. whether Australian resident or not); and
- whether the scrip-for-scrip rollover relief will be available to the shareholder.

As indicated in the section headed "Reasons for Independent Directors' Recommendation", Shareholders who accept the Iron Mountain offer are unlikely to qualify for scrip-for-scrip CGT rollover relief as it is unlikely that Iron Mountain will become the owner of at least 80% of Terrain. This may result in the shareholder facing a tax liability. The nature, if any, of the tax liability will vary according to the circumstances of each shareholder.

4. PROFILE OF TERRAIN

4.1 Overview of Terrain

In March 2006 Terrain raised $5 million and listed on ASX. The Company's objective has been to build value into Terrain by expanding the known resources and developing new drill targets by conducting high quality technical programs. Field programs, including drilling, commenced within two weeks' of Terrain listing on ASX.

A share placement in October 2007 raised an additional $4 million to fund ongoing drill programs. An increase in gold resources at Bundarra was announced in August 2008. A further $500,000 was raised through a fully underwritten rights issue in February 2009.

The Company is currently proposing to conduct a placement of Shares to raise approximately $665,000 (excluding costs of the issue). A meeting of Shareholders approved this issue on 25 May 2009. The Company is also proposing to raise a further $700,736 (excluding costs of the issue) by way of a non-renounceable entitlements issue to Shareholders under a prospectus lodged with ASX on 12 May 2009.

In response to the current economic downturn, Terrain has introduced a number of cost cutting measures including reducing the size of the office, reducing staff numbers, implementing a wages freeze and suspending director's fees. The projects were also reviewed and the two lowest priority projects, Redcastle and Euro, were relinquished. In addition, the Coogee Project at East Kambalda is being reviewed and may potentially be sold or retained.

While there are a number of exciting new targets remaining to be tested, the Company's main focus has now moved from exploration to mine development.

The mining potential of a number of the Company's gold deposits is currently being evaluated with the goal of commencing mining operations before the end of 2009 considered realistic.

4.2 Overview of Terrain's Projects

Terrain currently holds three projects in the eastern goldfields of Western Australia.

BUNDARRA PROJECT

The project is located 70 kms north of Leonora, with easy access from the adjacent Goldfields Highway. Originally covering 28.7 kms² when Terrain listed on ASX, the project area has now grown to 100 kms² through the acquisition of the Great Western tenement and the Black Cat Joint Venture (currently earning 60% equity, with the potential to earn 100%).

An upgrade to the gold resources was announced in August 2008:

Summary of Resources - Bundarra Project

DEPOSIT	CLASSIFICATION	TONNES	GRADE G/T	OUNCES AU
WONDER NORTH	Measured	354,000	2.3	26,000
	Indicated	872,000	2.4	66,500
	Inferred	1,314,000	1.9	80,200
	Total resources Wonder North	**2,540,000**	**2.1**	**172,600**
BLUEBUSH	Measured	-	-	-
	Indicated	-	-	-
	Inferred	726,000	1 .7	38,900
	Total resources Bluebush	**726,000**	**1 .7**	**38,900**
CELTIC DEPOSIT*	Measured	683,000	1.8	39,300
	Indicated	199,400	1.5	9,300
	Inferred	204,400	1.5	9,500
	Total resources Celtic deposit	**1,087,700**	**1 .7**	**58,100**
BLACK CAT	Measured			
	Indicated			
	Inferred	1 34,000	2.5	1 0,600
	Total resources Black Cat	**134,000**	**2.5**	**10,600**
GREAT WESTERN	Measured	58,000	3.0	5,600
	Indicated	284,000	2.8	25,800
	Inferred	131,000	2.3	9,500
	Total resources Great Western	**473,000**	**2.7**	**40,900**
TOTAL BUNDARRA PROJECT	**Measured**	**1,095,900**	**2.0**	**70,900**
	Indicated	**1,355,400**	**2.4**	**101,600**
	Inferred	**2,509,400**	**1.9**	**148,700**
	TOTAL RESOURCES BUNDARRA PROJECT	**4,960,700**	**2.0**	**321,200**

(Celtic Resource Previously Published In Terrain Prospectus Dated March 2006.)*

(The mineral resource estimates for the Wonder North, Bluebush, Great Western and Black Cat deposits were completed by Mr. Shane Fieldgate of CSA Global Pty Ltd, who is a member of the Australian Institute of Geoscientists (MAIG) and is a competent person as defined by the Australasian Code for the reporting of exploration results mineral resources and ore reserves (JORC Code) 2004 edition and who consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.)

All the known deposits remain open at depth and in November 2008 the Company announced the discovery of 6 new gold anomalies, up to one 1 km in length, with similar geological characteristics to the known deposits. At the current time these anomalies remain untested.

Currently, Terrain is undertaking mining studies on the Celtic, Great Western and Wonder North deposits with a view to commence mining before the end of 2009.

EAST KAMBALDA PROJECT

The East Kambalda Project is located 12 kms east of Kambalda and consists of two prospects: the Coogee gold deposit and the Aztec Dome nickel prospect.

The Coogee gold deposit is a resource of:

CATEGORY	TONNES	GRADE G/T	OUNCES AU
Indicated	137,800	4.12	18,252
Inferred	139,700	3.70	16,618
TOTAL RESOURCE	**277,500**	**3.91**	**34,870**

(Coogee resource previously published in Terrain prospectus dated March 2006.)

Several development options are being considered for this deposit ranging from an outright sale to an in-house mining development. A new open pit optimisation study is due to commence in June 2009.

At the Aztec Dome an analysis of the historic data together with geological mapping, magnetic and gravity surveys has high-lighted the potential for the Aztec Dome to be a repeat of the Kambalda Dome, with all of its associated high grade nickel deposits.

A recently completed IP/EM geophysical survey, over a small section of the dome, has detected four anomalies in attractive geological positions, with the potential to host gold or nickel deposits. Further geophysical surveys to complete coverage over the entire dome are planned and all the anomalies will require drill testing.

DODGERS WELL PROJECT

The project is located 30 kms from Bundarra and Terrain has entered into an option to a purchase agreement over the main Dodgers Well tenement. Terrain can acquire 100% equity by issuing $50,000 worth of shares before December 2009. The Company has applied for two additional tenements covering the balance of the historic Dodgers Well mining centre, which hosts high grade gold mineralisation.

There are two lines of historic workings: the east – west Sheffield – Champion line and the north – south Myrtle – Glen Lyon line.

Parts of the Sheffield – Champion line have been subjected to extensive, but shallow prospecting and recent rock chip sampling by Terrain has located anomalous values over a distance of 1 kms, with assay values up to 136g/t gold.

Sampling along the Myrtle – Glen Lyon line has identified epithermal breccias with values up to 92g/t gold.

Recent geological mapping has highlighted several new targets and a detailed compilation and analysis of all previous data will be undertaken ahead of drill planning.

The project has the potential to host a stand-alone high grade gold deposit and/or provide supplementary feed for any mining operation at Bundarra.

4.3 Relationship between Iron Mountain and Terrain

The Company considers it relevant to provide Shareholders information regarding the relationship between Iron Mountain, United Orogen Limited ("**UOG**") (the largest Shareholder in Terrain) and certain office holders in those companies.

Mr David Zohar is a director of Iron Mountain and a director of UOG. Mr Zohar is a former director of Terrain and resigned on 4 March 2009. On 10 March 2009 (six days later) Iron Mountain announced its takeover bid for Terrain. On 4 March 2009, Mr Ross Gillon also resigned from the board of Terrain. Lawton Gillon (a legal firm associated with Mr Ross Gillon) acted on behalf of Iron Mountain in preparing the Bidder Statement.

The directors of Iron Mountain are currently Messrs David Zohar, Zhukov Pervan, Simon England and Robert Sebek.

Mr Zohar and Mr Pervan, in addition to holding positions on the board of Iron Mountain, are also directors of UOG. Mr Zohar is the company secretary of both Iron Mountain and UOG.

UOG holds 19.7% of the shares in Terrain. Mr Zohar, and his family and private company, Swancove Enterprises Pty Ltd ACN 076 507 849 (together the "**Zohar Parties**") are the registered holders of 23.16% of the shares in UOG.

The Zohar Parties also collectively hold approximately 12.2% of the shares in Iron Mountain.

No substantial shareholder notices have been lodged with ASX in respect of Mr Zohar's interest (or the interests of any of the other Zohar Parties) in UOG, Iron Mountain or in Terrain. The only party to lodge a substantial shareholder notice with respect to Terrain is UOG.

As disclosed in **section 4.1**, the Company obtained shareholder approval on 25 May 2009 to conduct a placement of Shares to raise approximately $665,000 (excluding costs of the issue). On 5 May 2009, the Company received a completed and (so far as the Company is aware) valid proxy from UOG voting for the placement. The proxy was signed by Messrs Bannister and Karajas. On 22 May 2009, the Company received a further proxy from UOG voting against the intended placement. The replacement proxy was signed by Messrs Zohar and Pervan. Mr Zohar and Mr Pervan are also directors of Iron Mountain.

4.4 Risk Factors

Your Independent Directors have recommended that you **REJECT** the Iron Mountain Offer. If you do not accept the Iron Mountain Offer and the Iron Mountain Offer is unsuccessful, you will continue to hold Terrain Shares and remain a Terrain Shareholder.

You should be aware of the following key risks that may affect the performance of Terrain and the value of Terrain Shares. These risks include general risks associated with any form of business or specific risks associated with Terrain's business and its involvement in the exploration and mining industry.

(a) Economic Conditions

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and future production activities, as well as on its ability to fund those activities.

(b) Stock Market Fluctuations

Investors should be aware that there are risks associated with any investment in a company listed on the ASX. The value of Terrain Shares may rise above or fall below the current share price depending on the financial and operating performance of Terrain and external factors over which the Company and the Directors have no control. These external factors include:

- economic conditions in Australia and overseas which may have a negative impact on equity capital markets;
- changing investor sentiment in the local and international stock markets specifically relating to the mining sector or gold or nickel sector stocks;
- changes in domestic or international fiscal, monetary, regulatory and other government policies; and
- developments and general conditions in the gold and nickel markets in which Terrain proposes to operate and which may impact on the future value and pricing of shares in gold companies and nickel companies.

(c) Commodity Price and Exchange Rate Risks

To the extent the Company is involved in mineral production the revenue derived through the sale of commodities may expose the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(d) Regulatory Risks

Mining and construction operations in Australia are subject to a variety of general and industry specific regulations concerning the environment, the health and safety of employees, land access, infrastructure creation and access, royalties, taxation, accounting policies and other matters. Compliance with such laws may cause delays or require capital outlays in excess of those anticipated, causing an adverse impact on the Terrain Projects.

While Terrain's exploration and general business activities are highly regulated, it is possible that new specific laws will be introduced in Australia and/or overseas which may have a material adverse effect on Terrain's current and future business.

(e) Exploration and Evaluation Risks

The success of the Company depends on the delineation of economically minable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.

Exploration on the Company's existing exploration and mining tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the exploration and mining tenements.

(f) Insurance Risks

Although insurance is proposed to be maintained for the development, construction and operation of any project within ranges of coverage consistent with industry practice, no assurance can be given that such insurance will be available in the future on commercially reasonable terms or that any cover will be adequate and available to cover any or all claims. If Terrain incurs uninsured losses or liabilities, its assets, profits and prospects may be adversely affected.

(g) Environmental Risks

The operations and proposed activities of the Company are subject to State and Federal laws and regulation concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company attempts to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

(h) Tenement Title Risks

All of the tenements for which Terrain is the registered holder will be subject to application for renewal by the tenement holder from time to time. The renewal of the term of each tenement is subject to applicable legislation. The Directors are not aware of any reason why renewal of the term of any tenement should not be granted.

(i) Operational Risks

Terrain could be adversely affected by disruptions to exploration, mine development or proposed future operations caused by adverse climatic, geological, geotechnical, seismic and mining conditions, infrastructure construction and operation breakdown of equipment, industrial accidents and labour disputes. The Company will seek to minimise the potential damage flowing from the occurrence of some of these risks by obtaining suitable indemnities from suppliers and contractors in the event that equipment or services do not provide the performance that was expected.

The occurrence of operating risks can result in increased production costs for Terrain if it commences operations and may materially impact on the Company's competitive position or ability to derive profits. In particular, mining costs may be materially impacted by adverse mining and geological conditions. Gold and nickel processing costs and yields may be negatively impacted by unforeseen deterioration in the quality or quantity of gold and nickel mined and any unbudgeted increase in operating costs.

(j) Resource Estimations

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when made, may change significantly when new information becomes available. In addition, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted by past sampling and drilling, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could have either a positive or negative effect on the Company's operations.

(k) Native Title and Title Risks

Interests in tenements in Australia are governed by the respective State Legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest; there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be affected.

The Directors closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

(l) Joint Venture Parties, Agents and Contractors

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

(m) Future Capital Requirements

The Company's activities will require substantial expenditures. There can be no guarantees that the funds to be raised by the current share offer will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to use debt or equity to fund expansion after the exhaustion of the net proceeds of the share offer there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources in terms acceptable to the Company or at all. Any additional equity financing may be dilutive to shareholders and any debt financing if available may involve restrictive covenants, which limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

(n) Potential Acquisitions

As part of its business strategy, the Company may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.

(o) Reliance on Key Personnel

The Company's success depends largely on the core competencies of its directors and management, and their familiarisation with, and ability to operate, in the metals and mining industry and the Company's ability to retain its key executives.

5. TERRAIN DIRECTORS AND THEIR RECOMMENDATIONS

5.1 Directors

RICHARD SANDNER (NON-EXECUTIVE CHAIRMAN)

Mr Sandner is a lawyer with experience in the resources arena and has thirty years senior managerial and corporate experience in the mining industry, having previously been the Managing Director and a founding director of both Bendigo Mining NL and Reef Mining NL. Mr Sandner successfully transformed Reef Mining NL from an explorer to a mining company.

He is the past president of the Minerals Council of Australia – Victorian Division and is currently involved with a Victorian based unlisted gold and base metal explorer.

KEITH WELLS (MANAGING DIRECTOR)

Mr Wells is a geologist with over thirty five years experience in the mining industry. This includes over twenty five years at senior management level with a number of companies including, RGC Ltd, Zapopan NL and Herald Resources Ltd. He has also worked extensively as a consultant, which saw him involved with project assessments, valuations, technical audits and initial public offering reviews.

Spanning these years has seen Mr Wells working in most states of Australia as well as overseas. Mr Wells has been involved with a number of successful exploration finds including: Henty gold deposit, Tasmania; Mt Coolon gold deposit, Queensland; Hamata gold deposit, PNG; and Magellan lead deposit, WA.

WILLIAM BANNISTER (NON EXECUTIVE DIRECTOR)

Mr Bannister has over 40 years experience in exploration and mining geology. He has extensive experience with uranium exploration in Western Australia as well as experience in precious metals, base metals, diamonds and heavy mineral deposits, copper and nickel exploration and mining.

Mr Bannister worked for Western Mining Corporation LTD ("WMC") in a number of locations and positions, including senior geologist. Then he joined the Tenneco group of companies to rise to the position of Australian Exploration Manager - Minerals.

For the past 20 years he has been an independent geologist and consultant. Companies consulted to include; WMC, Outokompu Mining (Aust) Pty Ltd and numerous other participants in the mining industry. Mr Bannister is currently the Managing Director of UOG, the largest shareholder in Terrain.

PAUL DICKSON (NON EXECUTIVE DIRECTOR)

Mr Dickson has over twenty years experience in the finance services industry. He has worked with a number of stock broking firms including Ord Minett Ltd and Colonial Stock Broking and more recently has been a director of a number of boutique corporate advisory firms.

Mr Dickson is currently a director of Bligh Capital (Melbourne) Pty Ltd, who provides a range of services including capital raisings and general corporate advice for small-cap companies.

5.2 Directors' Recommendations and Intentions

(a) Recommendations and Intentions of Independent Directors

It is the recommendation of the Independent Directors that Shareholders **REJECT** the Offer from Iron Mountain.

The reasons for that recommendation are fully detailed under the section of this Target's Statement headed "Reasons for Independent Directors' Recommendation".

In addition, each of Messrs Wells, Dickson and Bannister have executed an undertaking to **REJECT** the Offer for all their Terrain Shares. Further details on the undertaking to reject the Offer are set out in Section 10.8 below.

(b) Recommendation and Intentions of William Bannister

Mr William Bannister is the managing director of UOG, the largest Shareholder in Terrain.

As a director of both Terrain and UOG, Mr Bannister declines to provide a recommendation to Terrain Shareholders. However, Mr Bannister does not intend to accept the Offer in respect of the Terrain Shares held by him.

Given Mr Bannister's connection with UOG, in accordance with Terrain's corporate governance policies, Mr Bannister is not considered to be an independent director of Terrain.

6. OPINION OF INDEPENDENT EXPERT

6.1 Independent Expert's Report

Terrain has appointed RSM Bird Cameron as an independent expert to provide an opinion on whether the Offer is fair and reasonable.

The Report is annexed to this Target's Statement as Appendix B.

6.2 Conclusions of Independent Expert

RSM Bird Cameron concluded that the terms of the Offer are **NEITHER FAIR NOR REASONABLE**.

Terrain Shareholders should read the Independent Expert's Report in full to understand the reasons for the Independent Expert's opinion.

7. YOUR CHOICES

You have three choices as a Terrain Shareholder in responding to the Iron Mountain Offer.

1. reject the Offer and retain your Terrain Shares;
2. sell some or all of your Terrain Shares to another person; or
3. accept Iron Mountain's Offer in full.

You cannot accept the Iron Mountain Offer in relation to only some of your Terrain Shares.

Your Independent Directors unanimously recommend that you REJECT the Iron Mountain Offer.

To REJECT the Iron Mountain Offer, simply ignore all documents sent to you by Iron Mountain and take no action.

7.1 Reject the Offer

If you do not wish to accept the Iron Mountain Offer, simply ignore any documents sent to you by Iron Mountain and take no action.

You should be aware that:

- if you choose not to accept the Iron Mountain Offer and Iron Mountain acquires at least 90% of Terrain Shares, Iron Mountain may become entitled to compulsorily acquire the balance of the Terrain Shares, and it has said that it intends to exercise those rights (see **section 8.10** of this Target's Statement for further details);
- if Iron Mountain acquires more than 50% but less than 90% of Terrain Shares and all other Defeating Conditions of its Offer are either satisfied or waived and you continue to hold Terrain Shares, you will be exposed to the risks associated with being a minority shareholder in Iron Mountain; and
- as a holder of Terrain Shares you will continue as before to be subject to the normal exploration risks set out in **section 4** of this Target's Statement.

7.2 Sell Your Terrain Shares on Market

During the Offer Period, you may sell your Terrain Shares on market through the ASX in the ordinary course of trade.

If you sell your Terrain Shares on market, you:

- will lose the ability to accept the Iron Mountain Offer and receive the Offer Price in relation to those Terrain Shares;
- will lose the ability to accept any higher offer for Terrain Shares which, may or may not eventuate;
- will lose the opportunity to receive future returns from Terrain;

- may be liable for capital gains tax on the sale; and
- may incur a brokerage charge.

7.3 Accept the Iron Mountain Offer

The Independent Directors unanimously recommend that you **REJECT** the Iron Mountain Offer.

However, you may choose to accept the Iron Mountain Offer with respect to all of your Terrain Shares.

You cannot accept the Iron Mountain Offer in relation to only some of your Terrain Shares.

Iron Mountain has stated that its Offer remains open until 7pm (Sydney time) on 26 June 2009. Iron Mountain may extend the offer in accordance with the Corporations Act. If you wish to accept the Offer, you should follow the instructions set out in the Bidder's Statement. If you accept the Offer, you will receive 1 Iron Mountain Share for every 2 of your Terrain Shares.

You should be aware that once you accept the Offer, your acceptance cannot be withdrawn. You should consider the timing of any acceptance of the Offer in light of the fact that a higher bid by another party may emerge which you would be precluded from accepting if you had already accepted the Offer. As at the date of this Target's Statement, the Directors are not aware of a proposal by anyone to make a higher bid.

8. IMPORTANT INFORMATION ABOUT THE IRON MOUNTAIN OFFER

8.1 Consideration

The consideration offered by Iron Mountain is 1 Iron Mountain Share for every 2 Terrain Shares held by you.

8.2 Offer for all of your Terrain Shares

The Offer may only be accepted for all of your Terrain Shares. There is no right to partially accept the Offer.

8.3 Offer for Terrain Options

The Offer does not include an offer for the Terrain Options. However, the Offer extends to all Terrain Shares that are issued prior to the end of the Offer Period due to the exercise of Terrain Options.

8.4 Offer Period

The Iron Mountain Offer, unless withdrawn or extended, will remain open for acceptance during the period commencing on 19 May 2009 and ending at 7pm (Sydney time) on 26 June 2009 ("**Offer Period**").

Iron Mountain may extend the Offer Period in accordance with the Corporations Act.

8.5 Extension of the Offer Period

While the Iron Mountain Offer is subject to a Defeating Condition, Iron Mountain may extend the Offer Period at any time before giving the Notice of Status of Conditions.

However, if the Iron Mountain Offer is or becomes not subject to a Defeating Condition (that is, it is free of all Defeating Conditions), Iron Mountain may extend the Offer Period at any time before the end of the Offer Period.

To extend the Offer Period, Iron Mountain must lodge a notice of variation with ASIC and give a notice to Terrain and to each Terrain Shareholder to whom an offer was made under the Iron Mountain Offer.

In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period:

(a) Iron Mountain's voting power in Terrain increases to more than 50%; or

(b) Iron Mountain improves the consideration under the Iron Mountain Offer.

If either of these events occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

8.6 Withdrawal of the Iron Mountain Offer

Iron Mountain may not withdraw the Iron Mountain Offer if you have already accepted it. Before you accept the Iron Mountain Offer, Shareholders should be aware that the Iron Mountain Offer may only be withdrawn by Iron Mountain with the written consent of ASIC and subject to the conditions (if any) specified in the consent.

However, if the conditions of the Iron Mountain Offer are not satisfied or waived by the end of the Offer Period, the Iron Mountain Offer will lapse. This means that even if you have accepted the Iron Mountain Offer, the Offer will not proceed and you will continue to hold your Terrain Shares. Details of the conditions of the Iron Mountain Offer are set out in **section 8.10** of this Target's Statement.

8.7 No rights to withdraw your acceptance

You have only limited rights to withdraw your acceptance of the Iron Mountain Offer. Specifically, you may withdraw your acceptance of the Iron Mountain Offer if:

(a) it is still subject to a Defeating Condition; and

(b) the Iron Mountain Offer is varied in a way that postpones, for more than 1 month, the time by which Iron Mountain must satisfy its obligations under the Iron Mountain Offer. This may occur if Iron Mountain extends the Offer Period by more than 1 month and the Iron Mountain Offer is still subject to a Defeating Condition.

8.8 Effect of accepting the Iron Mountain Offer

If you accept the Iron Mountain Offer:

(a) you will be unable to accept any higher takeover bid that may be made by a third party or any alternative transaction that may be recommended by the Board;

(b) you will relinquish control of your Terrain Shares to Iron Mountain but will have no guarantee of payment until the Iron Mountain Offer becomes unconditional; and

(c) you will be unable to sell your Terrain Shares on the ASX.

The effect of acceptance is set out in **section 9** of the Bidder's Statement. That section of the Bidder's Statement describes the representations and warranties that you will be making and the irrevocable authorities and appointments that you will be giving if you accept the Iron Mountain Offer.

8.9 Timing of payment

If you accept the Offer, Iron Mountain will issue you Iron Mountain Shares on or before the earlier of:

(a) the day 1 month after you accept the Offer or, if the Offer is subject to a Defeating Condition when accepted, 1 month after the contract resulting from your acceptance becomes unconditional; and

(b) the day 21 days after the end of the Offer Period.

8.10 Conditions of the Iron Mountain Offer

Terrain Shareholders should note that the Iron Mountain Offer (and each contract resulting from acceptance of the Iron Mountain Offer) is subject to a number of conditions and that the Offer will lapse unless the conditions are either satisfied or waived by Iron Mountain before the end of the Offer Period. These conditions are set out in **section 10.1** of the Bidder Statement.

Some of the conditions are summarised below:

(a) **Minimum Acceptance Condition -** at the end of the Offer Period, Iron Mountain having a relevant interest in more than 50% of the sum of the number of Terrain Shares on issue and the number of Terrain Shares required to be issued on the exercise of the Terrain Options in existence at that time;

(b) **Approvals by Public Authorities -** before the end of the Offer Period, Iron Mountain receiving all approvals required by law or by any public authority to permit the Offers to be made to and accepted by Terrain Shareholders and as a result of the Offers or successful acquisition of the Terrain Shares;

(c) **No action by Public Authority adversely affecting the Offer** - during the Condition Period, there being no decision by a public authority in effect, no action or investigation instituted or threatened by a public authority and no application made to a public authority (other than an application by Iron Mountain) which may materially adversely impact upon the making of Offers, or the rights of Iron Mountain in respect of Terrain or Terrain Shares or which requires divesture by Iron Mountain of any Terrain Shares or the divesture of assets by Terrain or Iron Mountain;

(d) **Change of control -** during the Condition Period, every person who has or will have a right under a material agreement (being an arrangement or agreement which is material in the context of the business of Terrain and its subsidiaries) as a result of Iron Mountain acquiring Terrain Shares to acquire or require the disposal of any material asset of, or terminate or vary any material agreement or arrangement with, Terrain or a subsidiary, provide in writing a waiver or release of that right to Terrain and Terrain provides that waiver to Iron Mountain;

(e) **Disclose of the existence of certain rights -** on or before the date Terrain sends its Target's Statement in respect of the Offer to Shareholders, Terrain announces to ASX details of every right under any material agreement to acquire or require the disposal of any material asset of, or terminate or vary any material agreement or arrangement with, Terrain or a subsidiary or announces that there are no rights of this kind;

(f) **No material transactions -** during the Condition Period, none of Terrain and its subsidiaries acquire, dispose of, offer to acquire or dispose of, or agree to acquire or dispose of one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate of greater than \$1.0 million, enter into or offer to enter into a joint venture or partnership (or similar) involving a commitment of the same amount, commit to any capital expenditure or liability in respect of one or more of the related items of the same value, or disclose the existence of or an intention or proposal to do any of the same;

(g) **No material adverse change -** during the Condition Period, no occurrence or matter arising that (individually or together with others) could reasonably be expected to have a materially adverse effect on the assets, liabilities, financial or trading position, profitability, production or prospects of Terrain and its subsidiaries taken as a whole;

(h) **No prescribed occurrences -** no prescribed occurrences (as listed in section 652C of the Corporations Act) happening during the period beginning on the date the Bidder's Statement is given to Terrain and ending at the end of the Offer Period;

(i) **No prescribed occurrences between announcement and service -** no prescribed occurrences (as listed in section 652C of the Corporations Act) happening during the period beginning on 10 March 2009 and ending at the end of the day before the Bidder's Statement is given to Terrain;

(j) **No dividends or distributions -** during the Condition Period, none of Terrain and any subsidiary declare, distribute or resolve to pay or provide any dividend, bonus or other share of its profits or assets;

(k) **Conduct of Terrain's business -** during the Condition Period, none of Terrain and any subsidiary grant any encumbrance over its assets, borrow any money, release, discharge or modify any substantial obligation to it, conduct its business other than in the ordinary course, have threatened or commenced against it any material claims or proceedings, become subject to an investigation under the Australian Securities and Investments Commission Act 2001 (Cth) or disclose the existence of, or intention or proposal to do, any of the same;

(l) **S&P/ASX200 index -** during the Condition Period, the S&P/ASX200 Index does not close below 3,000 for 3 or more consecutive trading days; and

(m) **No material failings in filings -** during the Condition Period, Iron Mountain does not become aware that any document filed by Terrain with ASX or ASIC contains a statement which is incorrect or misleading in any material particular or from which there is a material omission.

8.11 Notice of Status of Conditions

The Bidder's Statement states that Iron Mountain will give its Notice of Status of Conditions to ASX and Terrain on 19 June 2009. If the Offer Period is extended by a period before the time by which the Notice of Status of Conditions is to be given, the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period. If there is such an extension, Iron Mountain is required, as soon as possible after the extension, to give notice to ASX and Terrain that states the new date for the giving of the Notice of Status of Conditions.

Iron Mountain is required to set out in its Notice of Status of Conditions:

(a) whether the Iron Mountain Offer is free of any or all conditions;

(b) whether, so far as Iron Mountain knows, any of the conditions have been fulfilled; and

(c) Iron Mountain's voting power in Terrain.

If a condition is fulfilled (so that the Iron Mountain Offer becomes free of the condition) before the date on which the Notice of Status of Condition is required to be given, Iron Mountain must, as soon as possible, give ASX and Terrain a notice that states that the particular conditions has been fulfilled.

8.12 Compulsory Acquisition

Iron Mountain has stated in Part C, section 5.2 of the Bidder's Statement that if it becomes entitled to proceed to compulsory acquisition of Terrain Shares in accordance with the Corporations Act and the other conditions of the Offer are satisfied, then Iron Mountain intends to do so.

The two types of compulsory acquisition permissible under Chapter 6A of the Corporations Act are discussed below.

(a) Follow-on compulsory acquisition

Under Part 6A.1 of the Corporations Act, Iron Mountain will be entitled to compulsorily acquire any Terrain Shares on the same terms as the Offer if, during or at the end of the Offer Period, Iron Mountain (together with its associates):

(i) has a relevant interest in at least 90% (by number) of all the Terrain Shares; and

(ii) has acquired at least 75% (by number) of all the Terrain Shares that Iron Mountain offered to acquire under the Offer (whether the acquisitions happened under the Offer or otherwise).

If these thresholds are met, Iron Mountain will have up to 1 month after the end of the Offer Period within which to give compulsory acquisition notices to Terrain Shareholders who have not accepted the Offer. Terrain Shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant Terrain Shareholder to establish to the satisfaction of a court that the terms of the Offer do not represent a "fair value" for the Terrain Shares.

Terrain Shareholders should be aware that if they do not accept the Offer and their Terrain Shares are compulsorily acquired, those Terrain Shareholders will face a delay in receiving the consideration for their Terrain Shares compared with Terrain Shareholders who have accepted the Offer.

(b) General compulsory acquisition

Under Part 6A.2 of the Corporations Act, Iron Mountain will be entitled to compulsorily acquire any Terrain Shares if Iron Mountain holds full beneficial interests in at least 90% (by number) – i.e. if Iron Mountain becomes a 90% holder of Terrain Shares.

If this threshold is met, Iron Mountain will have 6 months after it becomes a 90% holder within which to give compulsory acquisition notices to Terrain Shareholders. The compulsory acquisition notices sent to Terrain Shareholders must be accompanied by an independent expert's report and an objection form.

The independent expert's report must set out whether the terms of the compulsory acquisition give"fair value" for the Terrain Shares and the independent expert's reasons for forming that opinion.

If Terrain Shareholders with at least 10% of the Terrain Shares covered by the compulsory acquisition notice object to the acquisition before the end of the objection period (which must be at least 1 month), Iron Mountain may apply to the court for approval of the acquisition of the Terrain Shares covered by the notice.

Terrain Shareholders should be aware that if they do not accept the Offer and their Terrain Shares are compulsorily acquired, those Terrain Shareholders will face a delay in receiving the consideration for their Terrain Shares compared with Terrain Shareholders who have accepted the Offer.

8.13 Issues arising from the Iron Mountain Offer

(a) The value of the Offer is not fixed

- The market value of Iron Mountain Shares will change over time. The implied value of the Offer will fluctuate with movements in the market value of Iron Mountain Shares. Terrain Shareholders are urged to obtain updated quotes on the price of Iron Mountain Shares. Such quotes can be obtained online at www.asx.com.au.

- Over time, the Iron Mountain Share price may fluctuate for a variety of reasons, including movements in iron ore and gold prices and other commodities; exchange rate movements or other factors which impact the operating or financial performance of Iron Mountain.

(b) Risk in relation to the Offer

- It is possible that if the Iron Mountain Offer lapses, there may be a reduction in the market price of Terrain Shares.

- If Iron Mountain acquires more than 50% but less than 90% of Terrain Shares, those Terrain Shareholders who do not accept the Iron Mountain Offer may become minority Terrain Shareholders. In such a situation, Terrain's stock market liquidity is likely to be reduced and Iron Mountain would have the ability to control the composition of the Terrain Board and Terrain's strategic direction.

- Iron Mountain has indicated that Foreign Shareholders will not receive Iron Mountain Shares if the Offer is successful, but will instead receive the proceeds from the sale of Terrain Shares they would otherwise be entitled to. If the Offer is successful, the Iron Mountain Share price may face the risk of price weakness due to any overhang caused by the sale of the Iron Mountain Shares.

(c) Taxation considerations

(i) Introduction

The Australian income tax consequences for Terrain Shareholders who accept the Offer will be dependent upon a number of factors, including:

- whether the Terrain Shareholder holds their shares in Terrain on capital or revenue account or as trading stock;

- the tax residency of the Terrain Shareholder (i.e. whether Australian resident or not); and
- whether the scrip-for-scrip rollover relief will be available to the Shareholder.

This section of the Target Statement provides a general summary of the Australian income tax considerations of accepting the Offer for holders of Terrain Shares who are Australian residents for income tax purposes.

The following discussion is based upon the Australian law and administrative practice in effect at the date of this Target Statement, but is general in nature and is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of every Terrain Shareholder.

This section does not constitute taxation advice and Terrain Shareholders should seek independent taxation advice in relation to their own particular circumstances.

Special additional rules may apply to particular Terrain Shareholders, such as insurance companies, superannuation funds and financial institutions. Also, special rules may apply to Terrain Shareholders who originally acquired their Terrain Shares as part of an employee share acquisition scheme. These Shareholders should seek independent tax advice as the information set out below may not be applicable to their particular circumstances.

Terrain Shareholders who are not resident in Australia for tax purposes should seek their own independent taxation advice prior to accepting the Offer as they may be subject to tax in Australia or in their country of residence on the disposal of their Terrain Shares in certain circumstances.

(ii) Income Tax Considerations

The Australian income tax consequences associated with accepting the Offer will depend upon whether the Terrain Shareholders hold their Terrain Shares as:

- assets held on capital account;
- assets held on revenue account; or
- trading stock.

Each Terrain Shareholder will need to determine which category they fall into. The Australian income tax consequences of accepting the Offer for each Terrain Shareholder will differ depending on which category of ownership applies to them.

(A) Shares Held on Capital Account

Terrain Shareholders who hold their Terrain Shares as passive investments with the intention of generating dividend income and long term capital growth are likely to be considered to hold their securities on capital account for tax purposes and accordingly subject to the Australian Capital Gains Tax (“CGT”) rules.

CGT - General Principles

Terrain Shareholders may be subject to the Australian CGT rules on the disposal of their Terrain Shares under the Offer.

To the extent that the value of the consideration received by a Terrain Shareholder under the Offer is greater than the tax cost base of the Terrain Shares, a capital gain will result. For CGT purposes, the cost base of the Terrain Shares would generally include the amount paid to acquire the shares plus any non-deductible interest costs and incidental acquisition costs (i.e. brokerage fees, stamp duty). Under the Offer, the consideration provided to a Terrain Shareholder is solely Iron Mountain Shares. Therefore for CGT purposes the consideration under the Offer will be the market value of the Iron Mountain Shares determined as follows:

- for Terrain Shareholders who accept the Offer, the market value of Iron Mountain Shares at the date of acceptance of the Offer; or
- for Terrain Shareholders who have their Terrain Shares compulsorily acquired by Iron Mountain, the market value of the Iron Mountain Shares at the date of the compulsory acquisition.

A Terrain Shareholder will make a capital loss on disposal if the consideration received under the Offer for their Terrain Shares is less than the reduced cost base of the Terrain Shares held. A taxpayer may use a capital loss to offset other capital gains derived in the same or subsequent years of income, however, a capital loss cannot be offset against ordinary income.

CGT – Discount Capital Gain

For a Terrain Shareholder that is either an individual, trust or complying superannuation fund that has held their Terrain Shares for at least 12 months, any capital gain may be treated as a Discount Capital Gain.

A Discount Capital Gain is a capital gain derived by an individual, trust or complying superannuation fund, from the disposal of an asset that has been held for at least 12 months. For the discount to apply, the capital gain must be worked out without the cost base being indexed.

For individuals and trusts, the amount of the discount capital gain which may be included in assessable income is 50% of the net capital gain after applying current and prior year capital losses. Trustees should seek specific advice regarding the tax consequences of distributions attributable to discounted capital gains.

For superannuation funds, only two thirds of the discount capital gain may need to be included in assessable income after applying current and prior year capital losses.

Companies (other than a life insurance company) are not eligible to discount capital gains in any circumstance.

CGT - Scrip-for-scrip Rollover Relief

If a capital gain accrues to a Terrain Shareholder as a result of accepting an offer and the conditions of scrip-for-scrip rollover are satisfied, the Terrain Shareholder may be eligible for tax relief upon the disposal of their Terrain Shares under the scrip-for-scrip rollover provisions which would enable a shareholder to disregard a capital gain they make from the disposal of Terrain Shares.

The scrip-for-scrip rollover provisions would not apply where a Terrain Shareholder realises a capital loss on acceptance of the Offer.

In order for a Terrain Shareholder to be eligible for scrip-for-scrip rollover relief, the Iron Mountain Shareholder must receive shares of Iron Mountain as consideration for their Terrain Shares and it is a requirement that there be sufficient acceptance of the Offer by Terrain Shareholders such that Iron Mountain becomes the owner of at least 80% of the voting shares in Terrain. Given that there is a minimum acceptance condition of only 50% attached to the Offer and that Terrain has received undertakings from the shareholders representing 24.54% of the Company's issued shares to reject the Iron Mountain Offer, it is unlikely that the Terrain Shareholders who accept the Offer will qualify for scrip-for-scrip CGT relief, and hence may be required to pay CGT. Iron Mountain will need to advise Shareholders whether the ownership threshold of at least 80% of Terrain Shares is reached by Iron Mountain.

It should be noted that other pre-conditions are also required to be satisfied before rollover relief will be available. In respect of Australian resident shareholders who accept the terms of the Offer, we recommend that each shareholder seek his or her own independent advice regarding whether the pre-conditions for rollover can be satisfied.

Rollover Relief does not apply or is not elected in relation to the disposal of Terrain Shares.

Where the scrip-for-scrip rollover relief does not apply or an election is not made for it to apply to the disposal of Terrain Shares, the Terrain Shareholder will make either a capital gain or capital loss equal to the difference between the market value of the Iron Mountain Shares issued under the Offer (generally being the market value of the Iron Mountain Shares at the time of accepting the Offer or the time of compulsory acquisition) and the cost base of the Terrain Shares.

(B) Shares Held On Revenue Account

Terrain Shareholders who acquired their Terrain Shares with the dominant purpose of reselling them at a profit (but not in a share trading business) may be considered to hold their Terrain Shares on revenue account for tax purposes. Where this is the case, any gain or loss realised on disposal of the Terrain Shares (determined based on the market value of the Iron Mountain Shares received) will be assessed as ordinary income or claimed as a revenue deduction.

The scrip-for-scrip rollover relief provisions for Terrain Shares will have no application. The rules relating to discount capital gains will also not be applicable in this situation.

(C) Shares Held as Trading Stock

Terrain Shareholders, who are engaged in the business of share trading, whereby they regularly acquire shares and hold them with a view to making short-term profits through sale or exchange in the ordinary course of carrying on a business, would hold the Terrain Shares as trading stock.

Where this is the case, scrip-for-scrip rollover relief will not be available on acceptance of the Offer. Any proceeds received from the sale arising from the Offer (being the market value of the Iron Mountain Shares received) will be included in assessable income in these circumstances. Furthermore, a deduction will be available representing the cost of the Terrain Shares disposed of in the Offer. The discount capital gain will also not be available.

(iii) Tax Implications of Ownership and Disposal of Terrain Shares

As a consequence of accepting the Offer, Shareholders will cease to be shareholders of Terrain and will become shareholders of Iron Mountain.

(A) Subsequent Disposal of Iron Mountain Shares held on Capital Account

The subsequent disposal of Iron Mountain Shares by Australian resident shareholders will generally result in Australian CGT implications where the Iron Mountain Shares are held on capital account.

These will differ depending upon whether or not scrip-for-scrip rollover relief was elected (where available) in relation to the disposal of Terrain Shares pursuant to the Offer.

Where scrip-for-scrip rollover relief is elected in relation to the disposal of Terrain Shares

Where scrip-for-scrip rollover is elected (where available) in relation to the disposal of Terrain Shares, the CGT cost base or reduced cost base of each Iron Mountain Share is determined on the basis of a reasonable apportionment of the cost base or reduced cost base of the Terrain Shares disposed of under the Offer.

A shareholder will be taken to have acquired the Iron Mountain Shares at the time the Terrain Shares were acquired for CGT purposes. Consequently, shareholders will be entitled to add together the ownership periods for both the Terrain and Iron Mountain Shares to determine whether the 12 month ownership requirements are satisfied for the discount capital gain rules.

Where scrip-for-scrip is not elected to apply or is not available in relation to the disposal of Terrain Shares

Where scrip-for-scrip rollover relief is not elected to apply or is not available in relation to the disposal of the Terrain Shares, the cost base or reduced cost base of each Iron Mountain Share received under the Offer would be equal to twice the market value of each Terrain Share disposed of at the time of the exchange, plus any incidental acquisition costs (ie brokerage fees, stamp duty).

If an individual, trust, complying superannuation entity or life insurance company has held Iron Mountain Shares for 12 months or longer at the time of disposal, the capital gain derived may be eligible for a discount such that only half of the capital gain for an individual or trust, or two thirds of the capital gain for a complying superannuation entity or life insurance company, is treated as assessable income (after applying any available capital losses).

If the Iron Mountain Shares are held for less than 12 months at the time of disposal then the Iron Mountain Shareholders will not be eligible to apply the discount method. Companies (other than life insurance companies) are not eligible to discount capital gains in any circumstance.

(B) Subsequent Disposal of Iron Mountain Shares held on Revenue Account

A shareholder holding their Iron Mountain Shares on revenue account will be required to treat any gain or loss arising on a subsequent disposal of their Iron Mountain Shares as assessable or deductible respectively.

(C) Subsequent Disposal of Iron Mountain Shares held as Trading Stock

A shareholder holding their Iron Mountain Shares as trading stock will be required to treat the proceeds received on a subsequent disposal of their Iron Mountain shares as assessable. Furthermore, a deduction will be available representing the cost of the Iron Mountain Shares disposed.

Where a Shareholder has any questions about the financial or taxation aspects of holding or selling Iron Mountain Shares, they should seek their own independent advice from a professional adviser before making a decision whether or not to accept the Offer.

9. DIRECTORS' INTERESTS

9.1 Terrain Directors' interests in securities of Terrain

As at the date of this Target's Statement, the relevant interests of Terrain Directors in securities of Terrain are as follows:

Director	Shares	Options
Richard Sandner	-	-
Keith Wells	3,312,000	3,275,000
William Bannister	32,660	-
Paul Dickson	502,000	51,000

As at the date of this Target's Statement William Bannister also holds 25,000 shares and 2,012,500 options in UOG. UOG is the largest shareholder in Terrain.

9.2 Terrain Directors' dealing in securities of Terrain

Other than as set out in this section, no Terrain Director has acquired or disposed of any securities of Terrain in the period of 4 months ending on the date immediately before the date of this Target's Statement.

Paul Dickson acquired 300,000 Terrain Shares on 16 February 2009, prior to becoming a Terrain Director.

9.3 Terrain Directors' interests in securities of Iron Mountain

As at the date of this Target's Statement, none of the Terrain Directors hold a relevant in securities of Iron Mountain, except as follows:

Director	Shares	Options
William Bannister	20,000	-

9.4 Benefits and agreements or arrangements with Terrain Directors

No Terrain Director has entered into any agreement or arrangement in connection with or conditional on the outcome of the Offer and no Terrain Director has agreed to receive, or is entitled to receive, any benefit from Iron Mountain in connection with or conditional on the Offer (other than in his capacity as a Terrain Shareholder, a security holder in Iron Mountain or as otherwise disclosed in this section).

Other than as set out in this section, as at the date of this Target's Statement, no Terrain Director has an interest in the outcome of the Offer (other than an interest in his capacity as a Terrain Shareholder or a security holder in Iron Mountain or as otherwise disclosed in this section).

As a result of the Offer, no benefit (other than a benefit which can be given without member approval under the Corporations Act) has, or will be given to any person in connection with the retirement of a person from a board or managerial office in Terrain, or a related body corporate of Terrain, or who holds, or has held a board or managerial office in Terrain or a related body corporate, or a spouse, relative or associate of such a person, in connection with the transfer of the whole or any part of the undertaking or property of Terrain.

Mr William Bannister is the Managing Director of UOG, the largest shareholder in Terrain. In accordance with Terrain's corporate governance practices, Mr Bannister is not considered to be an independent director of Terrain and as such, other than as required by law, Mr Bannister has not been involved in the deliberations of Terrain regarding the Iron Mountain Offer or the preparation of this Target's Statement. Further information in relation to Mr Bannister is set out in **section 5** of this Target's Statement.

9.5 Terrain Directors' interests in any contract entered into by Iron Mountain

As at the date of this Target's Statement, no Terrain Director holds any interest in any contract entered into by Iron Mountain (other than an interest in his capacity as a Terrain Shareholder, a security holder in Iron Mountain or as otherwise disclosed in this section).

10. ADDITIONAL INFORMATION

10.1 Terrain's issued securities

Based on the Company's latest Appendix 3B available as at the date of this Target's Statement (announced on 12 May 2009), the issued securities of Terrain consists of:

- 88,514,007 Terrain Shares; and
- 55,114,132 Terrain Options, with the following exercise prices and expiry dates:

Number of Terrain Options	Exercise Price ($)	Expiry Date
51,624,132	$0.25	31 July 2010
200,000	$0.20	22 March 2011
400,000	$0.20	24 March 2011
320,000	$0.30	23 March 2010
500,000	$0.20	22 March 2012
70,000	$0.10	23 March 2011
500,000	$0.20	10 September 2013
1,500,000	$0.20	30 November 2013

In addition the above, Terrain:

- received Shareholder approval on 25 May 2009 to issue up to a further 14 million Terrain Shares. See **sections 2.3** and **4.1** above for further information in this regard; and
- is currently undertaking a rights issue for the issue of 14,752,335 Terrain Shares under a prospectus dated 12 May 2009.

Should these issues proceed, then the total number of Terrain Shares on issue will be increased to 117,266,342.

10.2 Dealings in Terrain Shares

The collective information that Terrain has as to the number of Terrain Shares that have been traded in the period from 24 April 2008 to 26 May 2009, and the aggregate price at which they were traded is set out below:

Period of Sales	Total no. of Shares Traded	Total Consideration	Average Price Paid
13 months	38,241,670	$2,450,462	$0.064

10.3 Issue of Terrain Shares

The cumulative details of working capital raised and the subsequent new shares issued by Terrain in the period from 24 April 2008 to 26 May 2009 are set out below:

Period of Issues	Total no. of Shares Issued	Total Consideration	Average Issue Price
13 months	11,064,259	$553,215	$0.05

Terrain is in the process of undertaking a placement and conducting a rights issue. Further information in this regard is set out under **section 10.1** above.

10.4 Terrain Options

The Offer does not include an offer for the Terrain Options. However, any Terrain Shares issued prior to the end of the Offer Period upon exercise of the Terrain Options will become subject to the Iron Mountain Offer.

10.5 Dealings in Iron Mountain Shares

There have been no acquisitions and disposals of Iron Mountain Shares by Terrain, Directors or associates of Terrain in the period of 4 months ending on the date immediately before the date of this Target's Statement.

Subsequent to the announcement of the Bid, IRM director, Mr David Zohar, his family and private company, Swancove Enterprises Pty Ltd, ("**Zohar Parties**") have acquired a further 756,000 Iron Mountain Shares (261,000 on 12 March 2009, 40,000 on 18 March 2009, 50,000 on 24 March 2009, 205,000 on 26 March 2009, 100,000 on 7 April 2009 and 100,000 on 16 April 2009).

10.6 Arrangements or agreements between Iron Mountain and Terrain

As at the date of this Target's Statement, there are no arrangements or agreements entered into between Terrain (or any of its associates) and Iron Mountain (or any of its associates).

10.7 Iron Mountain's intentions regarding Terrain

Iron Mountain's intentions regarding Terrain are set out in Part C of the Bidder's Statement.

10.8 Commitments from Terrain Shareholders to REJECT Iron Mountain Offer

The Company has received commitments from Shareholders representing a total of 24.54% of Terrain's Shares that they do not intend to accept the current Iron Mountain Offer. Commitments not to accept the Offer have been received from Manna Resources Pty Ltd (9.12% of the issued capital of Terrain), Anthony Soh (5%), Denton Pty Ltd (4.52%) and Andrew McKinnon (and associated companies) (1.56%). In addition, the Managing Director Mr Keith Wells (3.74%) and Non-Executive Directors Messrs Paul Dickson and William Bannister have also provided written commitments indicating they intend to **REJECT** the Iron Mountain Offer.

Messrs Wells, Dickson and Bannister elected to **REJECT** the Iron Mountain Offer independently of the action taken by the other Shareholders who have rejected the Offer.

Under the terms of the rejection agreements, each of the rejecting Shareholders has undertaken not to accept the Offer by Iron Mountain.

The undertaking is irrevocable and remains in full force and effect until:

- the Offer is withdrawn;
- the Directors recommend that Shareholders accept the Offer; or
- the consideration under the Offer is varied.

As at the date of this Target's Statement, none of these conditions have been satisfied and accordingly, the undertakings remain irrevocable.

10.9 Changes in Terrain's financial position

So far as is known to the Directors of Terrain, there have been no material changes to Terrain's financial position since the date of the last balance sheet sent to Terrain Shareholders (being the balance sheet as at 30 June 2008) which have not been announced to ASX.

10.10 Continuous disclosure

Terrain is a disclosing entity under the Corporations Act and subject to regular reporting and disclosure obligations under the Corporations Act and the listing rules of ASX. These obligations require Terrain to notify the ASX of information about specified matters and events as they occur for the purpose of making that information available to the market. In particular, Terrain has an obligation (subject to limited exceptions) to notify the ASX immediately on becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of Terrain Shares.

A list of ASX announcements made in relation to Terrain between 31 December 2008 and the date immediately before the date of this Target's Statement is set out in Appendix A to this Target's Statement.

During the Offer Period, you may obtain a copy free of charge of the announcements made by Terrain to ASX between the dates referred to above by calling Terrain between 9.00 am and 5.00 pm (Perth Time) on (08) 9481 2455 or +61 8 9481 2455 (for international callers).

Copies of announcements by Terrain may also be obtained from Terrain's website at www.terrainminerals.com.au

10.11 Professional Services

Approximately $150,000 (plus GST) of fees for professional services and other transaction costs are expected to be incurred by Terrain in relation to the Iron Mountain Offer.

10.12 Effect of the Iron Mountain Offer on Terrain's Employee Options

Under the terms of the Terrain Employee Option Plan ("**Plan**"), upon the making of a takeover bid for the shares in the Company, the Directors may declare any options issued under the Plan to be free of any conditions of exercise. The Company currently has issued 3.49 million options under the Plan. The Directors have not made any determination at this stage as to whether those options will be declared free from any conditions of exercise of the options.

10.13 Material Litigation

As at the date of this Target's Statement, Terrain is not aware of any current or proposed litigation or dispute that is material in the context of Terrain taken as a whole.

10.14 ASIC modifications

As permitted by ASIC Class Order 01/1543, this Target's Statement contains statements which are made, or based on statements made, in documents lodged with the ASIC or on the company announcements platform of ASX. Under the terms of ASIC Class Order 01/1543, the persons who made those statements are not required to consent to, and have not consented to, those statements being included or referred to in this Target's Statement.

If you would like to receive a copy of any of the documents (or parts of the documents) that contain these statements, please contact the Terrain Shareholder Information Line between 9.00am and 5.00pm (Perth time) on (08) 9481 2455 or +61 8 9481 2455 (for international callers) and you will be sent copies free of charge.

Copies of announcements made by Terrain may also be obtained from its website at www.terrainminerals.com.au.

In addition, as permitted by ASIC Class Order 03/635, this Target's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- from a public official document or a published book, journal or comparable publication.

10.15 Other Material Information

Except for the information contained in this Target's Statement and in the Bidder's Statement, there is no other information that Terrain Shareholders and their professional advisers would reasonably require to make an informed assessment whether or not to accept the Offer, and would reasonably expect to find in this Target's Statement, that is known to any of the Directors and has not previously been disclosed to Terrain Shareholders or disclosed to the ASIC under the regular reporting and disclosure obligations to which Terrain is subject as a disclosing entity for Corporations Act purposes.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

(a) the nature of Terrain Shares;

(b) the matters that Terrain Shareholders may be expected to know;

(c) the fact that certain matters may reasonably be expected to be known to their professional advisers; and

(d) the time available to prepare this Target's Statement.

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate. However, the Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

10.16 Consents

RSM Bird Cameron has acted as independent expert in relation to the Offer and has given its consent to:

- being named in this Target's Statement in the form and context in which it is named;
- the inclusion of references to the Independent Expert's Report in this Target's Statement in the form and in the context in which they are included;
- the inclusion of statements in this Target's Statement which are based on statements by RSM Bird Cameron in the form and in the context in which they are included; and
- the inclusion of the Independent Expert's Report as Appendix B of this Target's Statement in the form and context in which it is included.

This consent has not been withdrawn prior to the lodging of this Target's Statement with ASIC.

Pullinger Readhead Lucas has given its consent to being named in this Target's Statement as legal adviser to Terrain in the form and context in which it is named. This consent has not been withdrawn prior to the lodging of this Target's Statement with ASIC.

BDO Kendalls Audit & Assurance (WA) Pty Ltd has given its consent to being named in this Target's Statement as auditor of Terrain in the form and context in which it is named. This consent has not been withdrawn prior to the lodging of this Target's Statement with ASIC.

Northwind Resources Pty Limited has given its consent to the inclusion of the Independent Technical Report as Appendix D of the Independent Expert's Report which is incorporated as Appendix B of this Target's Statement in the form and context in which it is included. This consent has not been withdrawn prior to the lodging of this Target's Statement with ASIC.

Each person named in this section as having given their consent to the inclusion of a statement or being named in this Target's Statement:

- does not make, or purport to make, any statement in this Target's Statement or any statement which a statement in this Target's Statement is based on other than, in the case of a person referred to above as having given their consent to the inclusion of a statement included in this Target's Statement with the consent of that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name, and in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement which has been included in this Target's Statement with the consent of that party.

10.17 JORC Code reporting of Terrain's Mineral Resources

All references to Terrain's mineral resources and ore reserves have been reported in accordance with the requirements of the JORC Code.

11. INTERPRETATION

11.1 Definitions

In this Target's Statement except where the context otherwise requires:

"**ASIC**" means the Australian Securities and Investments Commission.

"**ASX**" means ASX Limited.

"**Bid**" means the takeover bid for the acquisition of Terrain Shares referred to in the Bidder's Statement.

"**Bidder's Statement**" means the bidder's statement of Iron Mountain dated 24 April 2009 received by Terrain on 24 April 2009 and which was sent to Terrain Shareholders on or about 22 May 2009, relating to an offer for Terrain Shares.

"**Board**" means the board of directors of Terrain.

"**Condition Period**" means the period beginning on 10 March 2009 and ending at the end of the Offer Period.

"**Corporations Act**" means the *Corporations Act* 2001 (Cth).

"**Defeating Condition**" means a condition listed in Part D, section 10 of the Bidder's Statement to which the Offer is subject.

"**Directors**" or **"Terrain Directors"** means the directors of Terrain.

"**Foreign Shareholders**" means Shareholders whose address in the register of members is not in Australia.

"**Independent Directors**" means all of the Directors other than William Bannister.

"**Independent Expert**" or "**RSM Bird Cameron**" means RSM Bird Cameron Corporate Pty Ltd ABN 82 050 508 024.

"**Independent Expert's Report**" means the report of RSM Bird Cameron which is included as Appendix B of this Target's Statement.

"**Iron Mountain**" means Iron Mountain Mining Limited ABN 62 112 914 459.

"**Iron Mountain Offer**" or "**Offer**" means the offer dated 19 May 2009 constituting a takeover bid for the acquisition of Terrain Shares referred to in the Bidder's Statement.

"**Iron Mountain Share**" means a fully paid ordinary share in Iron Mountain.

"**JORC**" or "**JORC Code**" means the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

“Notice of Status of Conditions” means Iron Mountain’s notice disclosing the status of the Defeating Conditions of the Offer which must be given in accordance with section 630(3) of the Corporations Act.

"**Offer Period**" means the period within which the Offer will remain open for acceptance, commencing on 19 May 2009 and ending at 7 pm (Sydney time) on the later of 26 June 2009 or any date to which the Offer Period is extended.

“**Offer Price**” means the offer of 1 Iron Mountain Share for every 2 Terrain Shares.

“Plan” means the Terrain Employee Option Plan**.**

“Register Date” means 13 May 2009, being the date set by Iron Mountain under section 633(2) of the Corporations Act.

“RSM Bird Cameron” means RSM Bird Cameron Corporate Pty Ltd ABN 82 050 508 024.

"**Terrain**" or "**Company**" means Terrain Minerals Limited ABN 45 116 153 514.

"**Terrain Options**" means options granted by Terrain to subscribe for Terrain Shares.

"**Terrain Share**" means a fully paid ordinary share in Terrain.

"**Terrain Shareholders**" or “**Shareholders**” means a holder of Terrain Shares.

"**Target's Statement**" means this target's statement, including Appendices A and B.

“**Trading Day**” means a day on which ASX is open for trading.

“**Zohar Parties**” has the meaning given in **section 10.5**.

11.2 Interpretation

In this Target's Statement except where the context otherwise requires:

(a) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or legislative provision substituted for, and any statutory instrument issued under, that legislation or legislative provision;

(b) a word denoting the singular number includes the plural number and vice versa;

(c) a word denoting an individual or person includes a corporation, firm, authority, government or governmental authority and vice versa;

(d) a word denoting a gender includes all genders;

(e) a reference to a paragraph is to a paragraph of this Target's Statement; a reference to an Appendix is to an appendix to this Target's Statement; and appendices to this Target's Statement form part of this Target's Statement;

(f) a reference to any agreement or document is to that agreement or document (and, where applicable, any of its provisions) as amended, novated, supplemented or replaced from time to time;

(g) a reference to any party includes that party's executors, administrators, substitutes, successors and permitted assigns;

(h) a reference to a "subsidiary" of a body corporate is to a body corporate which is a subsidiary of the first-mentioned body corporate under section 46 of the Corporations Act;

(i) a reference to "dollars" or "$" or "cents" or "¢" is to an amount in Australian currency;

(j) a reference to the "holder" of a Terrain Share at a particular time includes a reference to a person who, as a result of a dealing received by Terrain or its share registry on or before that time, is entitled to be entered in the share register as the holder of that Terrain Share;

(k) a reference to the "transfer" of a share or option includes a reference to the conferring of a relevant interest in that share or option;

(l) words and phrases defined elsewhere in this document shall have the meaning there ascribed to them;

(m) words and phrases defined in the Corporations Act shall have the meaning there ascribed to them;

(n) headings are for convenience of reference only and do not affect interpretation; and

(o) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning.

12. APPROVAL

This Target's Statement is dated 27 May 2009, which is the date on which it was lodged with ASIC.

This Target's Statement has been approved by a resolution passed by Directors at a meeting of the Board held on 27 May 2009. William Bannister did not participate in this meeting due to his respective conflict of interest as detailed in **section** Error! Reference source not found. of this Target's Statement.

SIGNED for and on behalf of Terrain Minerals Limited by Keith Wells, being a director of Terrain Minerals Limited who is authorised to so sign pursuant to a resolution passed at a meeting of the directors of Terrain Minerals Limited.

Keith Wells
Managing Director

Corporate Directory

Board of Directors	Mr Richard John Sandner (Chairman) Mr Keith Wells (Managing Director) Mr William Edward Bannister (Non Exec. Director) Mr Paul Dickson (Non Exec. Director)
Company Secretary	Mr Ian Hobson
Principal Place of Business	Level 1, Hayley House Suite 5, 1327 Hay Street West Perth WA 6005 PO Box 1170 West Perth WA 6872 Telephone: +61 8 9481 2455 Facsimile: +61 8 9481 2566
Independent Expert	RSM Bird Cameron Corporate Pty Ltd 8 St Georges Terrace Perth WA 6000
Solicitor	Pullinger Readhead Lucas Level 2 50 Kings Park Road WEST PERTH WA 6005
Auditor*	BDO Kendalls Audit & Assurance(WA) Pty Ltd 128 Hay Street SUBIACO WA 6008
Share Registry*	Computershare Investor Services Pty Limited* Level 2, Reserve Bank Building 45 St Georges Terrace PERTH WA 6000 Ph: +61 8 9323 2000 Fax: +61 8 9323 2033
Website	www.terrainminerals.com.au

* This entity is named for information purposes only. It has not been involved in the preparation of this Target's Statement.

APPENDIX A

List of ASX Announcements in relation to Terrain since 31 December 2008

Date	Description of Announcement
25/05/2009	Change of Timetable - Entitlement Issue
25/05/2009	Results of Meeting
25/05/2009	Take No Action On Bid
22/05/2009	Bidders statement dated 24 April 2009 Despatched
13/05/2009	Entitlement Offer
12/05/2009	Letter to Option Holders
12/05/2009	Appendix 3B
12/05/2009	Prospectus
07/05/2009	Letter to Shareholders
30/04/2009	Quarterly Cashflow Report
29/04/2009	Quarterly Activities Report
29/04/2009	Take No Action – IRM bid
24/04/2009	Bidders Statement
24/04/2009	Company Presentation
22/04/2009	Chairman's Letter to Shareholders
22/04/2009	Notice of General Meeting/Proxy Form
24/03/2009	Initial Director's Interest Notice
24/03/2009	Appointment of New Chairman
17/03/2009	Agreement to Acquire Dodgers Well Project
13/03/2009	Half Year Accounts
11/03/2009	IRM: Clarification of ASX Release Dated 10 March 2009
10/03/2009	Letter to Shareholders – Unsolicited Offer by Iron Mountain
10/03/2009	IRM: Intention to Make Takeover Bid
04/03/2009	Director Resignations
02/03/2009	Initial Director's Interest Notice
02/03/2009	New Director Appointment
02/03/2009	Change of Director's Interest Notice
17/02/2009	Change in substantial holding from SBM
16/02/2009	Becoming a substantial holder
13/02/2009	Appendix 3B
11/02/2009	Coogee Sale Terminated
10/02/2009	Results of Rights Issue

Date	Description of Announcement
06/02/2009	Change of Underwriter
30/01/2009	Change of Director’s Interest Notice
29/01/2009	Quarterly Cashflow Report
29/01/2009	Quarterly Activities Report
20/01/2009	Despatch of Entitlement Forms and Offer Documents
19/01/2009	Section 708AA Notice
06/01/2009	Letter to Shareholders
06/01/2009	Letter to Optionholders
06/01/2009	Offer Document
06/01/2009	Appendix 3B
06/01/2009	Entitlement Issue

APPENDIX B

INDEPENDENT EXPERT'S REPORT

RSM! Bird Cameron Corporate Pty Ltd

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GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9101
www.rsmi.com.au

E-mail: andy.gilmour@rsmi.com.au
Direct Telephone: 08 9261 9447
AJG:NEB 911133/IER

26 May 2009

The Directors
Terrain Minerals Limited
Level 1, Haley House
Suite 5, 1327 Hay Street
WEST PERTH WA 6005

Dear Sirs

Independent Expert's Report and Financial Services Guide

1. Introduction

1.1. RSM Bird Cameron Corporate Pty Ltd has been engaged by Terrain Minerals Limited ("Terrain" or "the Company") to prepare an Independent Expert's Report to express an opinion as to whether or not the off-market takeover bid for all shares in Terrain made by Iron Mountain Mining Limited ("Iron Mountain") is fair and reasonable to shareholders of Terrain ("Shareholders").

1.2. Our Report is to be included in the Target Statement for Terrain to be sent to all Shareholders to assist them in deciding whether to accept or reject the offer.

1.3. On 10 March 2009, Iron Mountain announced its intention to make an off-market takeover bid to acquire all shares in Terrain. Shareholders of Terrain will be offered 1 fully paid share in Iron Mountain for every 2 shares held in Terrain ("the Offer").

1.4. Iron Mountain also announced that no separate offer would be made for Terrain's listed options; therefore holders of those options would need to exercise the options in order to participate in the Offer.

1.5. The Bidder's Statement was released to the Australian Securities Exchange ("ASX") by Iron Mountain on 24 April 2009 and despatched to Shareholders on 22 May 2009.

Liability limited by a scheme approved under Professional Standards Legislation

2. Summary and Conclusion

2.1. In our opinion and for reasons set out in Sections 13 and 14 of this report, the Offer is **Neither Fair Nor Reasonable** for Terrain Shareholders.

Fair

2.2. In Section 13 we determined that the Offer consideration is not fair for the Shareholders of Terrain as it is less than the assessed value of a Terrain share, as shown below.

	Value per Share (Cents)	
	Low	**High**
Assessed Value of a Terrain share	9.9	15.1
Value of Consideration Offered	6.0	8.1

Table 1: Comparison of Consideration with Current Assessed Value

Reasonable

2.3. In Section 14 we determined that the Offer is not reasonable for Shareholders of Terrain by considering:-

- advantages and disadvantages of the Offer; and
- alternatives, including the position of Shareholders if the Offer is not approved.

2.4. In our opinion, the disadvantages of the Offer outweigh the advantages.

2.5. The key advantages are:-

- *Interest in a mining company with significant cash reserves* – Iron Mountain had $4 million of cash as at 31 March 2009. Holding an interest in the combined entity could provide Terrain Shareholders with greater certainty over the ability of the company to achieve its objectives due to the existing cash reserves supporting exploration and growth activities. However, it should be noted that Iron Mountain has significant minimum expenditure requirements on its projects, particularly in regards to earning an interest in the Miaree Project, and therefore the amount of cash available for further exploration would be limited. In addition, on 25 May 2009, Terrain Shareholders approved a capital raising program for up to $6 million of cash over three years.

- *Diversification of mineral interests* – if the Offer is approved then Terrain Shareholders would hold an interest in iron ore tenements.

- *Retain gold and nickel interests* – Terrain Shareholders would retain their interest in Terrain's gold and nickel projects if the Offer is approved.

- *Share price may retreat to pre-announcement level* – Terrain's share price rose by approximately 25% on announcement of the takeover bid by Iron Mountain. If the bid is not successful then it is possible that the share price may fall.

- *Potential access to greater capital* – the merging of Terrain and Iron Mountain would create a larger company which could be more attractive to investors.

- *Potential synergy savings* – Iron Mountain state in their Bidder's Statement that the merger could create opportunities for cost savings; however no details are provided as to how these savings would be achieved.

2.6. The key disadvantages are:-

- *Consideration offered is not reflective of the underlying value of Terrain's assets* – the consideration offered by Iron Mountain is less than the assessed fair value of Terrain's underlying assets per share, based on an independent valuation of the mineral assets.

- *Offer is at a discount to the traded share price* – the Offer of 1 Iron Mountain share for 2 Terrain shares is at a discount of between 20% and 32% to the traded share price immediately prior to the announcement of the takeover bid.

- *Dilution of Interest in JORC Compliant Resources* – Terrain Shareholders would be exchanging their almost 100% ownership of hard assets in the form of JORC Code Compliant gold resources, advanced drill targets and a highly prospective nickel project for a minority equity interest in grass roots iron ore exploration targets and interests in joint venture projects with no confirmed resources.

- *Change in control* – if the Offer is approved then Terrain Shareholders would exchange their 100% ownership of Terrain for a 39.5% minority interest in Iron Mountain.

- *Loss of Terrain's management team* – Iron Mountain have stated their intentions to remove the Terrain Board members if the Offer is approved.

- *Liquidity of Shares* – the market for Iron Mountain shares has historically been less liquid than Terrain's.

2.7. Should the Offer not be approved then Terrain will continue to explore and develop its own projects, with the aim to achieve production in the second half of 2009. On 25 May 2009, Shareholders approved the Company's proposed fund raising initiatives to provide working capital for ongoing exploration and development. The initiatives include a $1 million share placement and rights issue, and a $5 million Standby Subscription Agreement with Fortrend Securities.

2.8. We are not aware of any alternative proposal which would offer the Shareholders of Terrain a premium over the value ascribed to that resulting from the Offer.

2.9. These opinions should be considered in conjunction with, and not independently of, the information set out in the remainder of this Report.

3. Report Structure

3.1. The remainder of our report is divided into the following sections:-

Appendices

4. Outline of the Offer

4.1. On 10 March 2009, Iron Mountain announced its intention to make an unsolicited off-market takeover bid to acquire all shares in Terrain.

4.2. Shareholders of Terrain will be offered 1 fully paid share in Iron Mountain for every 2 shares held in Terrain. The Iron Mountain shares issued under the offer will rank equally with existing Iron Mountain shares.

4.3. Iron Mountain has confirmed that no separate offer will be made for Terrain's listed options.

4.4. The Bidder's Statement was released by Iron Mountain to the ASX on 24 April 2009 and despatched to Shareholders on 22 May 2009.

4.5. The defeating conditions of the offer are detailed in the Bidder's Statement. Subject to the Corporations Act, Iron Mountain may declare the offer free from any of the defeating conditions by giving written notice to Terrain.

4.6. The key defeating conditions are summarised below:

4.6.1. Minimum Acceptance Condition – Iron Mountain must receive acceptances for a minimum of 50% (by number) of the total Terrain shares on issue at the end of the offer period.

4.6.2. Approvals by Public Authorities – Iron Mountain must receive all approvals required by law or by any Public Authority in relation to the offer before the end of the offer period.

Effect on Shareholdings

4.7. If Iron Mountain receives acceptances for 90% or more of Terrain shares, then it is entitled to proceed to compulsory acquisition of the remaining Terrain shares under the Corporations Act. Terrain would be removed from the Official List of the ASX and become a wholly owned subsidiary of Iron Mountain.

4.8. On the basis that Iron Mountain is successful in acquiring 100% of Terrain through the offer, then current Terrain shareholders would hold 39.5% of the expanded issued share capital of Iron Mountain (29.1% on a fully diluted basis).

4.9. An illustration of the post takeover share structure is shown below, assuming the respective shareholdings remain unchanged from the date of this report (i.e. no Terrain options are exercised prior to implementation of the takeover and excluding the effects of the share placement and rights issue proposed by Terrain).

Iron Mountain – Post Takeover Share Structure: (Assuming 100% Ownership of Terrain)	**Undiluted** No. of Ordinary Shares	**%**	**Fully Diluted** No. of Ordinary Shares	**%**
Previous Terrain Shareholders	44,257,004	39.5%	44,257,004	29.1%
Existing Iron Mountain Shareholders	67,748,753	60.5%	67,748,753	44.5%
Existing Iron Mountain Option Holders	-	-	40,186,250	26.4%
	112,005,757	**100.0%**	**152,192,007**	**100.0%**

Table 2: Illustration of the Post Takeover Share Structure of Iron Mountain (Assuming 100% Ownership of Terrain)

4.10. The takeover offer includes a 50% minimum acceptance condition, although Iron Mountain has reserved the right to waive this condition. If Iron Mountain receives acceptances for 50.1% of Terrain shares then the post takeover share structure of Iron Mountain would be as follows:

Iron Mountain – Post Takeover Share Structure: (Assuming 50.1% Ownership of Terrain)	**Undiluted** No. of Ordinary Shares	**%**	**Fully Diluted** No. of Ordinary Shares	**%**
Previous Terrain Shareholders	22,172,759	24.7%	22,172,759	17.0%
Existing Iron Mountain Shareholders	67,748,753	75.3%	67,748,753	52.1%
Existing Iron Mountain Option Holders	-	-	40,186,250	30.9%
	89,921,512	**100.0%**	**130,107,762**	**100.0%**

Table 3: Illustration of the Post Takeover Share Structure of Iron Mountain (Assuming 50.1% Ownership of Terrain)

4.11. At the date of the Bidder's Statement, Iron Mountain did not hold a direct interest in any Terrain shares or options. However, we note that United Orogen Ltd, a related company of Iron Mountain by virtue of two common directors, held 19.73% of Terrain shares at the date of this report.

5. Purpose of this Report

5.1. The Directors of Terrain have chosen to include an independent expert's report in the Target Statement in order to assist Shareholders to make an informed decision about Iron Mountain's Offer.

5.2. In evaluating the Offer we have given regard to the views expressed by the Australian Securities and Investment Commission ("ASIC") in their Regulatory Guide 111 Content of Expert Reports ("RG 111").

5.3. RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about transactions. Specifically it gives guidance to experts on how to evaluate whether or not a proposed transaction is "fair and reasonable".

5.4. RG 111 states that the expert report should focus on:

- the issues facing the security holders for whom the report is being prepared; and
- the substance of the transaction rather than the legal mechanism used to achieve it.

5.5. RG 111 applies the "fair and reasonable" test as two distinct criteria in the circumstance of a takeover bid, stating:

5.5.1. A takeover offer is considered "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer; and

5.5.2. A takeover offer is considered "reasonable" if it is fair or, where the offer is "not fair", it may still be "reasonable" if the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

5.6. Consistent with the guidelines in RG 111, in determining whether the Iron Mountain Offer is fair and reasonable to Terrain Shareholders, the analysis undertaken is as follows:

5.6.1. A comparison between the value of a Terrain share and the consideration offered by Iron Mountain – fairness; and

5.6.2. A review of other significant factors which Shareholders might consider prior to approving the Offer – reasonableness.

6. Profile of Terrain Minerals

6.1. Terrain Minerals Limited is a Western Australia focused mineral exploration company which listed on the Australian Stock Exchange (ASX code TMX) in March 2006, raising $5 million. Its primary mineral interests are gold and nickel.

6.2. At the time of listing, Terrain's exploration interests comprised the Bundarra Project, the Coogee Project (now known as East Kambalda), the Redcastle Project and the Euro Project.

6.3. Terrain relinquished the Redcastle and Euro projects in late 2008, to enable the company to focus on the Bundarra and East Kambalda projects.

6.4. In September 2007 Terrain raised a further $4 million via a share placement, to fund ongoing drilling programs. In February 2009 a fully underwritten rights issue raised a further $0.55 million.

6.5. The Board of Directors comprises:

- Richard Sandner – Non-Executive Chairman;
- Keith Wells – Managing Director;
- William Bannister – Non-Executive Director; and
- Paul Dickson – Non-Executive Director.

6.6. Ian Hobson serves as the Company Secretary.

Current Projects

6.7. Terrain's primary interests are in the Bundarra Project and the East Kambalda Project. In addition, an option to purchase the Dodgers Well Project was agreed in March 2009.

Bundarra Project

6.8. Located 70 kms north of Leonora, the Bundarra Project consists of two wholly owned projects, Bundarra and Great Western, and the Black Cat Joint Venture where Terrain will soon be earning a 60% interest (expenditure commitment of $750,000 of which $735,672 had been expensed by the end of April 2009).

6.9. The Bundarra Project area hosts a number of gold prospects and has a history of production. JORC compliant resources totalling 4.96 mt @ 2.0g/t gold (321,000 oz) were established in August 2008.

6.10. A Letter of Intent has been signed to mine 240,000t @ 2.03g/t gold (14,300 oz) from the Celtic Deposit at Bundarra, in partnership with a mining contractor. Production is planned for the second half of 2009.

6.11. Pit Optimisation Studies are planned for the Great Western and Wonder North deposits at Bundarra ahead of proposed mine production in 2010.

6.12. Terrain can earn a 100% interest in the Black Cat prospect through the expenditure of a further $1.5 million on exploration; the joint venture partner, St Barbara Ltd, will retain a $10/oz royalty on all gold produced from the tenements if this occurs.

East Kambalda Project

6.13. The Kambalda Project includes two prospects: the Coogee Gold Deposit and the Aztec Dome Nickel and Gold Project.

6.14. The Coogee Gold Deposit resource is 280,000 t @ 3.90g/t gold (35,000 oz). In December 2008, an agreement was reached with Argonaut Mining Group for the sale of the Coogee Gold Deposit for a total consideration of $3.25 million, but it was subsequently announced that the sale had fallen through as a result of the purchaser being unable to secure the required finance. Terrain is continuing discussions with other interested parties.

6.15. Historically, exploration in the East Kambalda Project has focused on gold mineralisation; however in 2008 Terrain commenced work to evaluate the nickel potential of the Aztec Dome Project. This has led Terrain to conclude that the geological setting of the project suggests that it is prospective for blind Kambalda-style nickel deposits.

Dodgers Well Project

6.16. The Dodgers Well Project, formerly known as the Linger and Die Project, is located about 30 kms south of the Bundarra Project. The project has a long history of gold prospecting, commencing in 1897.

6.17. A1 Minerals Ltd holds a 4-year prospecting licence which expires on 12 December 2011; Terrain has entered into an Option to Purchase agreement for this licence and can acquire 100% interest by issuing shares to the value of $50,000 by December 2009. Terrain has also lodged applications for two further prospecting licences expanding the total area.

Capital Structure

6.18. At 31 December 2008, Terrain had 77,449,748 ordinary shares on issue. Since that date, the following share issues have been made:

- On 13 February 2009: 11,064,250 ordinary shares at 5 cents as part of a rights issue; and
- On 13 February 2009: 9 ordinary shares at 25 cents pursuant to an exercise of options.

6.19. Therefore, at the date of this report, Terrain had 88,514,007 ordinary shares on issue.

6.20. The number of shares held by the substantial shareholders as at 25 May 2009 is detailed below:

	Ordinary Shares	% of Shares Held
United Orogen Ltd	17,464,682	19.73%
St Barbara Ltd	9,000,000	10.17%
Manna Resources Pte Ltd	8,070,569	9.12%
Mr Anthony Guan Cheow Soh	4,422,858	5.00%
Denton Pty Ltd	4,000,000	4.52%
Skycross Pty Ltd	3,176,000	3.59%
Razi Pty Ltd	3,010,000	3.40%

Table 4: Significant Terrain Shareholders as at 25 May 2009

6.21. United Orogen Ltd is the largest individual shareholder of Terrain, holding 19.73% of the issued share capital. Mr David Zohar and Mr Zhukov Pervan are directors of both United Orogen Ltd and Iron Mountain. Mr David Zohar also served as a non-executive director of Terrain until his resignation on 4 March 2009.

6.22. The twenty largest shareholders held 68.4% of the listed ordinary shares as at 25 May 2009.

6.23. Terrain also had 51,624,132 quoted options exercisable at 25 cents and 3,490,000 unquoted options on issue at the date of this report. The Iron Mountain Offer does not cover Terrain options and they would therefore lapse unless exercised.

Financial Reporting

6.24. The Company's latest financial report presented to the ASX is the Half Year Financial Report for the six months to 31 December 2008. The Auditor's Review Report included the following 'Material Uncertainty Regarding Continuation as a Going Concern' comment:

"Without qualifying our opinion, we draw attention to Note 1 in the Financial Report which indicates that the Company incurred a net loss of $357,114 during the half year to 31 December 2008. This condition, along with the matters set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern"

Financing

6.25. Terrain raised $0.55 million in February 2009 through a rights issue at 5 cents per share; the issue was fully underwritten by a Singapore based investor group.

6.26. To fund Terrain's ongoing mine development and exploration activities, management announced the following capital raising plans on 22 April 2009:

6.26.1. Share placement of up to 14 million shares to raise approximately $0.5 million, at no less than 80% of the five-day average of Terrain's share price on the day the issue is made;

6.26.2. Rights issue to existing shareholders to raise approximately $0.7 million before costs, at an issue price of 4.75 cents per share on the basis of 1 share for every 6 existing shares held; and

6.26.3. A $5 million equity draw-down facility over three years with Fortrend Securities.

6.27. The prospectus for the rights issue was released to the ASX on 12 May 2009.

6.28. As required by the Takeover Code, Terrain released a Notice of General Meeting on 22 April 2009 containing two resolutions relating to the proposed share placement and Fortrend Securities draw-down facility. Terrain Shareholders approved these resolutions at a General Meeting on 25 May 2009.

6.29. The material terms of the Standby Subscription Agreement with Fortrend Small Cap and Fortrend Securities were approved by the Board of Terrain on 15 April 2009. Under the terms, Terrain may call for Fortrend Small Cap to subscribe for facility shares at an aggregate subscription price up to $5 million during the three year term.

6.30. The Board of Terrain has stated that the Fortrend Standby Subscription Agreement was agreed as a direct result of the additional costs anticipated in connection with the Iron Mountain takeover offer. The intention to raise capital through the placement and rights issue was formulated prior to the takeover offer as a strategy to secure working capital for exploration activities and to ensure that Terrain continues as a going concern.

Balance Sheet

6.31. The summary balance sheet as at 31 December 2008, 30 June 2008 and 30 June 2007 is set out in the table below.

All $	Paragraph Reference	As at 31-Dec-08 *Reviewed*	As at 30-Jun-08 *Audited*	As at 30-Jun-07 *Audited*
Current assets				
Cash and cash equivalents		233,836	1,146,245	3,194,047
Other receivables		371,287	407,437	1,550,142
		605,123	1,553,682	4,744,189
Non-current assets held for sale	6.33	337,084	-	-
		942,207	1,553,682	4,744,189
Non-current assets				
Plant & equipment		98,450	98,450	59,532
Exploration and evaluation	6.34	7,966,520	7,723,024	4,603,486
		8,064,970	7,821,474	4,663,018
Total Assets		**9,007,177**	**9,375,156**	**9,407,207**
Current liabilities				
Trade and other payables		192,232	213,125	278,466
Other liabilities		-	-	1,544,446
		192,232	213,125	1,822,912
Total Liabilities		**192,232**	**213,125**	**1,822,912**
NET ASSETS	**6.32**	**8,814,945**	**9,162,031**	**7,584,295**
Equity				
Issued capital		11,334,922	11,334,922	8,740,296
Reserves		659,321	649,293	154,920
Retained losses		(3,179,298)	(2,822,184)	(1,310,921)
TOTAL EQUITY		**8,814,945**	**9,162,031**	**7,584,295**

Table 5: Terrain Balance Sheet as at 31 December 2008

6.32. Terrain had net assets of $8.8 million as at 31 December 2008, representing a net asset value per share of 11.38 cents at that date.

6.33. The non-current asset held for resale relates to the Coogee Gold Deposit tenement which was the subject of a sale agreement as at 31 December 2008. This agreement was subsequently terminated however Terrain are continuing discussions with other interested parties regarding the sale of the Coogee Gold Deposit.

6.34. The Directors regularly review the carrying value of exploration and evaluation expenditure and make write downs if the values are not expected to be recoverable. Incurred expenditure for each area of interest is carried forward as an asset provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

6.35. Exploration costs were written off in the two preceding financial years and the Directors consider the carrying value at 31 December 2008 to be reasonable.

Profit and Loss

6.36. The summary profit and loss statement for the six months to 31 December 2008, year to 30 June 2008 and 30 June 2007 is set out in the table below.

All $	**Paragraph Reference**	**6 mths to 31-Dec-08** *Reviewed*	**Year to 30-Jun-08** *Audited*	**Year to 30-Jun-07** *Audited*
Other income	6.37	35,943	233,424	174,865
Employee benefits expense		(189,908)	(912,219)	(343,655)
Depreciation expense		-	(42,225)	(24,425)
Professional fees and consultancy costs		(92,929)	(170,644)	(146,620)
Insurance and office expenses		(51,896)	(91,324)	(95,549)
Travel and shareholder expenses		(39,448)	(82,823)	(60,892)
Bank charges		(548)	(12,609)	(30,279)
Exploration costs written off		-	(331,688)	(457,298)
Other expenses		(18,328)	(101,155)	(56,849)
Net loss for the period		**(357,114)**	**(1,511,263)**	**(1,040,702)**
Basic loss per share		(0.46)	(2.00)	(1.92)

Table 6: Terrain Profit and Loss Statement to 31 December 2008

6.37. Other income primarily relates to bank interest received.

6.38. In addition to cutting operating costs where possible, Terrain has also reduced its level of exploration activity and relinquished two projects during the half-year in response to the shortage of cash and difficult environment for fund raising caused by the global financial crisis.

Share price and performance

6.39. On the 25 May 2009 Terrain's closing share price was 5.2 cents. Terrain currently has a market capitalisation of around $4.6 million.

6.40. The chart shown below provides a comparison of the percentage movement in Terrain's closing share price against the percentage movement in the value of the ASX Small Ordinary Index over the last 12 months.

Figure 1: Share Price and Volume Listing of Terrain
(Source: Reuters)

6.41. Over the last 12 months, the value of the ASX Small Ordinaries Index and Terrain's share price both fell by approximately 40%.

6.42. Terrain's share price rose in May 2008 as a result of the progressive acquisition of a 19.7% holding by United Orogen Ltd, formerly Uranium Oil and Gas Ltd. The acquisition included the Opes Prime Stockbroking Ltd holding in Terrain and resulted in significant Board changes.

6.43. Traded volumes reduced significantly and the Company's share price began falling through the latter half of 2008, impacted by global financial and economic conditions.

6.44. Terrain's share price recovered slightly in December 2008 and January 2009 following the announcements of the proposed sale of the Coogee Gold Deposit and established resources in the Bundarra Project.

6.45. Terrain's closing share price on 9 March 2009, the day prior to the announcement of Iron Mountain's Offer, was 3.7 cents.

6.46. Following the takeover offer, Terrain's share price rose by approximately 25% and stabilised at around 5.0 cents. The announcement of the Board's capital raising plans and the release of the Bidder's Statement in late April 2009 resulted in a small spike in Terrain's share price.

7. Profile of the Gold Ore Mining Industry in Australia

Demand

7.1. The demand for gold is primarily driven by its traditional role as a store of wealth. Commercial uses for gold are limited to the electronics and dentistry industries.

7.2. Demand conditions have improved recently as concern over international economic weaknesses and a falling US dollar value contributed to a higher gold price. However, any expansion of the industry will be tempered by reduced access to funding as a result of the global financial crisis.

Markets

7.3. Australia was the world's third largest producer of gold in 2008 and the bulk of Australia's gold production comes from mines in Western Australia.

7.4. Most gold ore mined in Australia is refined locally and then exported – typically over 90% of output. The industry's major domestic customers are the jewellery, electronics and dentistry industries.

Major Participants

7.5. The gold ore mining industry in Australia has high concentration with the four largest operators accounting for over 70% of output, as shown in the table below:

Major Participant	**Estimated Market Share in 2008**
Barrick (PD) Australia Limited	26%
Newcrest Mining Limited	23%
Newmont Australia Holdings Pty Ltd	14%
Gold Fields Australia Pty Ltd	8%
Other	29%

Table 7: Major participants in gold ore mining industry in Australia (Source: IBIS)

7.6. The major companies engaged in gold mining are global operators. Compared with overseas producers of gold, Australia has a relatively large number of small, short-life mines.

7.7. The price of gold is determined by world markets based on the supply / demand balance; individual producers are unable to influence the gold price. Therefore it is imperative for producers to keep costs down as lower cost mines will be better placed to survive if gold prices decline.

Barriers to Entry

7.8. The barriers to entry are high as significant capital investment is required to undertake exploration activities and fund mine development.

7.9. Other barriers to entry in Australia include the acquisition of permits and leases, increased negotiation with Aboriginal groups and the requirements for environmental impact assessments.

Capital and Technology

7.10. The gold ore mining industry is capital intensive and relies heavily on investment in open cut and underground mining equipment.

7.11. Changes in technology can result in significant growth in the industry where it enables operators to access additional resources, such as the introduction of open cut mining and the use of chemicals for gold extraction in the 1980s and 1990s.

Industry Volatility

7.12. The volatility of this industry is high. Fluctuations in annual output and gold prices contribute to significant revenue volatility.

7.13. Gold prices are determined on global markets and react rapidly to changes in the supply / demand balance. Prices are denominated in US dollars and are therefore also susceptible to fluctuations in the value of the Australian dollar against the US dollar.

Key Factors Impacting the Industry

7.14. The following are the key factors impacting the gold ore mining industry:

7.14.1. International gold price - this can be extremely volatile, partly due to gold's role as a store of value and hedge against inflation.

7.14.2. US dollar to Australian dollar exchange rate - this has a direct impact on the returns received by Australian producers.

7.14.3. Average bank interest rate - higher interest rates tend to make other types of investment more attractive than gold stocks.

7.14.4. Availability of resource – larger deposits permit economies of scale and provide greater flexibility in output, while high-grade reserves usually result in lower unit operating costs.

7.14.5. Ability to forward sell production when appropriate – operators can therefore lock in higher prices.

7.14.6. The age and type of the mine – this can affect the unit operating costs.

Current and Recent Historical Performance

7.15. The following table summarises Australian production output and revenue for the last five years:

	Output (tonnes)	Revenue (A$ million)
2004-05	266	6,044
2005-06	248	6,241
2006-07	250	6,903
2007-08	227	6,940
2008-09 est.	n/a	8,557

Table 8: Output and revenue for gold ore mining in Australia (Source: IBIS)

7.16. The output of Australian mines reduced in 2007-08 due to the closure of some operations as a result of resource depletion. Output is not expected to change significantly in 2008-09 as the impact of new projects will be offset by production falls elsewhere.

7.17. However, the rising gold price is expected to contribute to a significant growth in the estimated revenue in 2008-09. The graph below illustrates the trend in the average world gold price over the last 5 years:

Figure 2: World gold price in US dollars (Source: Kitco)

Outlook

7.18. Australia's gold production is expected to increase over the outlook period as several new projects reach full production. Some projects in the earlier stages of development, however, may face delays due to tightness in the credit markets as a result of the global financial crisis.

7.19. Gold prices have risen sharply over the last year, reflecting continued global uncertainty and reliance on gold as store of value. However, prices are expected to ease over the outlook period as supply responds to the higher prices and global economies show signs of recovery.

7.20. The table below shows the forecast revenue for the gold ore mining industry in Australia for the next five years, reflecting the expectation that lower gold prices and a strengthening Australian dollar will result in a decline in revenue from 2010-11 onwards.

	Revenue $A Million	Growth %
2009-10	9,035.5	5.6
2010-11	7,006.7	-22.5
2011-12	6,493.4	-7.3
2012-13	5,811.7	-10.5
2013-14	5,270.1	-9.3

Table 9: Outlook for revenue for gold ore mining in Australia (Source: IBIS)

8. Profile of Iron Mountain

8.1. Iron Mountain Limited is a Western Australia based exploration company which listed on the Australian Stock Exchange (ASX code IRM) in May 2007, with iron ore as its primary focus. The Initial Public Offering raised $8.0 million before costs.

8.2. The Board of Directors comprises:

- Simon England – Chairman;
- David Zohar – Director and Company Secretary;
- Zhukov Pervan – Director; and
- Robert Sebek – Director.

8.3. Mr David Zohar also served as a non-executive director of Terrain from May 2008 until his resignation on 4 March 2009, a week before the takeover offer was announced by Iron Mountain.

Current Projects

8.4. Iron Mountain's primary interests are the Blythe, Miaree and Mount Richardson projects. In addition, Iron Mountain has an interest in the following early stage projects:

- Bona Well Project, WA;
- Wongan Hills Project, WA;
- Kunanalling Project, WA;
- Wyloo Project, WA;
- She Oak Project, WA; and
- Elvire Project, WA.

8.5. Iron Mountain also holds a 60% interest in Macquarie Marble and Lime Pty Ltd which operates a limestone quarry in New South Wales.

Blythe Project

8.6. This project is located in Tasmania and is subject to a joint venture with Red River Resources ("RRR"). RRR has earned a 50% interest in the project with both parties contributing equally to exploration costs, although Iron Mountain has assumed management control.

8.7. Recent drilling at the Kara North prospect has indicated a significant tin mineralisation in this project area and maiden resource calculations will be undertaken.

Miaree Project

8.8. The Miaree Project is located in Karratha, Western Australia; Iron Mountain has exploration rights over the project area through a joint venture agreement with RRR and currently holds 25% equity in the project. Iron Mountain can earn up to 70% of the project by spending a further $3.5 million.

8.9. In February 2009, Iron Mountain announced the discovery of significant magnetite mineralisation from recent drilling at this project.

Mount Richardson Project

8.10. In August 2008, it was announced that Iron Mountain had entered into an agreement giving Portman Iron Ore Ltd ("Portman") rights to explore the Mount Richardson Project and the option to acquire full ownership of the tenement.

8.11. The agreement provides for Portman to pay $3 million for the rights to carry out work on the lease, followed by further payments totalling $10 million within 4 years should Portman exercise the option. In addition, any iron products extracted from the licence will generate a 2% royalty for Iron Mountain and any independently verified JORC resources in excess of 10 mt will result in a one-off payment of $0.50 per tonne.

Capital Structure

8.12. The capital structure of Iron Mountain at the date of this report was as follows:

	Paragraph Reference	Number
Quoted shares		49,448,753
Escrowed shares (till 25 May 2009)	8.14	18,300,000
Total fully paid listed ordinary shares on issue		**67,748,753**
Quoted options		23,436,250
Escrowed options (till 25 May 2009)	8.14	16,750,000
Total listed options on issue	**8.13**	**40,186,250**

Table 10: Capital Structure of Iron Mountain

8.13. The listed options are exercisable at 20 cents and have an expiry date of 1 February 2012.

8.14. The escrow period for the shares and options was 24 months from the date of Iron Mountain's ASX listing; these securities will therefore be released onto the market on 25 May 2009.

8.15. The number of shares held by the substantial shareholders as at 24 April 2009, as disclosed in the Bidder's Statement, is detailed below:

	Ordinary Shares – Direct	Ordinary Shares – Indirect	Listed Options - Indirect	% Voting Power (Diluted)
David Zohar	4,756,001	5,640,502	11,750,000	15.34%
Julie Zohar	4,000,001	-	-	5.90%
Callum Baxter	4,000,000	-		5.90%
Paul Askins	4,000,000	-		5.90%

Table 11: Substantial Iron Mountain Shareholders as at 24 April 2009

Financial Reporting

8.16. The Company's latest financial report presented to the ASX is the Half Year Financial Report for the six months to 31 December 2008; the Auditor's Review Report was unqualified.

Balance Sheet

8.17. The summary balance sheet as at 31 December 2008, 30 June 2008 and 30 June 2007 is set out in the table below.

All $	Paragraph Reference	As at 31-Dec-08 *Reviewed*	As at 30-Jun-08 *Audited*	As at 30-Jun-07 *Audited*
Current assets				
Cash and cash equivalents		4,134,703	3,364,133	5,628,534
Trade and other receivables		541,253	268,344	125,267
		4,675,956	3,632,477	5,753,801
Non-current assets				
Receivables		48,000	43,000	13,000
Property, plant & equipment		1,025,988	1,013,406	831,583
Exploration and evaluation	8.19	682,967	632,709	-
Available for sale financial assets		303,280	1,095,280	640,000
		2,060,235	2,784,395	1,484,583
Total Assets		**6,736,191**	**6,416,872**	**7,238,384**
Current liabilities				
Trade and other payables		212,535	140,128	94,404
Borrowings		-	34,667	-
Provisions		7,793	12,193	418
		220,328	186,988	94,822
Total Liabilities		**220,328**	**186,988**	**94,822**
NET ASSETS	**8.18**	**6,515,863**	**6,229,884**	**7,143,562**
Equity				
Issued capital	8.20	8,090,030	8,088,030	8,046,691
Reserves		1,034,205	1,388,240	1,043,240
Retained losses		(2,608,376)	(3,246,690)	(1,946,369)
Minority Interest		4	4	-
TOTAL EQUITY		**6,515,863**	**6,229,584**	**7,143,562**

Table 12: Iron Mountain Balance Sheet as at 31 December 2008

8.18. Iron Mountain had net assets of $6.5 million at 31 December 2008, representing a net asset value per share of 9.6 cents.

8.19. Exploration, evaluation and acquisition expenditure is only carried forward to the extent that it is expected to be recouped through the successful development or sale of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable resources. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area.

8.20. Iron Mountain has made the following share issues since the last audited accounts:

- July 2008 – 10,000 shares issued on exercise of $0.20 options; and
- November 2008 – 5,000 shares issued on exercise of $0.20 options.

Profit and Loss

8.21. The summary profit and loss statement for the six months to 31 December 2008, year to 30 June 2008 and 30 June 2007 is set out in the table below.

All $	**Paragraph Reference**	**6 mths to 31-Dec-08** *Reviewed*	**Year to 30-Jun-08** *Audited*	**Year to 30-Jun-07** *Audited*
Sales revenue	8.22	3,036,503	335,229	-
Other income	8.23	113,438	369,972	102,777
Total Income		**3,149,941**	**705,201**	**102,777**
Administration		(368,067)	(599,117)	(53,579)
Exploration costs		(1,283,214)	(675,764)	(123,915)
Finance costs		(304)	(663)	(754)
Consulting fees		(132,000)	(270,439)	(1,384,760)
Depreciation		(39,745)	(53,942)	(1,473)
Employment costs		(250,332)	(305,877)	(6,065)
Impairment of available for sale assets	8.24	(437,965)	(99,720)	-
Net profit/(loss) for the period		**638,314**	**(1,300,321)**	**(1,467,769)**
Basic profit/(loss) per share		0.94	(1.92)	(5.00)

Table 13: Iron Mountain Profit and Loss Statement to 31 December 2008

8.22. Sales revenue includes fees for employment and rental services provided by Iron Mountain to related parties. In the six months to 31 December 2008, a $3.0 million option fee was recorded in relation to the first payment under the Mount Richardson tenement agreement with Portman.

8.23. Other income primarily relates to bank interest received.

8.24. The impairment charge relates to listed and unlisted investments held by Iron Mountain.

Share price and performance

8.25. On the 25 May 2009 Iron Mountain's closing share price was 8.0 cents. Iron Mountain currently has a market capitalisation of around $5.4 million.

8.26. The chart shown below provides a comparison of the percentage movement in Iron Mountain's closing share price against the percentage movement in the value of the ASX Small Ordinary Index over the last 12 months.

Figure 3: Share Price and Volume Listing of Iron Mountain
(Source: Reuters)

8.27. Over the last 12 months, Iron Mountain's share price has fallen by over 70% compared to a 40% reduction in the value of the ASX Small Ordinaries Index.

8.28. Iron Mountain's share price rose in May and June 2008 as restricted securities were released onto the market and initial drilling commenced on the Blythe Project.

8.29. Trading volumes and the share price declined steadily over the latter half of 2008 as global financial and economic conditions worsened. The Iron Mountain share price spiked in August 2008 when the agreement with Portman over the Mount Richardson tenement was announced.

8.30. In 2009 the share price has remained relatively stable, registering a small positive fluctuation on the announcement of the Terrain takeover bid in March 2009. On 9 March 2009, the day before the takeover bid announcement, Iron Mountain's closing share price was 5.0 cents.

9. Profile of the Iron Ore Mining Industry in Australia

Demand

9.1. Iron ore is the primary input to iron and steel making; the demand for iron ore is therefore heavily dependent on the volume of steel production.

9.2. The demand for steel in turn depends on levels of activity in a range of industries, primarily construction, motor vehicle manufacture, ship building, plant and equipment manufacturing and consumer good manufacturing.

9.3. The growth in demand for Australian iron ore over the last few years has predominantly been driven by China.

Markets

9.4. Australia is a major producer of iron ore, ranking in the top four along with Brazil, the former Soviet Union countries and China. Generally iron ore is sold under contract, with contract prices being negotiated with major customers on an annual basis.

9.5. The bulk of Australia's iron ore production comes from Western Australia, with South Australia and Tasmania contributing just over 3% of the total in 2008.

9.6. Typically around 90% of output is exported to steel manufacturers overseas. Five markets account for nearly all of Australia's iron ore exports: China (60%), Japan (25%), Korea (10%), Taiwan (3%) and the EU (2%).

Major Participants

9.7. The iron ore mining industry in Australia has high concentration with the two largest operators accounting for almost 95% of output, as shown in the table below:

Major Participant	**Estimated Market Share in 2008**
Rio Tinto Plc	52.0%
BHP Billiton Limited	42.3%
Portman Ltd	2.5%
Other	3.2%

Table 14: Major participants in iron ore mining industry in Australia (Source: IBIS)

9.8. The performance of Australia's iron ore producers depends on the volume of iron ore produced, the iron ore price set in US dollars and trends in the value of the Australian currency. Production levels and prices are determined by the balance of global supply and demand.

9.9. The iron ore market is a global one and Australian producers therefore compete with operators in other countries. Rio Tinto and BHP Billiton secured a premium for their iron ore from buyers in Asia based on lower shipping costs from Australia, compared to iron ore of a similar quality sourced from Brazilian producers.

Barriers to Entry

9.10. The barriers to entry are high as significant capital investment is required to establish a new mine or acquire existing operations. In addition, new entrants must obtain long-term contracts in order to gain some security, negotiate with local communities who may be affected by a mine and potentially negotiate rail access agreements with BHP Billiton and Rio Tinto.

Capital and Technology

9.11. The iron ore mining industry is capital intensive with a significant amount of investment tied up in land and heavy earth-moving equipment.

9.12. Iron ore is mined using relatively simple and standard methods therefore the level of technology change is not high.

Industry Volatility

9.13. The volatility of this industry is very high. Substantial fluctuations in both annual output and iron ore prices contribute to significant revenue volatility.

9.14. Iron ore prices are determined on global markets and react rapidly to changes in the supply / demand balance. Prices are denominated in US dollars and are therefore also susceptible to fluctuations in the value of the Australian dollar against the US dollar.

Key Factors Impacting the Industry

9.15. The following are the key factors impacting the iron ore mining industry:

9.15.1. Worldwide steel production – this is the key determinant of demand for iron ore. Factors impacting the level of steel production include the economic growth and amount of capital expenditure in primary markets.

9.15.2. World iron ore price – the US dollar price for iron ore depends on the balance between supply and demand in the global marketplace.

9.15.3. US dollar to Australian dollar exchange rate – this has a direct impact on the returns received by Australian producers.

9.15.4. Availability of resource – access to large, high-grade reserves of iron ore can lower production costs and lead to more robust prices.

9.15.5. Downstream ownership links – ownership links with local and overseas steel manufacturers can permit easier access to markets when demand is weak.

9.15.6. Effective cost control – a well controlled operation is more likely to survive downturns in demand or price.

Current and Recent Historical Performance

9.16. The following table summarises Australian production output and revenue for the last five years:

	Output (megatonnes)	Revenue (A$ billion)
2004-05	251.9	9.4
2005-06	263.8	14.3
2006-07	287.7	17.5
2007-08	325.0	22.5
2008-09 est.	328.0	38.4

Table 15: Output and revenue for iron ore mining in Australia (Source: IBIS)

9.17. Australian iron ore production and revenues increased steadily over the four years to 2007-08, driven by the increasing demand from Asian countries.

9.18. Contract iron ore prices for the year commencing 1 April 2008 increased significantly as tight market conditions reflected strong growth in steel production, and hence iron ore demand, in China and other developing countries. Contract price rises of up to 85% were achieved by Australian iron ore producers.

9.19. This has resulted in a substantial increase in estimated revenue for the 2008-09 year against a relatively small output rise.

9.20. The graph below illustrates the actual trend in the average iron ore price over the last 5 years and the forecast trend to 2014 (data is based on Brazilian export prices sourced from the International Monetary Fund):

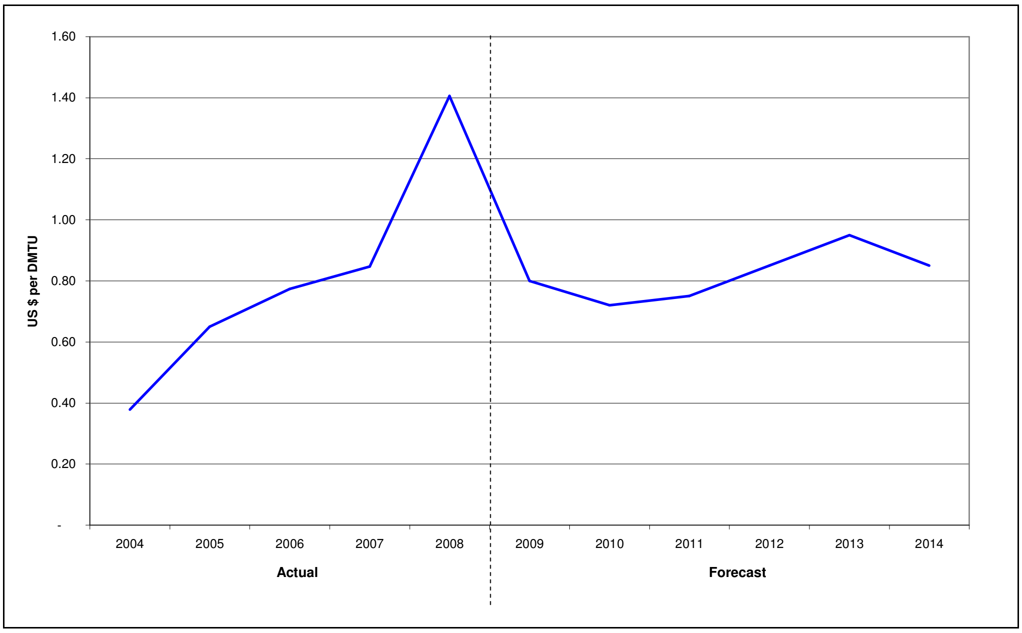

Figure 4: Iron ore price in US dollars (Source: IBIS)

Outlook

9.21. In late 2008 steel demand and prices fell sharply as the global financial crisis impacted on the growth prospects of major economies, including China. Substantial price cuts are therefore expected to occur during the iron ore price negotiations for the year commencing 1 April 2009.

9.22. In addition to a fall in the iron ore price, the Australian dollar is expected to appreciate over the outlook period resulting in lower returns to Australian producers despite an increase in output as new projects complete.

9.23. The table below shows the forecast revenue for the iron ore mining industry in Australia for the next five years.

	Revenue $A Billion	Growth %
2009-10	30.0	-21.8
2010-11	24.8	-17.2
2011-12	25.0	0.5
2012-13	25.4	1.7
2013-14	26.2	3.2

Table 16: Outlook for revenue for iron ore mining in Australia (Source: IBIS)

10. Valuation Approach

Valuation Methodologies

10.1. In assessing the value of the shares in Terrain and Iron Mountain, we have considered a range of valuation methodologies. RG 111.54 proposed that it is generally appropriate for an expert to consider using the following methodologies:

- the discounted cash flow method and the estimated realisable value of any surplus assets;
- the application of earnings multiples to the estimated future maintainable earnings or cashflows added to the estimated realisable value of any surplus assets;
- the amount which would be available for distribution on an orderly realisation of assets;
- the quoted price for listed securities; and
- any recent genuine offers received.

10.2. In relation to Terrain, we have addressed the orderly realisation of assets and the quoted listed price methodologies. We have selected these as Terrain does not currently generate cash or earnings and we are not aware of any alternative offers.

10.3. In our valuation of an Iron Mountain share, we have assessed the quoted listed price methodology as it is common market practice to value scrip included as part of a bid by reference to the market price of that share.

10.4. For those methodologies which we have addressed, we set out more detail of the methodology in the following paragraphs.

Orderly Realisation of Assets

10.5. The value achievable in an orderly realisation of assets is estimated by determining the realisable value of the net assets.

10.6. This method is particularly applicable for exploration and mining companies where investments are in prospective exploration areas and earnings have not yet been generated.

10.7. RG 111 envisages the use of an independent specialist when valuing specific assets.

10.8. To assist in the valuation of the exploration assets, RSMBCC has engaged Northwind Resources Ltd ("Northwind") to prepare an independent assessment and valuation report on Terrain's mineral exploration assets. A copy of Northwind's report, dated 8 April 2009, is attached to this report as Appendix D.

10.9. We have satisfied ourselves as to Northwind's qualifications and independence from Terrain and Iron Mountain and have placed reliance on their report.

Quoted Price of Listed Securities

10.10. Prices at which a company's shares have traded on the ASX can, in the absence of low liquidity or unusual circumstances, provide an objective measure of the value of the company, excluding a premium for control.

11. Valuation of Terrain

Valuation Methodology

11.1. Terrain is an exploration company which does not generate any earnings or cash from operations at the present time; therefore we have used a net asset valuation methodology to assess the fair market value of a Terrain share.

11.2. As a secondary method, we have prepared a valuation based on the ASX market share price of Terrain.

Net Asset Valuation

11.3. Our assessment of the value of Terrain's net assets is shown below. The value of Terrain's exploration assets has been provided by an independent technical expert, Northwind, whose report is attached in Appendix D.

	Ref.	Reviewed 31 Dec 2008 $	Value Low $	Value High $
Cash and cash equivalents		233,836	233,836	233,836
Other receivables		371,287	371,287	371,287
Assets held for sale	11.8	337,084	-	-
Total current assets		942,207	605,123	605,123
Plant & equipment		98,450	98,450	98,450
Exploration and evaluation	11.6	7,966,520	8,230,000	12,850,000
Total non-current assets		8,064,970	8,328,450	12,948,450
Total Assets		**9,007,177**	**8,933,573**	**13,553,573**
Trade and other payables		192,232	192,232	192,232
Total current liabilities		192,232	192,232	192,232
Total Liabilities		**192,232**	**192,232**	**192,232**
NET ASSETS		**8,814,945**	**8,741,341**	**13,361,341**
Ordinary shares on issue as at 31-Dec-08		77,449,748	77,449,748	77,449,748
Shares issued in February 2009	11.9	11,064,259	11,064,259	11,064,259
Total ordinary shares on issue		88,514,007	88,514,007	88,514,007
Net Asset Value per share (cents)			**9.88**	**15.10**

Table 17: Terrain Net Asset Valuation as at 31 December 2008

11.4. We have assessed the net asset value of Terrain on a going concern basis, therefore no account has been taken of realisation costs.

11.5. We have been advised that there has not been a significant change in the net assets of Terrain since 31 December 2008 and we consider that the recorded book values of assets and liabilities are reflective of their market values, with the exception of those items discussed in the following paragraphs.

11.6. The book value of exploration and evaluation assets has been replaced with the range of values ascribed to the underlying exploration licences by Northwind as set out in their assessment and valuation report included at Appendix D. The report values the exploration licences at between $8.23 million and $12.85 million, with a preferred value of $10.94 million.

11.7. The report assesses the fair market value of each prospect area individually, using a combination of methodologies used for valuing mineral assets in the exploration stage to determine a likely range of values for Terrain's mineral assets. These methodologies include consideration of past exploration expenditure and the value this has created in terms of enhancing the prospectivity of the tenements, sale and/or joint venture terms for dealings involving the tenements and the application of "yardstick" values derived from transactions of the nature described involving tenements and/or resources in the same area.

11.8. The Coogee Gold Deposit tenement, which was classified as held for resale in the Interim Report, has been included in the valuation of the exploration and evaluation assets.

11.9. To reflect the current value of Terrain, the shares issued as a result of February 2009 rights issue have been adjusted for in our determination of net asset value per share. As the funds raised have predominantly been expensed on exploration activities, the value has been incorporated into Northwind's independent technical valuation of the tenements and therefore no adjustment has been made to net assets.

11.10. Our analysis concludes that the range of values for a Terrain share based on net assets is between 9.9 cents and 15.1 cents.

Quoted Market Price for Terrain Securities

Pre Announcement Share Price

11.11. We have also assessed the value of a Terrain share based on market prices.

11.12. The following chart provides a summary of the share price movement and trading volumes over the year to 9 March 2009, being the last date prior to announcement of the Offer.

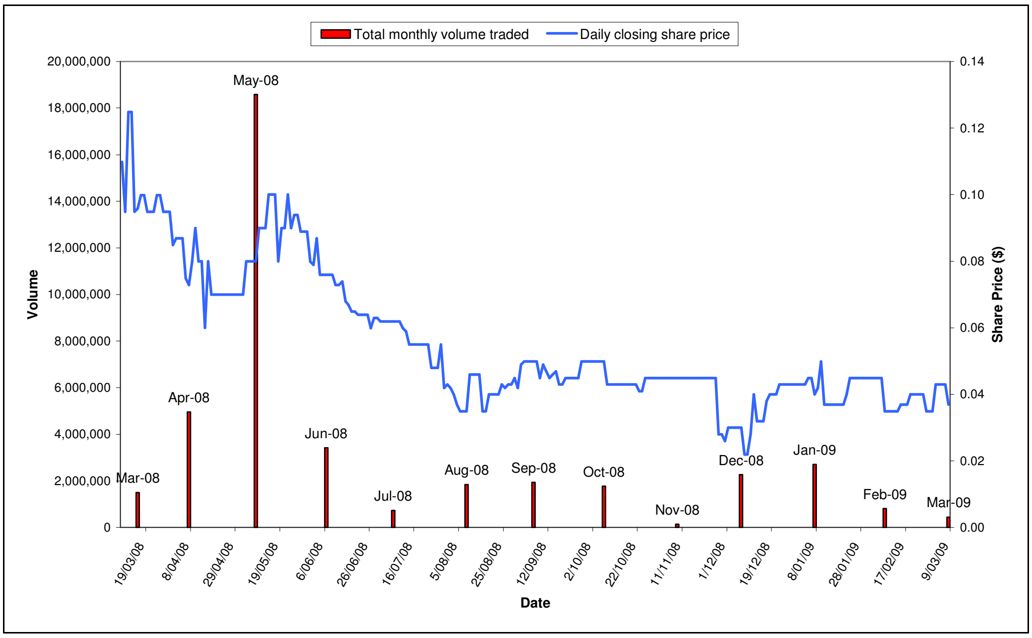

Figure 5: Terrain Daily ASX Closing Share Price and Monthly Volumes Traded to 9 March 2009

11.13. The daily closing price of a Terrain share for the year to 9 March 2009 has ranged from a high of 12.5 cents in March 2008 to a low of 2.2 cents recorded in early December 2008.

11.14. To provide further analysis of the market prices for a Terrain share, we have considered the weighted average market price for 1 week, 1 month and 3 month periods to 9 March 2009:

	9 Mar 09	**1 week**	**1 month**	**3 months**
Closing price (cents)	3.7			
Weighted average price (cents)		4.0	3.7	3.9

Table 18: Analysis of Terrain Weighted Average Share Price to 9 March 2009

11.15. An analysis of the volume of trading in Terrain shares for the twelve months to 9 March 2009 is set out in the table below.

	Traded Share Price Low (cents)	**High (cents)**	**Cumulative Volume Traded**	**As a % of Issued Capital**
1 day	3.7	3.7	100,150	0.11%
1 week	3.7	4.3	220,330	0.25%
1 month	3.0	4.3	1,008,365	1.14%
3 months	2.2	5.0	5,976,408	6.75%
6 months	2.2	5.0	9,220,382	11.90%
12 months	2.2	12.5	41,158,032	62.16%

Table 19: Analysis of Terrain Volume Traded for the Year to 9 March 2009

11.16. The table shows that 62.2% of Terrain's shares have been traded in the last year.

11.17. It should be noted that 28% of the issued share capital was traded in May 2008 alone as United Orogen Ltd built up their shareholding. Since then, less than 5% of the issued share capital has been traded in each month.

Post Announcement Share Price

11.18. The traded share price of Terrain pre and post announcement is illustrated below.

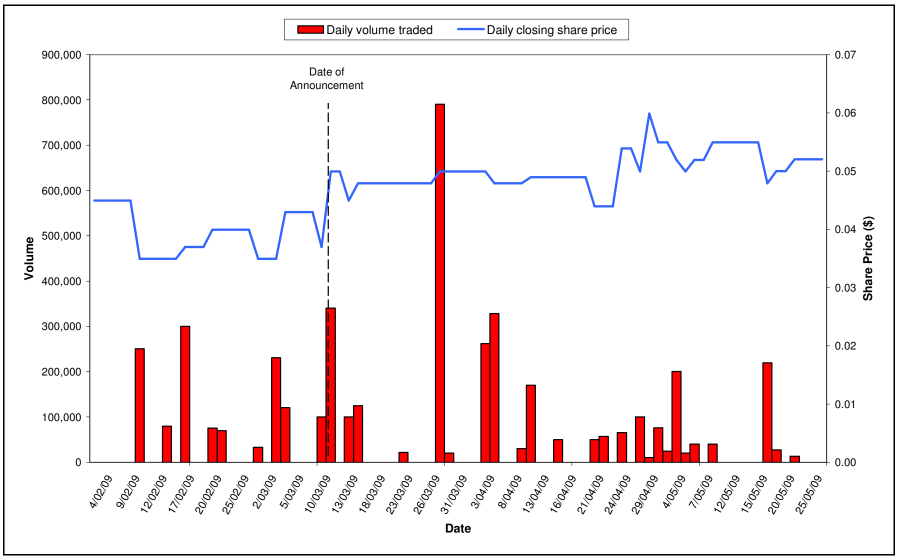

Figure 6: Terrain Daily ASX Closing Share Price and Volumes Traded Pre and Post Announcement

11.19. The graph shows that Terrain's share price rose by approximately 25% following the announcement of the takeover Offer by Iron Mountain on 10 March 2009. Terrain's share price stabilised at around 5.0 cents over the next few months, with a further small increase on announcement of the proposed capital raising program and release of the Bidder's Statement in late April 2009.

Assessment

11.20. Based on the information set out above, our assessment is that the range of values for the underlying price of a Terrain share based on market pricing prior to the announcement of the takeover Offer is between 3.7 cents and 4.0 cents.

11.21. The value above is indicative of the value of a marketable parcel of shares assuming the shareholder does not have control of Terrain. Iron Mountain will be acquiring all of the shares of Terrain and hence will obtain control.

11.22. An acquirer can be expected to pay a premium to obtain control of a company; empirical evidence suggests that a premium for control is in the range of 20% to 30% greater than the underlying share price.

11.23. Therefore, the value of a Terrain share including a premium for control would be in the range of 4.4 cents to 5.2 cents.

Terrain Valuation Summary

11.24. The results of the valuations performed are summarised in the table below:

	Ref.	**Value per Terrain Share (Cents)**	
		Low	**High**
Net assets	11.10	9.9	15.1
Quoted market price	11.23	4.4	5.2

Table 20: Summary of Terrain Valuation

Preferred Valuation

11.25. We consider that the quoted market price may not reflect the true underlying value of Terrain as the shares have been traded infrequently and in small volumes over the last three months in particular, and therefore do not reflect a deep market with high liquidity.

11.26. We have therefore adopted the net assets valuation of a Terrain share at between 9.9 cents and 15.1 cents.

12. Valuation of Iron Mountain

12.1. The consideration being offered to Terrain Shareholders is one Iron Mountain share for every two Terrain shares held.

12.2. Therefore, in order to assess if the Offer is fair for Terrain Shareholders we have to examine the value of an Iron Mountain share.

Valuation Methodology

12.3. It is common market practice to value scrip included as part of a bid by reference to the market price of that share. Therefore we consider the Quoted Market Price basis to be the most appropriate valuation methodology to value an Iron Mountain share.

Quoted Market Price for Iron Mountain Securities

Pre Announcement Share Price

12.4. The following chart illustrates the share price movement and trading volumes over the year to 9 March 2009, being the day prior to the announcement of the Offer.

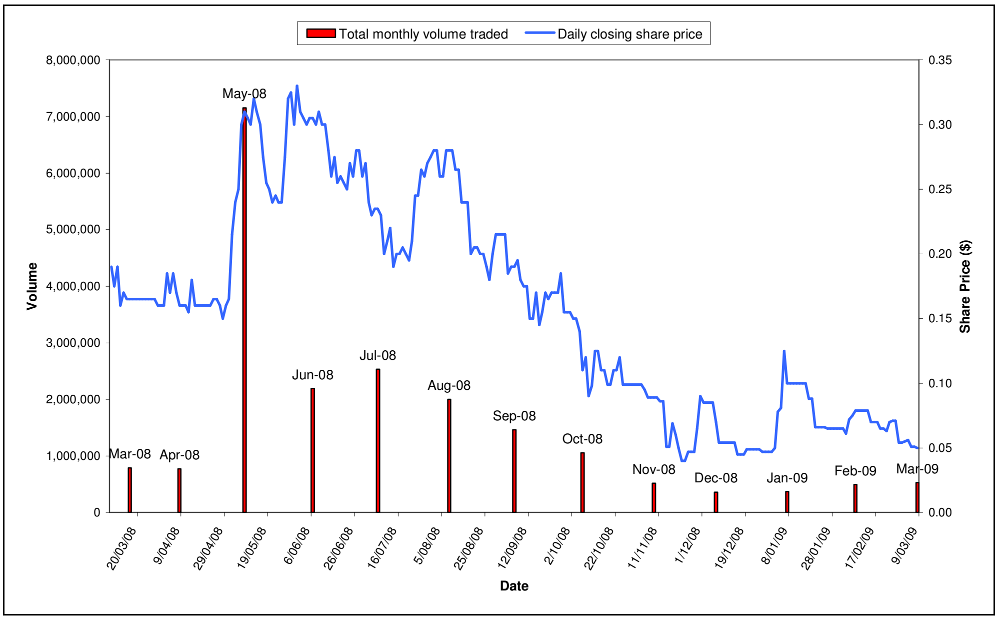

Figure 7: Iron Mountain Daily ASX Closing Share Price and Monthly Volumes Traded to 9 March 2009

12.5. The daily closing price of an Iron Mountain share for the year to 9 March 2009 has ranged from a high of 33.0 cents on 2 June 2008 to a low of 4.0 cents recorded in late November 2008.

12.6. To provide further analysis of the market prices for an Iron Mountain share, we have considered the weighted average market price for 1 week, 1 month and 3 month periods to 9 March 2009:

	9 March 09	1 week	1 month	3 months
Closing price (cents)	5.0			
Weighted average price (cents)		5.1	5.8	6.4

Table 21: Analysis of Iron Mountain Weighted Average Share Price to 9 March 2009

12.7. An analysis of the volume of trading in Iron Mountain shares for the twelve months to 9 March 2009 is set out in the table below.

	Traded Share Price Low (cents)	High (cents)	Cumulative Volume Traded	As a % of Issued Capital
1 day	5.0	5.0	5,000	0.01%
1 week	5.0	6.0	528,995	0.79%
1 month	5.0	7.9	821,885	1.23%
3 months	4.5	12.5	1,631,772	2.44%
6 months	4.0	19.5	4,669,815	6.99%
12 months	4.0	38.0	20,232,027	30.01%

Table 22: Analysis of Iron Mountain Volume Traded for the Year to 9 March 2009

12.8. As noted at paragraph 8.12, 18,300,000 of Iron Mountain's issued share capital (27%) is held in escrow until 25 May 2009. Adjusting the above table to reflect this restriction results in 41.2% of the available capital being traded over the last year.

12.9. With the exception of the escrowed shares, no individual shareholder in Iron Mountain holds more than 1% of the issued share capital. Until October 2008 when the global financial crisis began to have a significant effect on the Australian stock market performance, Iron Mountain shares had been traded almost every day, albeit in small parcels.

Post Announcement Share Price

12.10. RG111.30 states that trading after a bid is announced may reflect some of the benefits of the combined entity, depending on whether the market has confidence that the transaction will proceed.

12.11. The traded share price of Iron Mountain pre and post announcement is shown in the graph below.

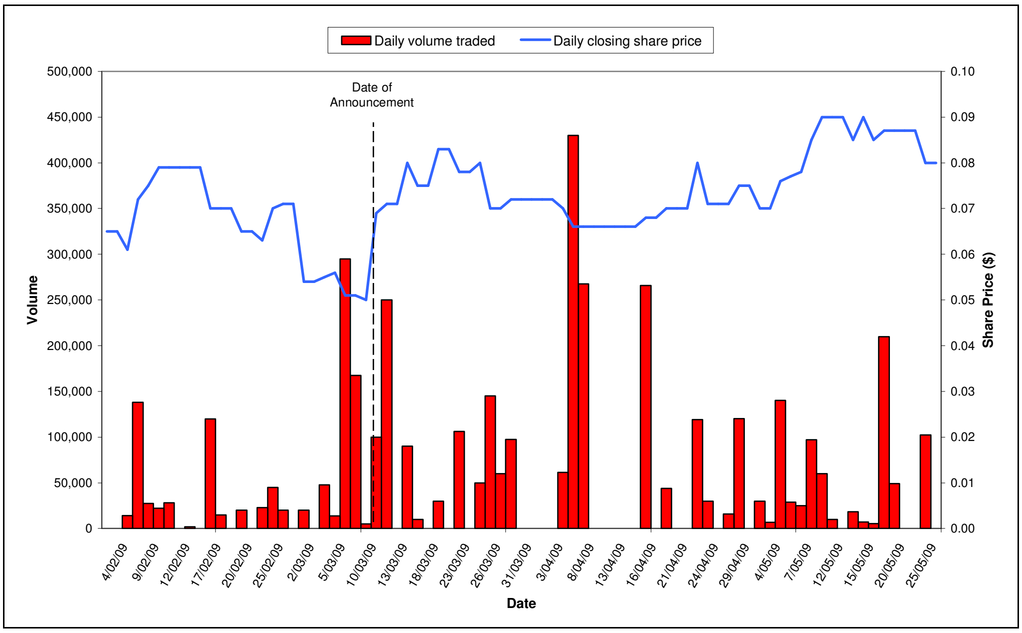

Figure 8: Iron Mountain Daily ASX Closing Share Price and Volumes Traded Pre and Post Announcement

12.12. The graph shows a significant rise in the share price immediately following the announcement of the takeover Offer on 10 March 2009, although it should be noted that Iron Mountain shares were trading at their lowest point since December 2008 in the first week of March 2009.

12.13. After the initial spike, Iron Mountain's share price has continued to rise gradually over the period following the takeover announcement. There have been no other announcements of significance to the ASX in the period so it is therefore reasonable to assume that the increase in value is attributable to a positive market reaction to the takeover Offer for Iron Mountain shareholders.

Assessment

12.14. We consider that the market for Iron Mountain shares was abnormally depressed immediately prior to the announcement of the takeover Offer on 10 March 2009, with the share price dropping to its lowest point since December 2008.

12.15. An analysis of the weighted average market price for 1 week, 1 month and 3 month periods excluding the 7 trading days prior to the announcement is shown below:

	26 Feb 09	**1 week**	**1 month**	**3 months**
Closing price (cents)	7.1			
Weighted average price (cents)		6.8	7.1	7.1

Table 23: Analysis of Iron Mountain Weighted Average Share Price to 26 February 2009

12.16. Based on the above, our assessment is that an appropriate range of values for an Iron Mountain share based on market pricing is between 6.8 cents and 7.1 cents.

12.17. Terrain shareholders who accept the Offer will become minority shareholders in Iron Mountain. Therefore our valuation of Iron Mountain is on a minority interest basis.

Valuation Cross-Check

12.18. As a cross-check to our valuation based on the market pricing of Iron Mountain shares, we have considered the book value of Iron Mountain's net assets. At 31 December 2008, net assets totalled $6.5 million which equates to a book value net asset backing per share of 9.6 cents.

12.19. A net asset backing valuation assumes 100% control whereas a share price valuation reflects a minority shareholding. Discounting the book value net asset backing value by 20% to 30%, being the estimated premium for control, results in a revised value of 6.7 cents to 7.7 cents per share which is in line with the assessed value based on market pricing.

13. Is the Offer Fair?

13.1. The following table summarises our assessment of the value of a Terrain share and the value of the consideration to be paid by Iron Mountain. We have considered the pro-forma market capitalisation of both companies using our assessed share values to determine the value of an Iron Mountain share following the Offer.

	Low $	High $
No. of Terrain shares on issue	88,514,007	88,514,007
Value per Terrain share as set out in Section 11	0.099	0.151
No. of Iron Mountain shares on issue	67,748,753	67,748,753
Value per Iron Mountain share as set out in Section 12	0.068	0.071
Pro-forma Market Capitalisation of Terrain	8,741,341	13,361,341
Pro-forma Market Capitalisation of Iron Mountain	4,606,915	4,810,161
Pro-forma Market Capitalisation of Merged Group	**13,348,256**	**18,171,502**
Total Iron Mountain fully paid shares post Offer	112,005,757	112,005,757
Notional value per Iron Mountain share post Offer	0.119	0.162
Value received by Terrain Shareholders per Terrain share	**0.060**	**0.081**

Table 24: Assessment of Consideration Offered by Iron Mountain

13.2. Terrain Shareholders are receiving one Iron Mountain share for every two Terrain shares held.

13.3. The table below illustrates the value of a Terrain share and the value received:

	Ref.	Low (Cents)	High (Cents)
Value of a Terrain share	11.26	9.9	15.1
Value of consideration	13.1	6.0	8.1
Implied discount		*40%*	*46%*

Table 25: Comparison of Consideration with Current Assessed Value

13.4. The assessed value of the consideration which the Terrain Shareholders will receive for each share held is less than the value of their existing shares in Terrain.

13.5. The graph on the following page shows the historic trend of the Iron Mountain and Terrain share price over the 6 months to 25 May 2009, as adjusted for the terms of the Offer, i.e. the Iron Mountain price against 2 times the Terrain price. The trendlines on the graph show that the value of 2 Terrain shares has outperformed the value of 1 Iron Mountain share, indicating that the deal is not beneficial to Terrain Shareholders.

13.6. Therefore, for the above reasons, in our opinion the Offer is **Not Fair** to Terrain Shareholders.

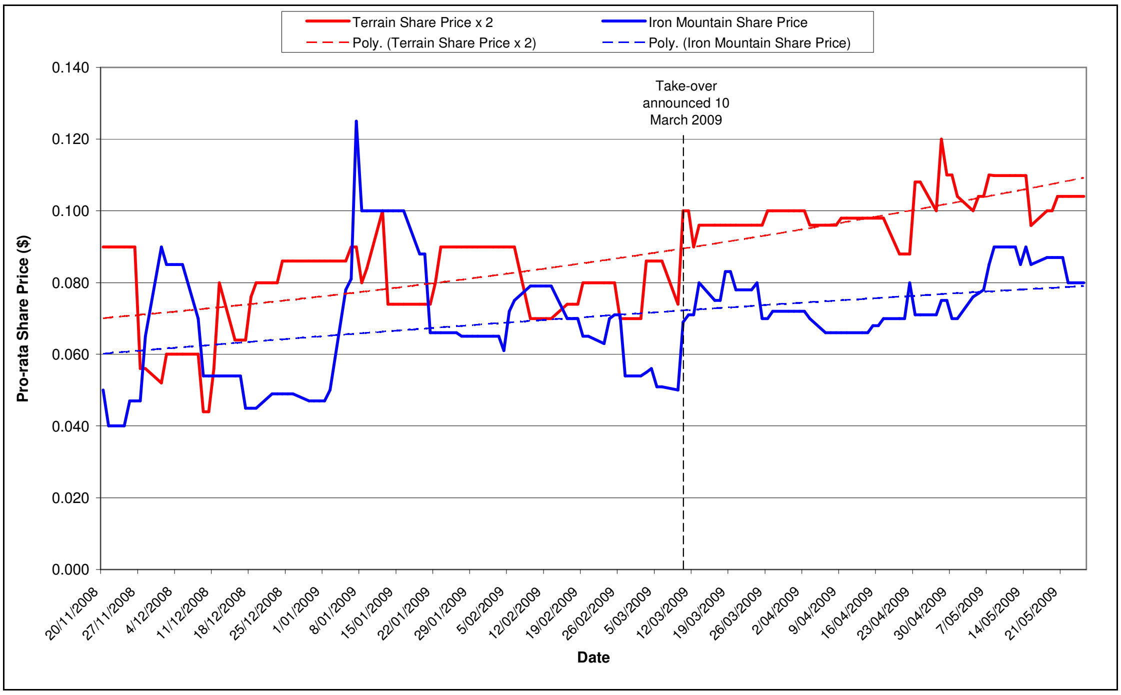

Figure 9: Comparison of Share Prices for 6 months to 25 May 2009
(using Offer terms of 1 Iron Mountain share for every 2 Terrain shares)

14. Is the Offer Reasonable?

14.1. We have considered the position of the shareholders if the Offer is accepted and have taken into account the following advantages and disadvantages in this assessment.

14.2. We have assessed that in all cases the advantages and disadvantages of rejecting the Offer are the inverse of accepting the Offer. Therefore for ease of evaluation, we have set out the significant factors only in the context of approving the Offer.

Advantages and Disadvantages

14.3. In assessing whether Terrain's Shareholders are likely to be better off if they accept the Offer, we have compared various advantages and disadvantages that are likely to accrue to the Shareholders.

Advantages

Share of a Mining Company with Significant Cash Reserves

14.4. At 31 March 2009, Iron Mountain held over $4 million of cash. Terrain held $0.4 million at 31 March 2009 and is currently undertaking a capital raising program to fund ongoing exploration costs.

14.5. Holding an interest in Iron Mountain could provide Terrain Shareholders with greater certainty over the ability of the company to achieve its objectives due to the existing cash reserves supporting exploration and growth activities.

14.6. However, we note that Iron Mountain has significant expenditure requirements on its projects, in particular $1.25 million must be spent within two years in order to earn a 25% interest in the Miaree Project. Statutory minimum expenditure commitments on both Iron Mountain and Terrain projects along with annual administration costs, could considerably reduce the amount of cash available for further exploration.

Diversification of Mineral Interests

14.7. Holding a stake in Iron Mountain would give Terrain Shareholders an interest in iron ore tenements, therefore diversifying the gold and nickel interests currently held by Terrain.

Retain Interests in Gold and Nickel Projects

14.8. Terrain Shareholders would retain their interest in Terrain's gold and nickel projects through their holding in Iron Mountain.

Shares may Retreat to Pre-Announcement Prices

14.9. The Terrain share price rose by approximately 25% following the announcement of the takeover bid. If the Offer is not approved then it is possible that the share price may fall back to the level prior to the announcement, being approximately 4 cents.

14.10. However, it should also be noted that the Terrain share price reacted favourably to the announcement of new capital raising strategies in April 2009 and therefore the share price may not retreat to such low levels as 4 cents per share, particularly as these initiatives were approved by Shareholders on 25 May 2009.

Potential Access to Greater Capital

14.11. The merger of Iron Mountain and Terrain would create a larger company which could increase the attractiveness of the combined entity to investors, and increase the potential for re-rating.

Potential to Achieve Synergies in Operating Costs

14.12. Iron Mountain state in the Bidder's Statement that the merger of the two companies could create opportunities for cost savings, although no details are provided as to how the savings would be achieved.

Disadvantages

Consideration Offered does not Reflect Fair Value of Terrain Assets

14.13. The consideration offered by Iron Mountain does not reflect the fair value of Terrain's underlying assets, as set out in Section 13.

Offer is at a Discount to the Traded Price Prior to the Announcement

14.14. In addition to not reflecting the fair value of Terrain's underlying assets, as determined by an independent valuation of the mineral assets, the Offer price is also at a discount to Terrain's traded share price.

14.15. The table below shows the closing prices prior to the announcement of the takeover bid on 10 March 2009 and the weighted average market prices of Terrain and Iron Mountain shares in the preceding period:

All Cents	**9 March 09**	**1 week**	**1 month**	**3 months**
Terrain Closing price	3.7			
Terrain Weighted average price		4.0	3.7	3.9
Iron Mountain Closing price	5.0			
Iron Mountain Weighted average price		5.1	5.8	6.4
	Low	**High**		
Range of Terrain Share Price	3.7	4.0		
Consideration = one for two, therefore x 2	7.4	8.0		
Range of Iron Mountain Share Price	5.0	6.4		
Implied Discount	***32%***	***20%***		

Table 26: Analysis of Weighted Average Share Prices prior to Takeover Announcement

14.16. This analysis shows that after adjusting Terrain's price to the Offer terms of 1 Iron Mountain share for 2 Terrain shares, the discount to the traded price was between 20% and 32% at the time of the announcement.

Change in Control

14.17. If the Offer is approved in full and Iron Mountain acquires 100% of Terrain, then Terrain Shareholders would hold 39.5% of Iron Mountain shares. Terrain Shareholders would therefore have a minority holding.

14.18. We also note that United Orogen Ltd, a related company of Iron Mountain by virtue of common directors, currently holds 19.73% of Terrain shares. This holding would become a 6.8% holding in Iron Mountain, leaving unrelated Terrain Shareholders holding only 32.7%.

Dilution of Interest in JORC Compliant Resources

14.19. Terrain Shareholders would be exchanging their almost 100% ownership of hard assets in the form of JORC Code Compliant gold resources, advanced drill targets and a highly prospective nickel project for a minority equity interest in grass roots iron ore exploration targets and interests in joint venture projects with no confirmed resources.

Loss of Terrain Management Team

14.20. Iron Mountain has stated that it intends to replace the Terrain Board with its own representatives should the Offer be approved.

Liquidity of Shares

14.21. The market for Iron Mountain shares has historically been less liquid than Terrain's. If Shareholders exchange their Terrain shares for Iron Mountain shares then they may find it more difficult to realise their investment when it suits them.

Assessment

14.22. In our opinion, the disadvantages of the Offer outweigh the advantages.

Future Intentions of Iron Mountain

14.23. Iron Mountain has stated that it intends to continue exploring Terrain's tenements and would not substantially change the business of Terrain or redeploy fixed assets if the Offer is approved, although these present intentions are subject to a review of Terrain operations by Iron Mountain.

14.24. If acceptances are received for 90% or more of Terrain shares, then Iron Mountain intends to proceed with compulsory acquisition of the remaining shares and remove Terrain from the Official List of the ASX. In addition, the Board members of Terrain would be removed.

14.25. If acceptances are received for more than 50% but less than 90% of Terrain shares, then Iron Mountain intends to request the appointment of nominees of Iron Mountain to the Board such that they hold a majority of the Board. Iron Mountain may also seek to have Terrain removed from the Official List of the ASX if the number or spread of shareholders is less than required under the Listing Rules of ASX.

14.26. Iron Mountain has not formed a view on its intentions if less than 50% of Terrain's shares are acquired, although the Offer includes a 50% minimum acceptance condition.

Future Prospects of Terrain if the Offer is not Approved

14.27. If the Offer is not approved by Terrain Shareholders, then Terrain will continue with its fund raising through the approved share placement and rights issue. The monies raised will be used to advance the proposed mine development of the Celtic Project and to fund Pit Optimisation Studies for the Great Western and Wonder North Deposits.

14.28. Terrain's Board have stated the intention to achieve production at the Celtic Project in the second half of 2009, following the signing of a Letter of Intent with a mining contractor, and production at the Great Western and Wonder North Deposits in 2010.

14.29. Terrain will also continue negotiations to sell the Coogee Gold Deposit.

14.30. If funds cannot be raised either through the share placement and rights issue, the Fortrend Securities draw-down facility or a sale of the Coogee Gold Deposit, then Terrain would be unable to continue its exploration activities and the target production date are unlikely to be achieved.

14.31. Terrain Shareholders approved the proposed share placement and Fortrend Standby Subscription Agreement at a General Meeting on 25 May 2009. The Board of Terrain believe that the proposed funding can be obtained and hence Terrain will be able to progress its exploration and development plans.

Alternative Proposal

14.32. We are unaware of any alternative proposal which would offer the Shareholders of Terrain a premium over the value ascribed to that resulting from the Offer.

Taxation Implications

14.33. Scrip-for-scrip capital gains tax rollover relief will only be available to Terrain Shareholders if Iron Mountain acquires at least 80% of Terrain. The Directors of Terrain have stated that undertakings have been received from shareholders representing 24.3% of Terrain's issued capital to reject the Offer. In such circumstances, it is likely that Terrain Shareholders who accept the Offer will not qualify for the rollover relief and hence may liable to capital gains tax on the transaction.

14.34. Shareholders are advised to seek their own independent tax advice in relation to the implications for their shareholding.

Conclusion

14.35. Based on the above and our assessment that the disadvantages of the Offer outweigh the advantages for Terrain Shareholders, we conclude that the Offer is **Not Reasonable** to Terrain Shareholders.

Yours faithfully

Andrew Gilmour

A J GILMOUR
Director

APPENDIX A

Declarations and Disclosures

RSM Bird Cameron Corporate Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

RSM Bird Cameron Corporate Pty Ltd is beneficially owned by the partners of RSM Bird Cameron (RSMBC) a large national firm of chartered accountants and business advisors.

Mr. Andrew Gilmour is a director of RSM Bird Cameron Corporate Pty Ltd. He is a Chartered Accountant with extensive experience in the field of corporate valuations and the provision of independent expert's reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of assisting the Shareholders of Terrain Minerals Limited in considering the Offer. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the directors and management of Terrain and we have no reason to believe that this information was inaccurate, misleading or incomplete. However, we have not endeavoured to seek any independent confirmation in relation to its accuracy, reliability or completeness. RSM Bird Cameron Corporate Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Bird Cameron Corporate Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Disclosure of Interest

At the date of this report, none of RSM Bird Cameron Corporate Pty Ltd, RSMBC, Andrew Gilmour, nor any other member, director, partner or employee of RSM Bird Cameron Corporate Pty Ltd and RSMBC has any interest in the outcome of the proposed Transactions, except that RSM Bird Cameron Corporate Pty Ltd are expected to receive a fee of approximately $25,000 based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of whether Terrain Shareholders accept the Offer, or otherwise.

Consents

RSM Bird Cameron Corporate Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Target Statement to be issued to Shareholders. Other than this report, none of RSM Bird Cameron Corporate Pty Ltd, RSM Bird Cameron Partners or RSMBC has been involved in the preparation of the Target Statement. Accordingly, we take no responsibility for the content of the Target Statement as a whole.

APPENDIX B

Sources of Information

In preparing this report we have relied upon the following principal sources of information:

- Terrain Minerals Limited Draft Target's Statement dated 26 May 2009
- Iron Mountain Limited Bidder's Statement dated 24 April 2009
- Northwind Resources Pty Ltd – Independent Valuation and Assessment Report of Terrain Minerals Ltd's Mineral Assets dated 30 April 2009
- Terrain Minerals Limited Annual Report – 30 June 2008
- Terrain Minerals Limited Interim Financial Report – 31 December 2008
- Terrain Minerals Limited Management Accounts for the ten months to 30 April 2009
- Iron Mountain Limited Annual Report – 30 June 2008
- Iron Mountain Limited Interim Financial Report – 31 December 2008
- IBIS World Report B1311 – Iron Ore Mining in Australia
- IBIS World Report A5221 – World Iron Ore Prices
- IBIS World Report B1314 – Gold Ore Mining in Australia
- Publicly available information including ASX announcements and financial information from subscription services
- Information provided to us during meetings and correspondence with management and directors of Terrain Minerals Limited

APPENDIX C

Financial Services Guide

Overview

RSM Bird Cameron Corporate Pty Ltd, ABN 82 050 508 024 ("RSM Bird Cameron Corporate Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence, which authorises us to provide financial product advice in relation to:

- deposit and payment products limited to:
  - (a) basic deposit products;
  - (b) deposit products other than basic deposit products.
- interests in managed investments schemes (excluding investor directed portfolio services); and
- securities (such as shares and debentures).

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither RSM Bird Cameron Corporate Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Bird Cameron Corporate Pty Ltd is beneficially owned by the partners of RSM Bird Cameron, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Bird Cameron Partners.

From time to time, RSM Bird Cameron Corporate Pty Ltd, RSM Bird Cameron Partners, RSM Bird Cameron and / or RSM Bird Cameron related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints Resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, RSM Bird Cameron Corporate Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Industry Complaints Service Limited ("FICS"). FICS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FICS are available at the FICS website www.fics.asn.au or by contacting them directly via the details set out below.

Financial Industry Complaints Service Limited
P O Box 579
Collins Street West
Melbourne VIC 8007

Toll Free: 1300 78 08 08
Facsimile: (03) 9621 2291

Contact Details

You may contact us using the details set out at the top of our letterhead on page 1 of this report.

APPENDIX D

Independent Assessment & Valuation Report by Northwind Resources Pty Ltd

Independent Assessment & Valuation of

Terrain Minerals Ltd

Mineral Exploration Assets

on behalf of

RSM Bird Cameron Corporate Pty Ltd

Prepared by:
Northwind Resources Pty Ltd
ABN 67 067 522 098
6 Muir Place
Booragoon
Western Australia 6154

April 2009

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1 EXECUTIVE SUMMARY

Northwind Resources Pty Ltd ("NRPL") has been engaged by RSM Bird Cameron Corporate Pty Ltd ("RSMBC") to prepare independent technical assessments and valuations of the mineral assets held by Terrain Minerals Ltd ("TMX"). These comprise the Bundarra gold project, about 65 kilometres north of Leonora, the East Kambalda project, about 20 kilometres east northeast of Kambalda and an option over the Dodgers Well project, about midway between Leonora and Bundarra, all within Western Australia. TMX has held the core tenements at Bundarra and the East Kambalda project since listing on Australian Stock Exchange ("ASX") in March 2006, and entered into an option to purchase agreement over the Dodgers Well project late in 2008.

At Bundarra, TMX has a 100% interest in tenements aggregating 29.3 square kilometres (Celtic/Great Western tenements), and is earning a 60% interest in a further 86.4 square kilometres of contiguous tenements to the north through the Black Cat Joint Venture. A series of small open pits were mined within the Celtic tenements in the period 2000 to 2003, with a total of 1.66 million tonnes at a grade of 2.15 grams gold per tonne ("g/t") mined and trucked 37 kilometres south to the Tarmoola mill for processing. An assessment of the remaining resources at the Celtic pit in 2003 indicated a further 240,000 mineable tonnes at a grade of 2.03 g/t, however, the pit cut-back did not proceed. Total remaining resources at the Celtic and Wonder North pits were 3.07 million tonnes at a grade of 1.96 g/t containing 194,600 ounces gold.

Since 2006, TMX has compiled all available data on the activities of previous tenement holders, geologically mapped the project area, flown airborne magnetic and radiometric surveys, and completed soil geochemical surveys and rotary air blast ("RAB"), reverse circulation ("RC") and diamond drilling programs. This work has been successful in identifying the geological controls on mineralisation, and has enabled more effective targeting of extensions to known resources and potential new discoveries. In late 2008, new resource estimates were prepared, in which a total of 4.96 million tonnes at a grade of 2.0 g/t containing 321,200 ounces gold were identified within the project tenements. TMX has yet to spend $70,000 of a total of $750,000 to earn its 60% interest in the Black Cat Joint Venture and has advised that it is its intention to do so. On the assumption that this occurs, TMX's equity share of the resources will be 316,960 ounces.

Dodgers Well comprises a single prospecting licence covering the majority of the old prospector workings in the historic Dodgers Well mining centre where about 4,500 ounces gold have been mined from narrow quartz veins either from underground, or more recently, shallow open pits. Previous work includes mapping, surface sampling and generally shallow RC drilling. Due to its short involvement with the project, TMX's work has been relatively limited, but includes rock chip sampling, petrographic studies and geological mapping. The previous work is limited to about 50 metres depth and was focussed on the historic workings, however, the drilling may not have provided an effective test of the mineralised structures. Whilst the controls on gold mineralisation are not well understood, the mineralisation occurs in an attractive structural setting adjacent to a granite-greenstone contact. Potential is perceived for the discovery of new mineralised zones adjacent to or below the old workings, or in new settings at depth. A specific target is narrow, but high grade deposits that could be developed in conjunction with the mineralisation at Bundarra.

The East Kambalda project includes the Aztec Dome nickel project and the Coogee gold deposit. The Aztec Dome is a northwest elongate domal structure that has been recognised as a potential analogue of the Kambalda Dome, about 12 kilometres to the south west. Here, a series of ribbon-like massive sulphide bodies located on a basalt-ultramafic contact have been mined since the late 1960s and comprise one of the largest nickel provinces in the world. The Aztec Dome area was explored in the late 1960s – early 1970s without success, the work including geological mapping, geochemical and geophysical surveying and limited percussion drilling. Follow-up work completed during the mid - 1990s included a single diamond drillhole sited to test a previously identified geophysical anomaly. The hole intersected mainly basalts carrying anomalously high nickel concentrations, and terminated in what has been interpreted as the possible top of the stratigraphic equivalent of the ultramafic sequence hosting the Kambalda nickel deposits.

TMX has completed the acquisition and interpretation of historical data, geological mapping, petrographic studies, whole rock geochemistry, and geophysical surveying and interpretation. This work has been used to develop a geological synthesis of the Aztec Dome that concluded that in a broad sense, its geology is comparable with that of the Kambalda Dome, and as such, it is prospective for blind Kambalda-style nickel deposits. However, the thickness of the outcropping basalt sequence and that of the underlying potential host ultramafic sequence within the project area are not known with any certainty. The very small footprint of the Kambalda nickel deposits makes them a very difficult target for any exploration technique if they are located any more than a few hundred metres below surface, and until some stratigraphic drilling has been completed, the practicality of exploring for them from surface cannot be determined.

The Coogee gold deposit lies within a mining lease immediately to the east of the Aztec Dome exploration licence. It was discovered in about 1992, and has changed hands several times since. TMX reached agreement to sell the deposit in December 2008, however the agreement was terminated in February 2009 when the purchaser could not secure funding. TMX's work includes data compilation, an update of an earlier pit optimisation in May 2006 and infill RC drilling to establish the limits of the mineralisation. The most recent resource estimate was prepared in 1999 and comprises 277,500 tonnes at a grade of 3.91 g/t containing 34,870 ounces gold. TMX's pit optimisation identified a recoverable mineralisation resource of 123,200 tonnes at a grade of 3.74 g/t containing 13,970 recoverable ounces gold, using a gold price of $950/oz. TMX's drilling indicated that the principal gold deposit has been closed off in all directions.

TMX's mineral assets have been valued using industry standard methodologies, including comparable transactions, both sale and joint venture, yardstick values for tenement areas and undeveloped resources and consideration of past exploration expenditure and its effectiveness. Given the current malaise of the mineral exploration industry and the resulting dearth of transactions, many of the valuation assumptions rely on historical data and historical trends in yardstick values. The valuations have been prepared at a valuation date of 31 March 2009, when the gold price was $1,335/oz. TMX's obligation to spend $70,000 to earn an initial 60% interest in the Black Cat Joint Venture tenements has been taken into account in valuing that interest.

The Valuations of TMX's mineral assets derived in this report are summarised below. It is stressed that these are opinions as to likely values, not absolute values, which can only be tested by going to the market.

Table 1

Terrain Minerals Ltd
Summary of Valuations of Mineral Assets

MINERAL ASSET	TMX INTEREST	LOW	MOST LIKELY	HIGH
Bundarra Project				
Celtic/Great Western	100%	$5,000,000	$7,000,000	$7,500,000
Black Cat Joint Venture	Earning 60%	$500,000	$600,000	$800,000
Dodgers Well	Option to acquire	$30,000	$40,000	$50,000
East Kambalda Project				
Aztec Dome	100%	$200,000	$300,000	$500,000
Coogee	100%	$2,500,000	$3,000,000	$4,000,000
TOTAL VALUE TMX MINERAL ASSETS		**$8,230,000**	**$10,940,000**	**$12,850,000**

All references to currency in this report are in Australian Dollars and are shown as "$". On the basis of the information provided by TMX, all tenements are in good standing.

2 INTRODUCTION & SCOPE

In correspondence dated 18 March 2009, RSM Bird Cameron Corporate Pty Ltd advised that it had been engaged by the Directors of Terrain Minerals Ltd to prepare an Independent Experts Report ("IER") in relation to an off-market bid for all shares in TMX made by Iron Mountain Mining Limited ("IRM"). In order to complete the IER, RSMBC has requested that Northwind Resources Pty Ltd prepare independent technical assessments and valuations of TMX's mineral assets, comprising the Bundarra Gold project, about 65 kilometres north of Leonora in Western Australia, the East Kambalda project, about 55 kilometres south of Kalgoorlie in Western Australia and an option held over the Dodgers Well project, between Bundarra and Leonora (Figure 1).

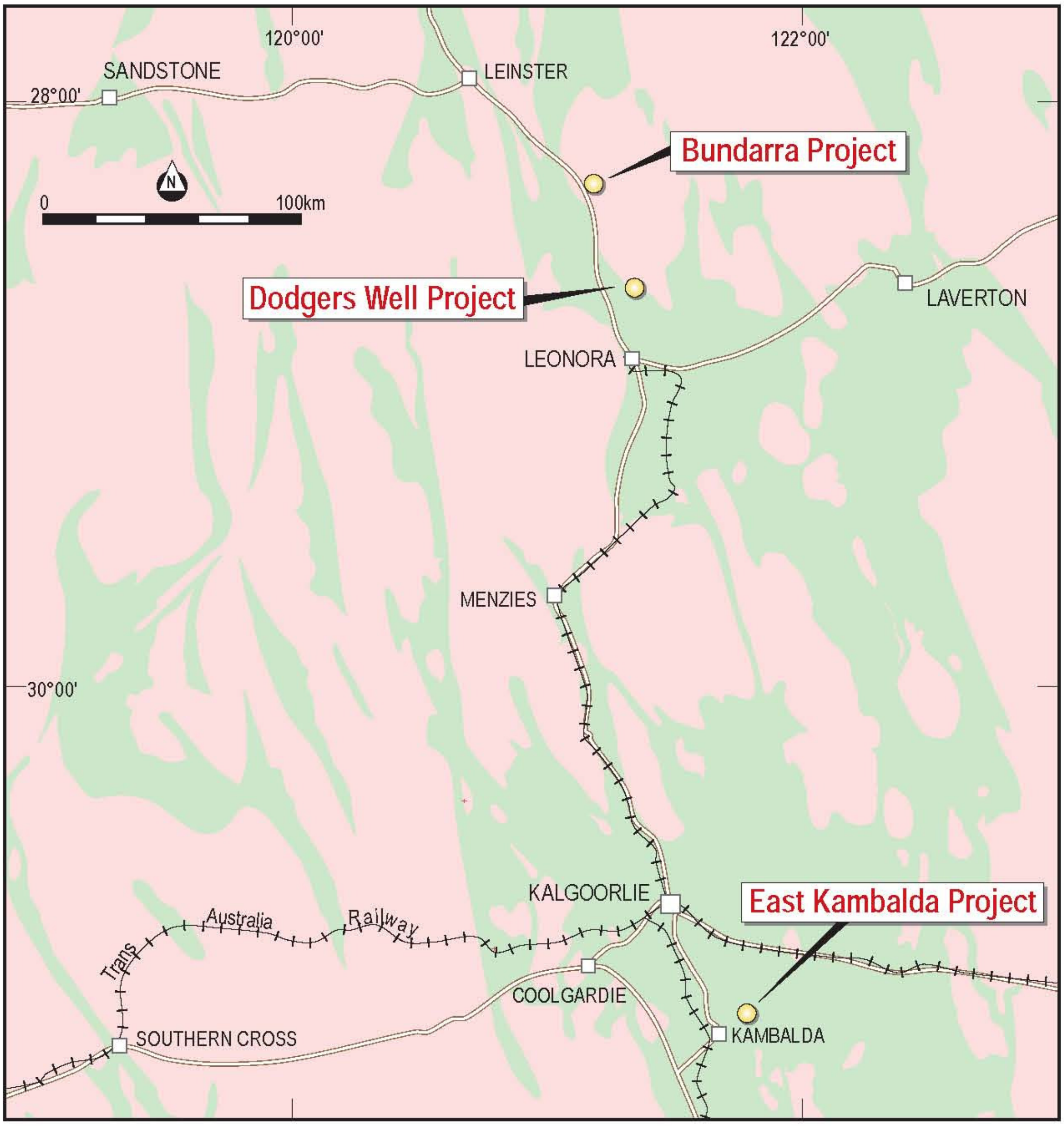

Figure 1

Location of Terrain Minerals Ltd Mineral Assets

Within the Australian minerals industry, the pre-eminent professional bodies are the Australasian Institute of Mining and Metallurgy ("AusIMM") and the Australian Institute of Geoscientists ("AIG"). Over several years, the AusIMM developed the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports ("Valmin Code"), which was adopted by the AusIMM on 17 February 1995. There has since been a number of revised versions of the Valmin Code prepared, the latest of which was issued in mid-2005 under the title "Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports". The Valmin Code is binding upon members of the AusIMM and AIG when involved in the preparation of public Independent Expert Reports that are required under the Corporations Act 2001, or by the listing rules of the Australian Stock Exchange or of other recognised Stock Exchanges. It is endorsed and/or supported by ASX, the Australian Securities and Investments Commission, the Mineral Industry Consultants Association, the Minerals Council of Australia and the Securities Institute of Australia as indicative of industry best practice. The four main themes of the Valmin Code are Transparency, Independence, Competence and Materiality. As well as adhering to the Valmin Code as nearly as practically possible, the valuations discussed in this report ("Report") have also been prepared having due regard to the former Australian Securities Commission Practice Note 42 (Independence). Capitalisation of terms in the Report (e.g. Expert, Value, etc.) indicates usage of these terms according to their definitions in the Valmin Code.

The Valmin Code recommends that where inspection of a Mineral Asset or tenement is likely to reveal information or data which is material, the Expert or Specialist preparing the valuation should undertake same. In this regard, the author visited the Bundarra and Dodgers Well projects on 27 March 2009, and the East Kambalda project on the following day. NRPL has not undertaken any audit, validation or recalculation of resources and/or ore reserves in the course of preparing this Report, having relied upon information provided by TMX. Sufficient work has however been completed to satisfy ourselves that the resources and ore reserves have been prepared according to acceptable industry standards and that they provide a reliable basis upon which to form any opinions as to Value.

The author of this report is Mr Ray Cary, Director and Principal of Northwind Resources Pty Ltd. Mr Cary graduated from the University of Western Australia in 1970 with a Bachelor of Science, majoring in Geology and Physical Chemistry. Prior to forming NRPL at the end of 1994, he held a number of positions including Exploration Geologist, Chief Geologist, Group Mine Development Geologist and Business Development Manager with various companies. He also worked in resource banking for a period. Mr Cary is a Fellow of the Australasian Institute of Mining and Metallurgy, wherein he is accredited with Chartered Professional status in Management, and a Fellow of the Australian Institute of Geoscientists. His experience includes exploration, resource evaluation, feasibility studies, project development, mining operations, corporate and asset acquisitions, project financing and company directorships. He has prepared numerous public and private evaluations of companies, mining operations and exploration projects, and has extensive experience in cashflow modelling for operations involving a variety of commodities including gold, nickel, base metals and iron ore. He was the principal contributor to the review of the Valmin Code which led to the release of the 2005 Edition. Mr Cary has the appropriate qualifications and experience, and the independence, to qualify him as an "Expert" as defined in the Valmin Code.

3 BACKGROUND

TMX listed on ASX on 23 March 2006 after raising $5 million as a result of an initial public offering for the issue of 25 million shares in the company. At the time of listing, TMX's exploration interests comprised the Bundarra (Celtic) project (Figure 1), which it had acquired from St Barbara

Ltd ("St Barbara"), the Coogee project (now known as East Kambalda) acquired from View Resources Ltd ("View"), the Redcastle project, located about 55 kilometres southeast of Leonora and the Euro project, about 12 kilometres south of Laverton. The Bundarra project was expanded in November 2006 by way of the Black Cat Joint Venture with St Barbara, and again in February 2007 by the acquisition of the Great Western mining lease that lies within the Black Cat Joint Venture area. The Redcastle and Euro tenements were relinquished late in 2008 to enable the company to focus on the Bundarra and East Kambalda projects and in early December 2008, agreement was reached for the sale of the Coogee gold deposit at East Kambalda. The sale however, was not concluded when the purchaser was unable to secure finance. In mid-March 2009, the company entered into an Option to Purchase Agreement to acquire the historic Dodgers Well mining centre, about 30 kilometres south of Bundarra.

On 10 March 2009, IRM announced to ASX that it intended to make an off-market bid for all the shares in TMX.

4 EASTERN GOLDFIELDS REGIONAL GEOLOGY

All of TMX's mineral exploration assets lie within the Norseman-Wiluna greenstone belt which is the dominant feature of the Eastern Goldfields Superterrane of the Yilgarn Craton or Block (Hallberg, 1985). The Yilgarn Block is characterised by a series of narrow, steeply dipping, generally north northwest elongate volcano-sedimentary sequences or greenstone belts which are for the most part separated by large masses of granitic rocks. The greenstone belts show evidence of major dislocation by north-south trending crustal sutures which have had a profound effect on both their geometry and distribution. Many of these faults are traceable for hundreds of kilometres and effectively sub-divide the greenstone belts into a series of tectono-stratigraphic domains or terranes (Figure 2). The faults are also believed to have been the conduits for the mineralising fluids which formed the majority of Archaean gold deposits within the craton.

The Eastern Goldfields Superterrane comprises north northwesterly elongate belts of deformed and metamorphosed volcanic and sedimentary rocks that have been intruded by granitoid plutons and batholiths. Three terranes are defined on the basis of contrasting stratigraphy, distinct volcanic facies, geochemistry and age of intermediate to silicic volcanism. Each terrane is subdivided into a number of domains, with the terranes and domains bounded by interconnecting major fault systems. The greenstone stratigraphy comprises complex sequences of mafic and ultramafic lavas and intrusives, with intercalated felsic volcanoclastics, extrusives and intrusives, and volcano-sedimentary rocks. East-west trending Proterozoic-aged dolerite dykes occur as late intrusives throughout the region.

The Eastern Goldfields Superterrane was deformed by a number of apparently long-lived extensional stages associated with granite emplacement, separated by short lived contractual stages. The Keith-Kilkenny Lineament to the west of the Bundarra and Dodgers Well projects, and the Laverton Tectonic Zone to the east represent long-lived crustal sutures associated with the extensional phases. Up to five deformational events have been recognised (D1 to D5), with significant gold mineralisation typically localised within D3 and D5 structures that developed late in the regional deformational history of the Superterrane.

5 BUNDARRA PROJECT

Bundarra is located about 290 kilometres north of Kalgoorlie and 60 to 70 kilometres north of Leonora, and is more or less bisected by the Goldfields Highway (Figure 3). The unsealed road to the Darlot minesite and numerous local pastoral and prospector tracks provide good access throughout the project area.

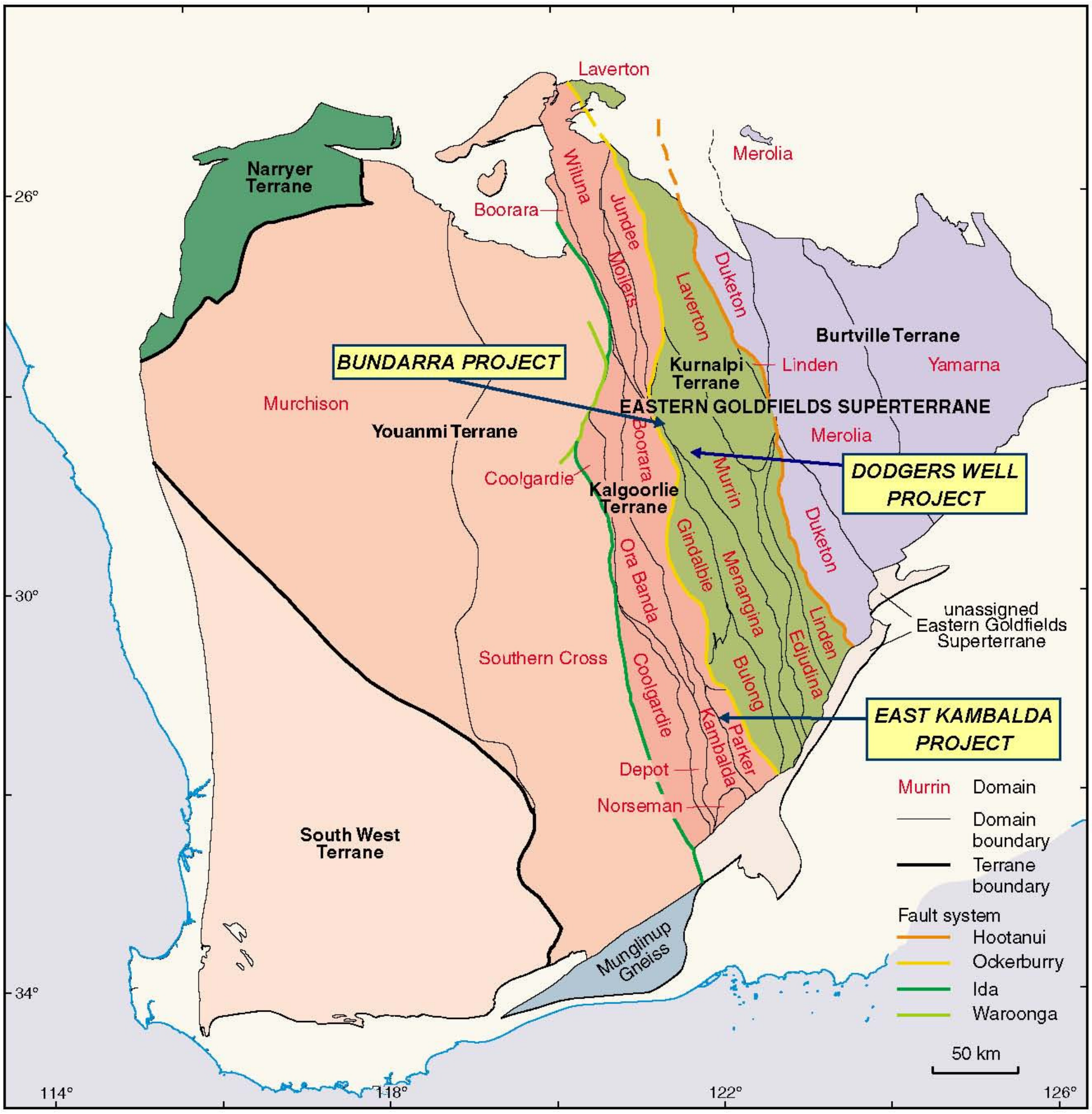

Figure 2

Tectonic Divisions of the Yilgarn Craton, Western Australia

The project comprises a contiguous group of 6 mining leases and 6 prospecting licences known as the Celtic Project (shown as Bundarra in Figure 3) that are held 100% by TMX, together with 3 contiguous mining leases, 8 prospecting licences and an exploration licence known as the Black Cat Joint Venture, and the 100% owned Great Western mining lease located within the Black Cat tenements (Figure 3). The combined area of tenements to which TMX has access is approximately 116 square kilometres (Table 2). The tenements held 100% by TMX have an area of approximately 29.3 square kilometres, with the Black Cat tenements accounting for the balance.

Both the Celtic tenements and the Black Cat tenements have been granted Combined Reporting Group status, which means that a single Annual Report on exploration activities can be lodged covering all tenements in the Reporting Group.

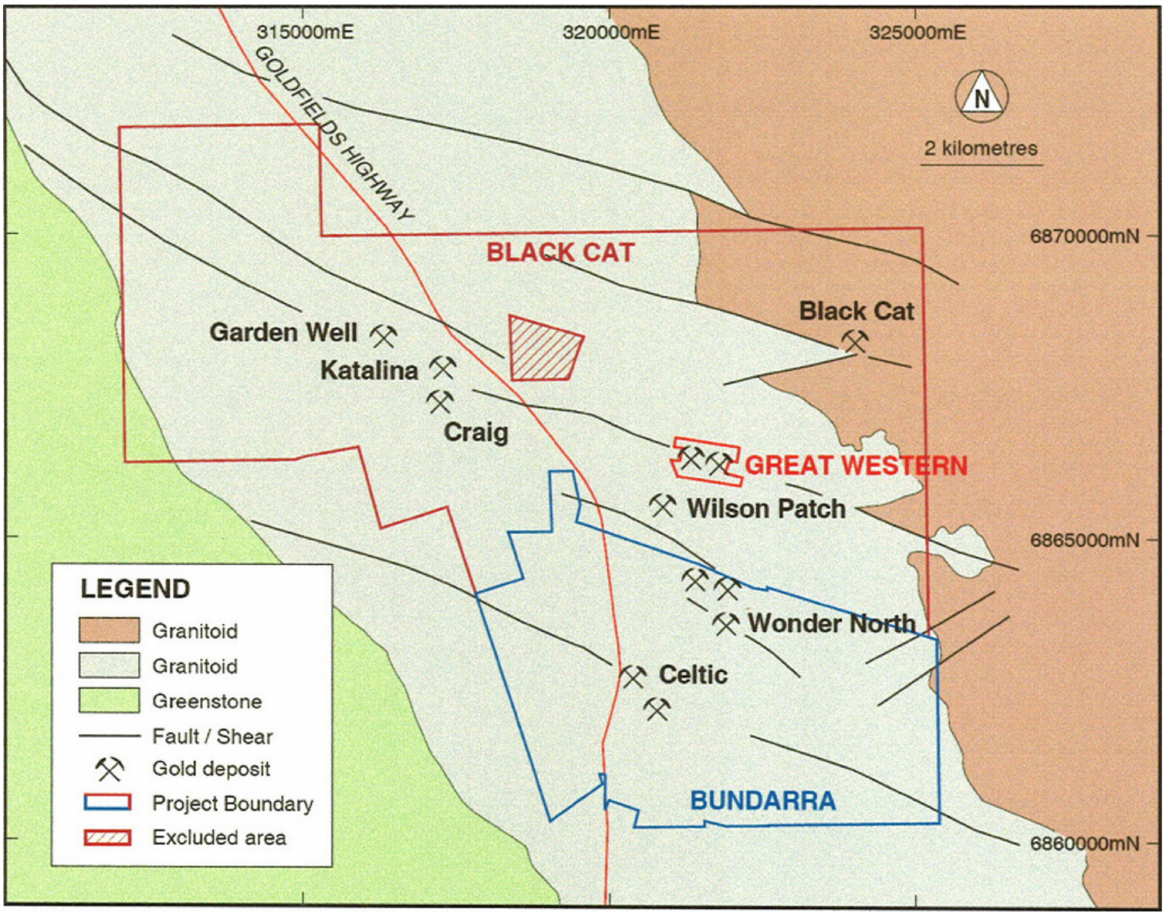

Figure 3

Terrain Minerals Ltd
Bundarra Project Areas

Within the Celtic tenements TMX has a Deed of Assignment and Assumption with St Barbara and GW & MA Woodward over M37/489 that gives TMX 100% ownership. The prospecting licences shown as owned by St Barbara resulted from the reversion pegging of older tenements acquired from St Barbara. Transfer of the new tenements to TMX is in progress. Exemptions from Expenditure have been granted for those tenements where less than the minimum expenditure was reported. The overall expenditure for the reporting year was however well in excess of aggregate expenditure requirements. It was not necessary to report expenditure on those tenements that were subject to the reversion process. Annual rents are all paid up, and the Annual Report on activities was lodged late in February 2009. On the basis of the available information, the Celtic tenements are in good standing.

Under the terms of the Black Cat Joint Venture, TMX must spend $750,000 on exploration by November 2010 to earn a 60% interest in tenements held by St Barbara. St Barbara may then contribute proportionally to exploration, or may allow TMX to dilute it to 25% by the expenditure of a further $750,000. After this point, St Barbara may contribute pro-rata, or TMX may increase its interest to 90% by the expenditure of a further $750,000. Once at a 10% interest, St Barbara may either contribute, or withdraw from the project whilst retaining a royalty of $10/oz on all gold produced from the tenements. To the end of February 2009, TMX had spent approximately

$680,000 toward the first tranche of $750,000 to earn its initial 60% interest. TMX has advised that it is its intention to spend the remaining $70,000 required to earn that interest.

Table 2

Terrain Minerals Ltd
Bundarra Project Tenements

TENEMENT NUMBER	REGISTERED HOLDER	DATE GRANTED	EXPIRY DATE	AREA HECTARES	EXPENDITURE COMMITMENT
CELTIC TENEMENTS					
M37/350	Terrain Minerals Ltd	10/01/1992	09/01/2013	129.95	$13,000
M37/488	Terrain Minerals Ltd	10/02/1995	09/02/2016	23.70	$10,000
M37/489	G.W. & M.A. Woodard	16/02/1995	15/02/2016	219.00	$21,900
M37/513	Terrain Minerals Ltd	21/09/2000	20/09/2021	690.30	$69,100
M37/514	Terrain Minerals Ltd	21/09/2000	20/09/2021	435.25	$43,600
M37/638	Terrain Minerals Ltd	10/01/2001	09/01/2022	401.90	$40,200
P37/7199	St Barbara Ltd	23/09/2008	22/09/201 2	6.28	$2,000
P37/7212	St Barbara Ltd	27/11/2008	26/11/2012	198.05	$7,960
P37/7213	St Barbara Ltd	27/11/2008	26/11/2012	199.11	$8,000
P37/7214	St Barbara Ltd	27/11/2008	26/11/2012	199.73	$8,000
P37/7215	St Barbara Ltd	27/11/2008	26/11/2012	198.62	$7,960
P37/7216	St Barbara Ltd	27/11/2008	26/11/2012	170.90	$6,840
Totals Celtic				**2,872.79**	**$238,560**
BLACK CAT JV TENEMENTS					
M37/326	St. Barbara Ltd	20/03/1991	19/03/2012	9.71	$10,000
M37/382	St. Barbara Ltd	18/11/1992	17/11/2013	100.00	$10,000
M37/480	St. Barbara Ltd	07/11/1994	06/11/2015	206.75	$20,700
P37/7200	St. Barbara Ltd	23/09/2008	22/09/2012	121.07	$4,840
P37/7201	St. Barbara Ltd	23/09/2008	22/09/2012	12.02	$4,840
P37/7202	St. Barbara Ltd	23/09/2008	22/09/2012	189.85	$7,600
P37/7203	St. Barbara Ltd	23/09/2008	22/09/2012	137.18	$5,520
P37/7204	St. Barbara Ltd	23/09/2008	22/09/2012	8.57	$2,000
P37/7205	St. Barbara Ltd	23/09/2008	22/09/2012	3.90	$2,000
P37/7206	St. Barbara Ltd	23/09/2008	22/09/2012	99.97	$4,000
P37/7207	P.J. Rob	23/09/2008	22/09/2012	195.95	$7,840
P37/7208	P & B Wild	23/09/2008	22/09/2012	116.55	$4,680
P37/7210	St. Barbara Ltd	23/10/2008	22/10/2012	120.03	$4,800
P37/7211	St. Barbara Ltd	23/10/2008	22/10/2012	120.09	$4,800
E37/667	St. Barbara Ltd	22/03/2006	21/03/2011	7,200	$24,000
Totals Black Cat				**8,641.64**	**$117,620**
GREAT WESTERN					
M37/54	Terrain Minerals Ltd	15/08/1985	14/08/2027	59.82	$10,000
TOTAL ALL TENEMENTS				**11,574**	**$366,180**

The Annual Report for Black Cat was lodged in March 2009 and rents have been paid by the due dates. For the two tenements where the minimum expenditure was not met, Exemptions have either been granted, or an application for Exemption lodged. The overall project expenditure is however, well in excess of the total requirement for the individual tenements. Deeds of Assignment and Assumption are in place between TMX, St Barbara and the tenement holders for P37/7207 and P37/7208 which protect TMX's earn-in rights under the Black Cat Joint Venture agreement. As with the Celtic tenements, the Black Cat tenements appear to be in good standing.

At Great Western, reporting, expenditure and rents are all up to date, and the tenement appears to be in good standing.

5.1 PROJECT GEOLOGY & MINERALISATION

Both the Bundarra and Dodgers Well projects lie within the Murrin-Margaret geological sector of the Eastern Goldfields Superterrane within a low strain terrane of greenstones and granitoids bounded by the north northwest trending Keith-Kilkenny Lineament to the west, and the Laverton Tectonic Zone to the east. The north-trending Mertondale Shear Zone lies immediately to the east of the projects and is interpreted to be a possible link structure between the Keith-Kilkenny Lineament and other similarly oriented regional structures. The Archaean sequence is dominated in the east by mafic granitoids of the Bundarra Batholith that includes numerous partially assimilated rafts of Archaean greenstone on its western edge (Figure 4). The granitoids intrude basalts, gabbros and felsic volcanics, the latter comprising part of the Teutonic Bore sequence that hosts volcanic-hosted massive sulphide ("VHMS") polymetalic base deposits at Teutonic Bore and Jaguar. The felsic volcanics overlie an older mafic sequence to the east, which has been intruded by the Bundarra Batholith.

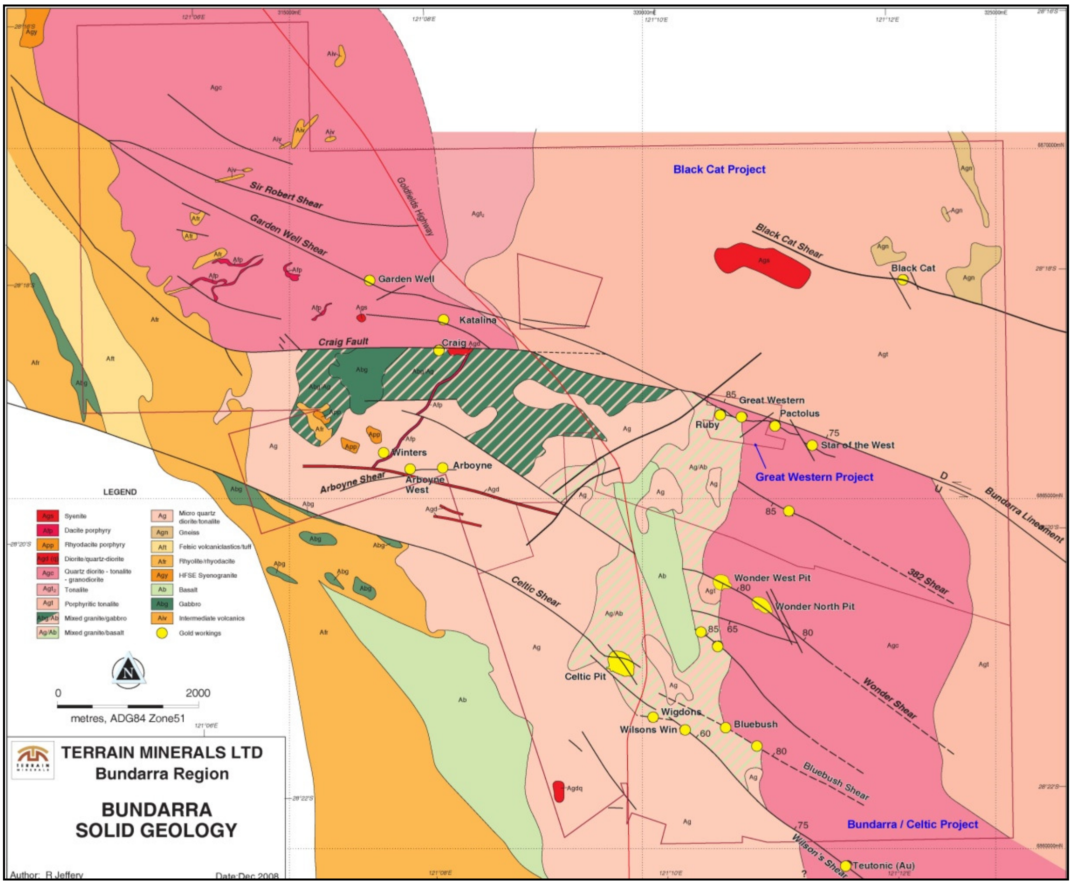

Figure 4

Terrain Minerals Ltd
Bundarra Project Geology & Prospects

Within the project area, there are multiple mafic roof pendants/xenoliths within the fractionated granite batholith, which includes quartz monzonite, biotite monzonite and hornblende-biotite granodiorite phases. The intrusive is highly variable in composition, with individual phases occurring as irregular intercalations over a broad zone that forms the transitional margin of the batholith. The roof pendants consist predominantly of tholeiitic basalts and dolerites that have been intruded by variably oriented lamprophyres and late-stage components from the cooling batholith. The bases of the roof pendants have been "hybridised" by late stage metasomatic fluids from the granite.

On a regional scale, gold mineralisation is structurally controlled and occurs in late stage, possibly reactivated D4, west to northwest striking, steeply north dipping faults and shears. The mineralisation at Great Western however dips steeply south. The preferred host for mineralisation is highly oxidised, coarse grained granitoid that varies in composition from granodiorite, through tonalite to quartz diorite. The mineralisation has been preferentially deposited at the margins, or near marginal zones of the more mafic granitoids, close to their contacts with greenstones. Geochemical and/or competency contrasts between granite and lenses or xenoliths of more mafic lithologies are possible controls on localising mineralisation, and cross-cutting structures and local jogs in the strike and dip of the mineralised structures may also be important. Late stage quartz veining within the host rock is an essential element for mineralisation to be present; without quartz, mineralisation is only low grade.

The physiography of the area is dominated by broad colluvial and alluvial plains with minor low relief hills and breakaways occurring to the north and southeast. The colluvial plains are strewn with abundant quartz and ironstone float, and resulted from a series of Cainozoic weathering and depositional events superimposed on a peneplanated Archaean basement. The project area is moderately to strongly weathered, with the base of complete oxidation extending to depths in excess of 70 metres.

Structures mapped within the Celtic tenements include early west northwest – east southeast striking brittle to brittle-ductile transcurrent shear zones, and late east-west striking brittle faults containing gold mineralised, silicified and albitised zones, and quartz-carbonate veins respectively. The mineralised structure dips steeply to moderately north, and carries silica-pyrite-carbonate-haematite alteration and quartz veining in mafic and hybrid mafic-granitoid hosts. Chlorite and leucoxene alteration may also be significant. The attitude of the roof pendant appears to control the orientation of the gold mineralised shoots within the shear zones.

At Wonder North, the mineralised structure is up to 30 metres wide and is developed in altered, faulted and veined coarse grained granitoid. The alteration is apparent over widths varying from a few centimetres to several tens of metres. The structure dips steeply north northeast and exhibits an alteration assemblage similar to that at Celtic. Mineralisation is present over about 600 metres of strike, with mineralised shoots of 3 g/t or more extending over tens of metres with flattened lozenge to cigar shapes plunging moderately toward the south east. Core drilling indicates that the better mineralised zones occur as dirty grey, brecciated, laminated quartz veins and stringer zones within altered, broken and foliated granite. They may also be partially hosted by altered mafic lithologies. The veins and stringers contain up to 3% disseminated pyrite within an alteration assemblage that includes silica, carbonate and haematite, with locally, epidote, chlorite, titanite and leucoxene.

At Bluebush and Bluebush East, quartz veining is associated with haematite altered granite near a sheared contact with basalt. The style of mineralisation is described as being essentially the same as at Celtic and Wonder North.

At Great Western, the area is largely underlain by granitoids with scattered xenoliths of metadolerite, metabasalt and felsic tuffs at various stages of assimilation. Shallow alluvium blankets about 70% of the tenement. Historic mining was centred on the southern of two sub-parallel quartz reefs that strike at about 100° magnetic and dip steeply south within the Great Western Shear. This structure is sub-parallel to the Bundarra Lineament, and about 50 to 100 metres south of it. The quartz reef which hosts the gold mineralisation transects a lenticular mass of greenstone xenolith, adjacent to its northern contact with granitoid.

Gold mineralisation is associated with a series of centimetre to metre scale laminated quartz veins, up to 10 metres thick, that define a series of sub-vertical to steeply south dipping lodes. The "Main Lode" was the focus of historical mining in the western and central parts of the old workings, however, further east, one or two of the "hanging wall" lodes have been mined. There are also up to two footwall lodes that that contain patchy mineralisation, but were not mined, and a series of cross lodes or stockworks that contain patchy, high grade mineralisation.

The quartz veins have silica-haematite-carbonate-pyrite-epidote altered margins of varying intensity. Pyrite is usually only a minor component of the alteration assemblage, typically less than 1%, sometimes 1% to 2%, and rarely up to 5%. This is consistent with the alteration style at Celtic, Black Cat and Wonder.

5.2 PREVIOUS EXPLORATION & MINING

The area has been extensively prospected for gold over time, as evidenced by numerous old pits and shafts. Acid volcanic sequences within the greenstone belts were the subject of extensive exploration for VHMS deposits following the discovery of the Golden Grove and Teutonic Bore polymetalic deposits in the early 1970s. Exploration for base metals was carried out throughout the region by a number of groups in the late 1970s and early 1980s, and gold exploration over several episodes during the 1980s and 1990s.

After consolidating ownership of a number of tenements in the area, Mt Edon Gold Mines (Aust) Pty Ltd ("Mt Edon") conducted systematic exploration for gold during 1992 to 1996, which included soil geochemistry, airborne geophysics, detailed geological mapping, RAB, RC and diamond core drilling. Mt Edon was subsequently absorbed into Pacmin Mining Corporation ("Pacmin") which completed resource definition drilling and feasibility studies at the Celtic and Wonder North gold deposits during 2000. Mining commenced at Celtic in November 2000, with 841,607 tonnes at a grade of 2.10 g/t trucked 37 kilometres south to Mt Edon's Tarmoola processing plant to the end of mining in November 2001. Sons of Gwalia Ltd ("SOG") acquired Pacmin in mid-2001 and mined the Wonder, Wonder North and Wonder West pits between May 2002 and February 2003, producing 818,931 tonnes at a grade of 2.21 g/t. The combined production totals 115,010 ounces contained gold.

A pit optimisation was completed over the remaining resources at Celtic by SOG in May 2003, assuming treatment of the ore at Tarmoola, and mining costs based on contractor quotes. Capital costs were considered likely to be minimal as all necessary infrastructure was in place for the mining program at Wonder. The pit optimisation was completed for a gold price of $585/oz, and a final design pit derived from the optimum pit. The design pit contained 240,000 tonnes of ore at a grade of 2.03 g/t, with 14,328 ounces gold expected to be produced at a cash operating cost of $445/oz. The final design strip ratio was 4.3 tonnes of waste per tonne of ore.

The Great Western mining lease was not included in the consolidation undertaken by Mt Edon. Historical mining activity was via a series of shafts and underground development programs completed during several periods between 1896 and 1940, during which 27,095 tonnes of ore at an average grade of 13.7 g/t was recorded as treated. Mining was centred on the southern of two sub-parallel quartz reefs that strike at about 100° magnetic, with development extending to about 100 metres depth.

Modern exploration has mostly been directed toward drill testing below the old workings. Balmoral Resources NL ("Balmoral") (1981-1985) completed geological mapping and rock chip sampling, 4 diamond drillholes beneath the main workings and a single RC hole to test for a westward extension of the Main Reef. The workings were then dewatered to access the old No 4 Level, and the faces sampled. Later, horizontal drilling from underground identified a parallel structure south of the main vein, indicating potential for parallel vein sets.

In 1996, Stonyfell Mining NL completed a 15 hole RAB program to test for a parallel vein system to the north of the main reef. The best intercepts achieved were 4 metres at 1.27 g/t from 36 metres and 1 metre at 5.63 g/t from 22 metres to bottom-of-hole, however hard drilling conditions resulted in poor penetration rates and ineffectual testing of the targets.

Kanowna Lights Limited conducted more extensive RC drilling in 1999-2000 to test the main reef for its open cut potential, eventually completing 30 holes totalling 2,743 metres. The most significant intercept was 18 metres at 19.4 g/t from 111 metres in hole GWRC13, including 11 metres at 30.7 g/t from 112 metres. At the completion of drilling, an undiluted indicated and inferred resource of 253,000 tonnes at a grade of 3.4 g/t was estimated. Details of the resource estimate are not known.

In 2001 Bullion Minerals Limited ("Bullion") completed additional RC drilling to follow-up the high grade intercept in GWRC13, without success. The intersection in GWRC13 was interpreted as being from a mineralised cross structure. The drilling did however confirm the presence of the hanging wall lode identified by Balmoral, with an intercept of 5 metres at 29.9 /t Au from 117 metres in hole GWRC46. Bullion noted that the GWRC46 intersection was similar to that in GWRC13, where a high sulphide content and traces of visible gold, with minimal quartz veining, were observed in panned concentrates.

In May 2002, SOG estimated inferred resources of 263,216 tonnes at a grade of 3.84 g/t containing 32,480 ounces gold above a cut-off of 1.0 g/t. The resource was classified as inferred due principally to concerns with data quality. A pit optimisation study completed in June the same year assumed that the ore would be trucked to Tarmoola for treatment. At a gold price of $525/oz, about 13,500 ounces gold would be produced, generating about $1.75 million in pre-tax operating cashflow. The pit was not mined.

5.3 TMX EXPLORATION & EVALUATION ACTIVITIES

Following its initial capital raising, TMX acquired all data relating to the Celtic tenements from the Department of Industry and Resources ("DoIR"), as well as St Barbara's database, including drilling, soil geochemistry, geophysical, pit grade control and survey data, and digital imagery. The same was done for the Black Cat tenements after finalisation of the joint venture, and for the Great Western mining lease following its acquisition. The combined area was geologically mapped, and the Celtic and Wonder pits mapped in some detail. In August 2006, a low level airborne magnetic/radiometric survey was flown by UTS Geophysics ("UTS") over an area of 133.5 square kilometres covering the Celtic and Black Cat tenements, the latter including Great Western. Flying height was 50 metres along lines spaced 50 metres apart. The corrected data was forwarded to independent consultants for interpretation in October, which resulted in a number of possible gold exploration targets being identified.

Following the compilation and interpretation of historical data, two programs of RC drilling were completed during March-April and September-December 2006 around the open pits. At the Celtic pit, 7 holes totalling 1,342 metres were drilled to test for down plunge and westerly strike extensions to the mineralisation, including two located on the access ramp. Only one hole reported assays above 1.0 g/t, namely 3 metres at 3.16 g/t from 137 metres down-hole. Drilling at Wonder North and Wonder West comprised 33 holes for 5,545 metres targeting extensions to mineralisation in all directions. Mixed results were reported, with the best intersections obtained from below the Wonder North pit and along strike to the south east. In places, mineralisation beneath the Wonder North pit remained open (Figure 5).

In 2007, RAB drilling programs were completed during May-June (108 holes, 4,829 metres) and August-September (165 holes, 6,767 metres) within the Celtic tenements, returning widespread anomalism from many areas, with the best results reported from the easterly extensions of the Celtic Shear at the Bluebush and Bluebush East prospects. Follow-up RC drilling (42 holes, 4,542 metres) was completed between September and December, including 5 resource holes and 20 diamond drilling pre-collars at Wonder North and 15 exploration holes and two pre-collars at Bluebush. The drilling at Wonder North did not intersect any significant mineralisation, effectively closing off the mineralisation at depth and along strike at the eastern end of the deposit. At Bluebush, economic grade intercepts were reported from 8 holes, including multiple intercepts in most holes. The best intercepts included 44 metres at 2.49 /t Au, 10 metres at 4.86 g/t and 22 metres at 2.02 g/t.

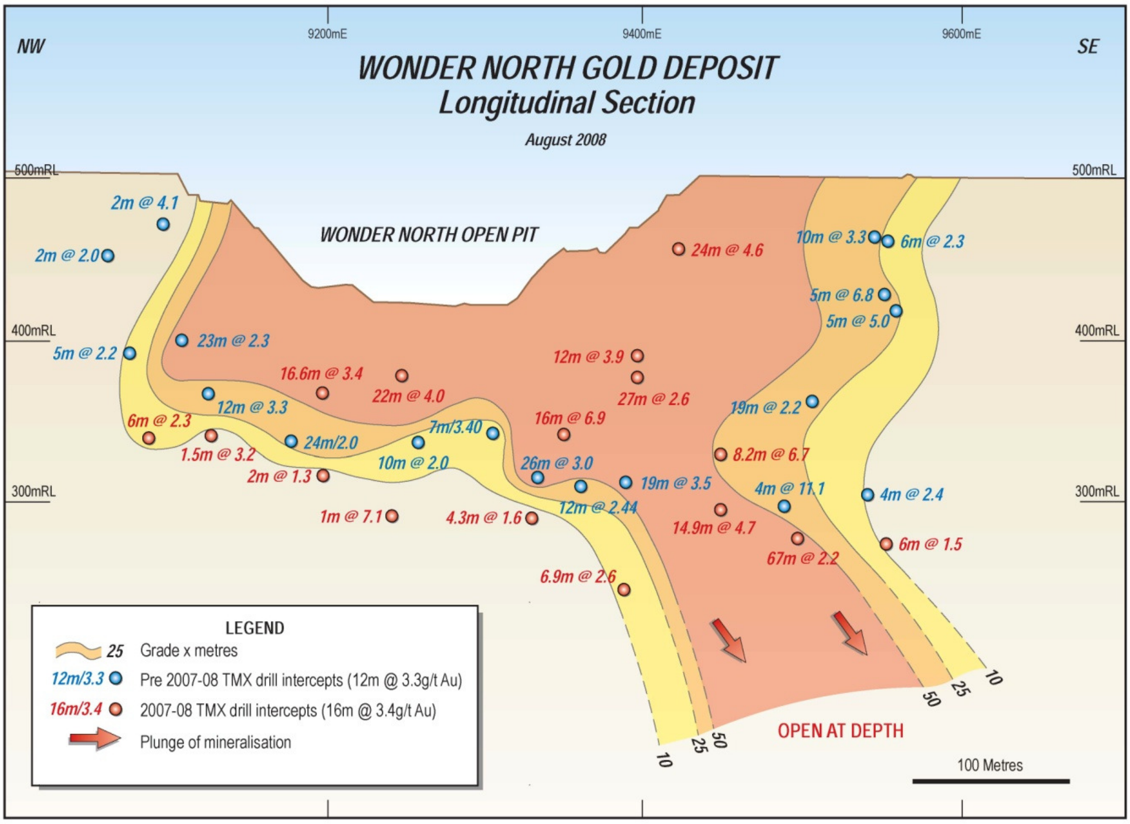

Figure 5

Terrain Minerals Ltd
Wonder North Longitudinal Projected Section

Within the Black Cat tenements, 110 RAB holes totalling 4,364 metres were drilled in three areas during May and September 2007 targeting the prospective west to northwest trending structures, including the eastern and western extensions of the Great Western shear and adjacent Bundarra Lineament, the western extension of the Black Cat shear and the strike extensions of the "382 Shear". Weak gold anomalism was identified on several traverses, with the strongest associated with the 382 Shear where one hole intersected 8 metres at 1.56 g/t in weakly quartz-veined granite, along strike from historic workings. Elsewhere, weak anomalism was reported on several lines to the west of the Great Western workings, and one to the east. Results from the Black Cat shear were disappointing, despite alteration and weak anomalism being present in some nearby historic RAB holes.

Further RC drilling was completed at both Wonder North and Bluebush during January-March 2008, in which 35 holes totalling 4,559 metres were drilled. Three resource holes were completed at Wonder North and 5 exploration holes at Bluebush. Of 15 pre-collars drilled at Wonder North, 12 had to be abandoned due to drilling difficulties. A program of diamond drilling commenced in October 2007 was completed in April 2008, with 3,300 metres of coring completed in 25 holes. Twenty three holes were drilled at Wonder North and 2 at Bluebush. The goals of the drilling were principally to improve sample coverage at both sites to enable the estimation of resources, as well as to test for extensions to the known mineralisation. The core samples provided information for an improved understanding of lithological, structural and geotechnical features of the mineralisation, as well as sample material for metallurgical testwork.

In March 2008, 5 RC holes totalling 936 metres were drilled at the Black Cat prospect. Multiple intervals grading >1 g/t were reported from two holes, the best being 12.0 metres at 2.95 g/t from 166 metres down-hole. In mid-2008 an orientation soil sampling program was completed across the Bluebush deposit ahead of conducting a systematic soil sampling program targeting prospective areas within the Black Cat tenements. Following confirmation of the suitability of the technique for the detection of gold mineralisation, a number of prospective shear zones that had been identified by mapping were sampled, with four anomalies identified. These were located in the vicinity of the old Katalina and Craig prospects (Figure 4), and to the west of the Wonder North deposit. The largest anomaly is up to 160 metres wide, and extends for 1,000 metres westward from the Craig prospect. Anomalous gold-in-soil contents of up to 243 parts per billion ("ppb") were detected against a background of less than 5 ppb. Previous drilling has reported significant mineralisation from the Garden Well (17 metres at 1.94 g/t from 5 metres, 5 metres at 2.27 g/t from 19 metres, 4 metres at 3.81 g/t from 30 metres), Katalina (6 metres at 3.83 g/t from 2 metres, 7 metres at 2.86 g/t from surface, 9 metres at 2.31 g/t from 10 metres, 2 metres at 25.6 g/t from 58 metres) and Craig (6 metres at 37.83 g/t from 15 metres, 4 metres at 2.04 g/t from 11 metres, 6 metres at 2.34 g/t from 6 metres) prospects.

At Great Western, 17 RAB holes were completed in August 2007, with 5 holes intersecting anomalous gold values (>0.1 g/t) associated with quartz veins in weathered mafic and granite lithologies between the Bundarra Lineament and the Great Western Shear. In September to November of the same year, eighteen 55° to 60° angled RC holes totalling 2,489 metres were drilled. Fourteen of the holes intersected mineralisation >1.0 g/t, the best intersections being 10 metres at 11.63 g/t from 78 metres in GWRC097 and 4 metres at 26.2 g/t from 60 metres in GWRC094. TMX reported that correlations between drillholes, both vertically and horizontally, proved to be extremely difficult. Mineralised intercepts had erratic grades and distributions that were considered typical of "nuggety" quartz veins. A single 96.6 metre cored tail was drilled from a 102.4 metre pre-collar in 2008, but only intersected 2 metres at 1.73 g/t from 175.4 metres down-hole.

In July/August 2008, resource estimates were prepared for the Wonder North, Bluebush, Great Western and Black Cat deposits by independent consultants. These were updated during January 2009, and are discussed in the following section.

5.4 MINERAL RESOURCES

Manual interpretations of ore blocks and mineralised envelopes on paper cross sections, together with supporting digital data, and details of drilling, sampling and assay methodologies were provided to consultants CSA Global Pty Ltd ("CSA") in mid 2008. The drilling data comprised principally RC drillhole results, with some RAB and diamond drillhole data at Wonder North. Grade control data from the base of the pit was also included at Wonder North.

CSA's work comprised:

- Basic data validation checks and application of any necessary corrections. Specific gravity data was supplied by TMX, but in the absence of a geological model for each deposit, an average value was applied to all lithological units within the same weathering domain for each deposit. Although assay quality control/quality assurance ("QC/QA") procedures had been used, CSA recommended further investigation of the results for the standards. Whilst the averages of the assay values for the standards appear to be within acceptable limits, the range of values is well outside expected tolerance limits. Some problems were also noted with duplicate and blank samples, which appear to indicate issues with laboratory hygiene. It was noted that a number of RC holes drilled at Wonder North in 2000 to confirm the reliability of earlier drilling results showed similar intersection lengths and grades to the originals.

- Sectional interpretation, digitising and wireframing of mineralised zones. All drillholes were used for the sectional interpretation, however, the RAB holes were excluded from all other work that followed. No attempt was made to model geological units, and CSA recommended that the structures and geological units, including the different types of granites, be modelled for future resource estimates. Mineralised envelopes were modelled at a 0.5 g/t cut-off, with a minimum 2 metre down-hole length for intercepts and a maximum of 2 metres internal dilution.
- Statistical analysis, estimation of top cuts for high grade outliers and variography for each deposit. Drillhole sample data was composited over 1 metre down-hole lengths, with a minimum composite of 0.4 metres. Due to limited data in most wireframes, statistical analysis was carried out according to weathering type for each deposit. Statistical analyses were used to determine an appropriate top cut for each deposit, ranging from 15 g/t at Black Cat and Bluebush to 28 g/t at Wonder North and 30 g/t at Great Western. Variographic analysis was used to determine grade interpolation parameters. Separate variograms were estimated for each weathering domain.
- Generation of a domained resource model. Composite grades were interpolated into three dimensional ("3-D") block models for each deposit, with sub-blocking at the boundaries of the mineralisation wireframes. Where there had been previous mining, the block model was cut with the pit outline or underground excavations as appropriate. Grade interpolation was by Ordinary Kriging ("OK"), with inverse distance squared ("ID^2") interpolation used for validation of the OK results. Both used the same search and sample selection parameters.
- Model validation. Comparisons were made between raw drillhole grades and modelled grades to ensure the block model accurately represented the drillhole data. The OK and ID^2 model grades were also compared with each other and the composited drillhole sample grade data. Techniques included visual, global mean and histogram comparisons. Unsurprisingly, the modelled grade at Great Western did not compare well with the rather high grade of historical production. It is likely that that the historical grades resulted from highly selective underground mining of quartz reefs, no doubt involving hand picking of ore, whereas the CSA resource estimate was based on very low cut-offs for definition of mineralisation envelopes.
- Mineral resource classification. Classification of resources was according to a number of criteria, including drillhole spacing, geological understanding of deposit, mining history, QC/QA of the assay database and the specific gravity database. The reporting of resources is consistent with the Australasian Code for Reporting of Mineral Resources and Ore Reserves ("JORC Code") 2004. The JORC Code is included in the Listing Rules of ASX, under which, a Public Report must be prepared in accordance with the JORC Code if it includes a statement on Exploration Results, Mineral Resources or Ore Reserves. CSA's resource estimates have been quoted in the public domain by TMX.

The resources for the Bundarra Project are summarised in Table 3. The resources for Wonder North, Bluebush, Great Western and Black Cat were estimated within a constraining wireframe based on a cut-off grade of 0.5 g/t. Resources are quoted for blocks with a grade of 1.0 g/t or greater. CSA commented that for the deposits for which it had estimated resources, there appears to be good potential for future exploitation by open pit and underground mining. It also noted that there are some issues that could potentially improve the classification of the resources, i.e.

- Improved specific gravity data for each deposit.
- Ongoing use of assay quality control data and timely review of unexpected results.
- Infill and extensional drilling where appropriate.

- A geological model for each deposit. This observation appears a little ambiguous, as the text of the report notes that there was a good understanding of the deposits, which had been used in constructing mineralisation and geological models based on sound reasoning.

Taken together, the comments do not appear to raise fundamental concerns with resource continuity, a critical factor in determining mineability.

Table 3

Terrain Minerals Ltd
Summary of Resources Bundarra Project January 2009

DEPOSIT	CLASSIFICATION	TONNES	GRADE G/T	OUNCES AU
WONDER NORTH	Measured	354,000	2.3	26,000
	Indicated	872,000	2.4	66,500
	Inferred	1,314,000	1.9	80,200
	Total resources Wonder North	**2,540,000**	**2.1**	**172,600**
BLUEBUSH	Measured			
	Indicated			
	Inferred	726,000	1.7	38,900
	Total resources Bluebush	**726,000**	**1.7**	**38,900**
CELTIC DEPOSIT	Measured	683,000	1.8	39,300
	Indicated	199,400	1.5	9,300
	Inferred	204,400	1.5	9,500
	Total resources Celtic deposit	**1,087,700**	**1.7**	**58,100**
CELTIC PROJECT TOTAL	**Measured**	**1,037,000**	**2.0**	**65,300**
	Indicated	**1,071,400**	**2.2**	**75,800**
	Inferred	**2,244,400**	**1.8**	**128,600**
	CELTIC PROJECT TOTAL RESOURCES	**4,352,800**	**2.0**	**269,700**
BLACK CAT	Measured			
	Indicated			
	Inferred	134,000	2.5	10,600
	Total resources Black Cat	**134,000**	**2.5**	**10,600**
GREAT WESTERN	Measured	58,000	3.0	5,600
	Indicated	284,000	2.8	25,800
	Inferred	131,000	2.3	9,500
	Total resources Great Western	**473,000**	**2.7**	**40,900**
TOTAL BUNDARRA PROJECT	**Measured**	**1,095,900**	**2.0**	**70,900**
	Indicated	**1,355,400**	**2.4**	**101,600**
	Inferred	**2,509,400**	**1.9**	**148,700**
	TOTAL RESOURCES BUNDARRA PROJECT	**4,960,700**	**2.0**	**321,200**

Resources at Celtic were estimated by SOG's Resource Development Department at Tarmoola minesite in February 2003 and are quoted above a cut-off grade of 0.9 g/t. Resources were estimated by Multiple Indicator Kriging into 15 metre by 10 metre by 5 metre high blocks, without sub-blocking. The resource estimates are quoted as part of the May 2003 pit optimisation and design study for a cut-back at the Celtic pit, however, the original resource report has not been reviewed. Notwithstanding, there is no reason to expect that the estimates were not competently prepared and reported in compliance with JORC Code requirements at the time.

On the assumption that TMX will go on to earn a 60% interest in the Black Cat tenements, its equity share of the resources will be 316,960 ounces gold.

5.5 ASSESSMENT OF PROJECT

By acquiring the Celtic project and entering into the Black Cat Joint Venture, TMX has gained access to approximately 116 square kilometres of well mineralised, prospective tenements with a history of gold production from both open pits and underground. Its work has identified the underlying geological controls on mineralisation, enabling the more effective targeting of extensions to established resources and potential new discoveries. Tenement acquisition and successful exploration has increased resources by about 50% since the acquisition of the original Celtic tenements.

6 DODGERS WELL PROJECT

The historic Dodgers Well gold mining centre is located 28 kilometres north of Leonora (Figure 1) and about 30 kilometres south of the Bundarra project, and is accessed from the sealed Goldfields Highway eastward via well formed dirt roads to Mertondale and Nambi. Internal access is facilitated by a series of pastoral station tracks. The project was formerly referred to as the Linger & Die Project, named for the now abandoned Linger and Die Well located near the middle of the project area. About 2,000 ounces gold at an average grade of 44.5 g/t was won from small prospector-scale workings in the period 1897 to 1911. Two small open pits were mined in the 1980s and 1990s, with a total of about 20,000 tonnes of ore treated off-site for the recovery of about 2,500 ounces gold. A further 65 ounces of alluvial gold was collected in the early to mid-1980s.

The project comprises a single 200 hectare prospecting licence P37/6950 covering the majority of the old Dodgers Well mining centre (Figure 6) that was granted to A1 Minerals Ltd ("A1") on 13 December 2007 for a period of 4 years. TMX entered into an Option to Purchase agreement with A1 on 5 December 2008 and shortly afterward lodged applications for two more prospecting licences with a combined area of 55 hectares covering the balance of the historical workings in the Dodgers Well area (Figure 6). The annual expenditure commitment for P37/6950 is $8,000. Records provided by TMX show that the Annual Report due for the period 13 December 2007 to 12 December 2008 was lodged on 5 February 2009, and that expenditure for the reporting period was $9,306. Rent has been paid up to 12 December 2009. On the basis of this information, all statutory obligations have been met and P37/6950 is in good standing.

6.1 PROJECT GEOLOGY & MINERALISATION

The Archaean sequence within the region of P37/6950 is dominated in the north by mafic granitoids on the southern edge of the Bundarra Batholith which locally contain partially assimilated rafts of greenstone. The granitoids intrude a greenstone sequence to the south which includes felsic volcanics and intrusives, with minor sediments, basalts and gabbros. Within P37/6950, intense local shearing along the contact between the Bundarra Batholith and the greenstone sequence is interpreted to represent a possible D3 thrust event. A prominent east-west trending Proterozoic dolerite dyke traverses the area. The immediate project area is largely peneplanated, with colluvial and alluvial plains the principal physiographic feature.

Much of the historic exploration and the more recent open pit mining has been focussed on a line of old prospector workings extending from the Linger and Die Well pit area in the east for about 1,100 metres to the west along a major structural granite-greenstone contact to the old Sheffield workings near the western boundary of P37/6950 (Figure 6). Exposures in the open pits indicate that the gold mineralisation was hosted by irregular, east northeast striking, steeply dipping quartz veining and stockworks developed in granite, felsic schist and minor mafic schist.

The Myrtle/Glen Lyon line of old prospector shafts and shallow pits lies to the northeast of the Linger and Die open pits, extending over about 200 metres of strike and trending at about 335°, roughly parallel to the Keith-Kilkenny Lineament, in contrast with the east-west trend of the Linger and Die mineralisation. The mineralisation appears to have been hosted by quartz veins developed in massive, coarse grained granite, although the controls on the development of mineralisation are not apparent.

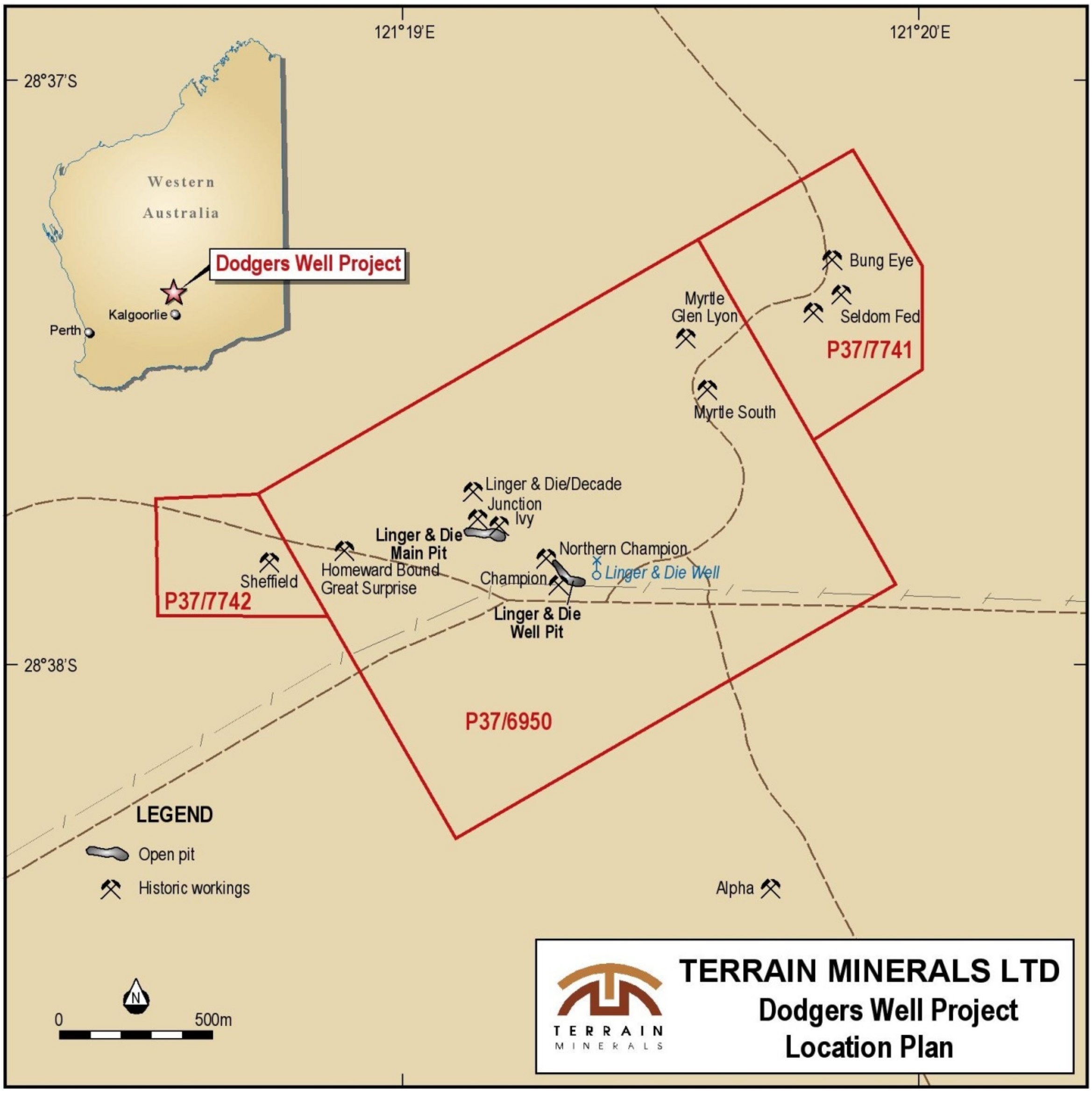

Figure 6

Terrain Minerals Ltd
Dodgers Well Location Plan

6.2 PREVIOUS EXPLORATION

Since about 1983, various companies, mostly junior explorers, have undertaken work in the area of the historic workings, including mapping, rock chip sampling, dump sampling, costeaning and generally shallow RC drilling, the latter leading to the definition of small open pittable resources which have since been mined. Relatively shallow drilling beneath and along strike from the mined resources has intersected patchy, narrow widths of gold mineralisation associated with quartz veining, but nothing that is indicative of a substantial zone of coherent, shallow gold mineralisation.

At Myrtle/Glen Lyon, only two holes are known to have been drilled. Resampling of one of these in 1992 is reported to have returned assays of 7.15, 6.37 and 36.8 g/t over 1 metre intervals.

Despite several recommendations by previous explorers for follow-up work, none appears to have been carried out.

6.3 TMX ACTIVITIES

Due to its short involvement with the project, exploration completed by TMX has been very limited in its extent, comprising data compilation and review, field reconnaissance, collection and assaying of 20 rock chip samples and preparation of an annual report in compliance with statutory requirements. This work has entailed the expenditure of about $20,000 to the end of March 2009.

Assaying of rock chip samples collected along the Sheffield/Junction/Champion line of workings reported anomalous values over a distance in excess of 1 kilometre, with assays up to 21.8 g/t. Initial rock chip sampling along the Myrtle/Glen Lyon line reported assays up to 22.8 g/t associated with a zone of brecciation. Petrographic studies on samples collected from Myrtle/Glen Lyon identified varied microcrystalline and crustiform textures in the quartz, whilst fluid inclusion studies inferred boiling of fluids, together suggesting a relatively low pressure and temperature epithermal-type environment for the formation of the breccia. Follow-up rock chip sampling reported very high grade gold mineralisation grades, including 92.0 g/t and 37.8 g/t.

During March 2009, structural mapping within the old open pits was completed, as well as additional rock chip sampling along the Sheffield structure. One of these samples assayed 130 g/t, whilst the mapping indicates that the structure may have been drilled from the wrong direction, i.e. from the footwall. At Myrtle/Glen Lyon, mapping has shown that the mineralised shear zone extends well beyond a Proterozoic dyke which was previously thought to mark the northern limit to the structure. Sampling of a newly identified mylonitic zone containing drusy quartz veins returned an assay of 2 g/t. The mapping and observed intensity of shearing has been interpreted to indicate that the structure is probably more extensive than previously thought.

6.4 ASSESSMENT OF PROJECT

TMX's assessment at this early stage is that much of the previous exploration has been conducted at depths less than 50 metres, has been focussed exclusively on the historic workings and in the case of the drilling, may have been ineffective. The controls on gold mineralisation are not well understood, however the mineralisation does occur in an attractive structural setting adjacent to a granite-greenstone contact and close to the Keith-Kilkenny Lineament. Potential is perceived for the discovery of new mineralised zones adjacent to or below the old workings, or in new settings at depth. The recent work at Myrtle/Glen Lyon suggests potential for the discovery of high grade, but narrow, low tonnage deposits that could be developed in conjunction with the mineralisation at Bundarra. This review concurs with TMX's assessment.

The mineralisation at Myrtle/Glen Lyon is enigmatic. The host rocks are coarse grained Archaean granite, a deep seated intrusive rock type. Petrographic and fluid inclusion studies suggest the mineralisation formed in an epithermal environment, which means it formed at very shallow depths that enabled boiling of fluids. Hence, the host granite must have been eroded and exposed at surface at the time that the mineralisation formed. It is possible that the mineralisation is much younger than Archaean in age.

7 EAST KAMBALDA PROJECT

The East Kambalda project comprises the Aztec Dome nickel exploration project, located within exploration licence E26/97 (Figure 7) and the Coogee gold deposit which lies within mining lease M26/477, abutting the eastern boundary of E26/97. TMX acquired E26/97 and other tenements including M26/477 from View Resources Ltd late in 2005 prior to its listing on ASX. Access to both tenements is either via the formed, but unsealed haul road from the Carnilya Hill nickel mine to Kambalda, or the Kalgoorlie-Mt Monger road, then via a series of local pastoral station tracks.

7.1 REGIONAL GEOLOGY

The Kambalda nickel province lies in the south-central part of the Norseman-Wiluna greenstone belt within the Kalgoorlie Terrane in the southern part of the Eastern Goldfields Superterrane of the Yilgarn Craton. The Kalgoorlie Terrane is separated from other greenstones in adjacent terranes by either major faults or granitoid intrusions and is conventionally divided into four major, and two smaller domains. Despite being separated by structural breaks including shear zones, these domains have similar litho-stratigraphic successions and common deformational histories.

The East Kambalda Project lies near the northern end of the Parker Domain, one of the two smaller domains. The Parker Domain is bounded to the east and west by the Mt Monger and Lefroy Faults respectively (Figure 7), both of which are major, regional, north-trending structures. Regional mapping, combined with interpretation of aeromagnetic data, indicates quite extensive areas of metamorphosed tholeiitic and high magnesium ("high-Mg") basalts, ultramafic rocks, sediments, felsic volcanics and volcaniclastic rocks intruded by granitoid plutons. The outcropping greenstones appear to relate regionally to the Devon Consuls Basalt and felsic volcanic-sedimentary units of the Kambalda Domain to the west. Northwest trending isoclinal folds, some with overturned east limbs, are cross folded into a series of elongate domes, the largest of which is the Aztec Dome. These folds are dislocated by north trending faults that are truncated by major regional shears that are sub-parallel to the geological strike. Late north northeast trending faults affect all earlier structures.

A truncated laterite profile is present over much of the region where an upper saprolite is overlain by a thin (less than 10 metres) cover of transported Cainozoic sediments that largely conceals lithology and structure north of Lake Lefroy. Outcrop areas are however relatively fresh. The saline muds and clays within Lake Lefroy are largely of unknown depth as all exploration within the project tenements has been conducted north of the northern shores of the lake.

7.2 AZTEC DOME NICKEL PROJECT

The Aztec Dome project is centred on E26/97 comprising 15 sub-blocks, or an area of about 44 square kilometres, located 55 kilometres south of Kalgoorlie, and 20 kilometres east northeast of Kambalda on the northern edge of Lake Lefroy (Figure 7). E26/97 was granted on 13 April 2005 and is due to expire on 12 April 2010. E26/97 was transferred from Arocom Pty Ltd, a wholly owned subsidiary of TMX, to TMX on 5 February 2009. E26/97 and M26/477 have been granted Combined Reporting Group status, with the combined Annual Report for the period 1 January 2008 to 31 December 2008 lodged in February 2009. E26/97 currently has an annual expenditure commitment of $30,000. The Annual Expenditure Report shows expenditure of $103,463 for the reporting year. Annual rent of $2,656.50 has been paid up to 12 April 2009. The information provided by TMX indicates that E26/97 is in good standing.

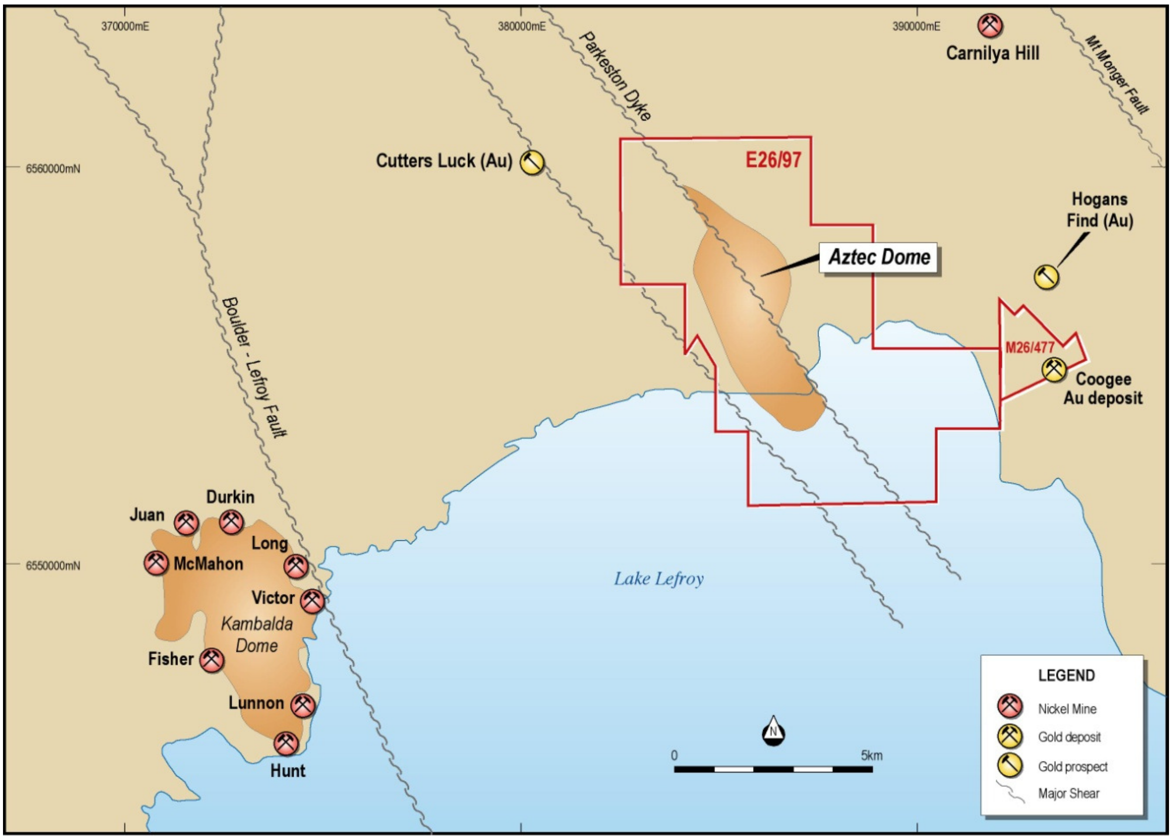

Figure 7

Terrain Minerals Ltd
East Kambalda Project Location & Tenements

7.2.1 *GEOLOGY OF KAMBALDA NICKEL DEPOSITS*

The Kambalda district comprises one of the largest nickel provinces in the world, hosting eleven major deposits. Past production plus remaining resources aggregate well in excess of 2 million tonnes of contained nickel metal. The historical grade of ore mined averages about 3.2% Ni, and ranges from about 2% Ni to 5% Ni. Undiluted resource grades are generally much higher.

The Archaean stratigraphy in the Kambalda-St Ives district comprises the basal Lunnon Basalt which is progressively overlain by the Kambalda Komatiite, Devon Consols Basalt, Kapai Slate, Paringa Basalt, Junction Dolerite, Black Flag Group and Merougil Beds. The Kambalda Komatiite has been sub-divided into the Silver Lake and Tripod Hill Members, with the nickel sulphide deposits usually located at the base of the lower-most flow in the Silver Lake Komatiite, or more rarely, at the base of the immediately overlying flows. The Silver Lake Member is made up of a series of thick (25 to 100 metres) komatiite flows, with high-Mg cumulate zones and intercalated, thinly laminated, sulphidic sediments. The Tripod Hill Member is a 20 to 1,000 metre thick sequence of thin (1 to 20 metres) komatiite flows without the development of interflow sediments. In each flow, lateral and vertical variations in composition, degree of differentiation and distribution of interflow sedimentary units define channel flow and sheet flow facies. The sequence was later intruded by granitoid, metamorphosed up to amphibolite facies and complexly faulted and folded during at least four episodes of deformation.

The nickel sulphide deposits are localised around the Kambalda Dome, (Figure 7) which lies within a major, imbricated, doubly plunging syncline. The same stratigraphy hosts similar deposits at St Ives, 25 kilometres to the south, and at Tramways, another 12 kilometres further south again. Economically significant nickel sulphide deposits also occur on the flanks of the Widgiemooltha Dome and in the Golden Ridge-Carnilya Hill areas (Figure 7). The geological evolution of other areas in the Kambalda district is believed to be broadly similar to that of the Kambalda Dome, whilst the deposits at Widgiemooltha and Carnilya Hill generally have a similar geological character and setting to the Kambalda deposits.

The deposits occur as thin, ribbon-like bodies of massive sulphides associated with turbulent flow channel facies at the base of komatiite flows. They may be over 3 kilometres long and up to 300 metres wide; they are generally less than 5 metres thick and from 0.5 million to 10 million tonnes in size. Individual sulphide bodies are zoned with massive sulphide up to 2 metres thick at the base overlain by matrix sulphides up to 2 metres thick and then by disseminated and/or blebby sulphides. Pyrrhotite + pentlandite ± pyrite ± chalcopyrite dominates the sulphide assemblage, with the massive sulphide zone typically containing from 30% to 70% of the total nickel in the profile. Systematic tenor (% nickel in sulphide) differences exist between individual deposits and locally, between volcanic channels, which have been attributed to variations in oxygen and sulphur chemistry during lava emplacement and ore genesis.

The basalt-komatiite contact ore deposits are structurally complex and associated with linear, trough-like features which commonly transgress, and in places confine them. These structures have a highly variable geometry, and range from broad, shallow (200 metres by 10 metres) fault-bounded depressions to deeply incised troughs which are deeper than they are wide. The margins of the troughs are variable, ranging from upright faults, to overhanging thrusts with "pinch-outs", to large rounded folds. Thrusts at low angles, or sub-parallel to the basalt-komatiite contact have dissected the sulphide bodies such that ore lenses not uncommonly occur in basalt-basalt pinch-outs, or in thrust slices or remobilised lenses entirely within any of komatiite, basalt or in some cases, sediment.

7.2.2 *PREVIOUS EXPLORATION*

In the late 1960s – early 1970s extensive regional exploration was conducted for copper-nickel deposits, resulting in the discovery of the Carnilya Hill nickel deposit to the north east of the Aztec Dome by BHP. BHP's work included geological mapping, geochemical and geophysical surveying and the drilling of two rotary percussion drillholes, R34 and R35, within the current area of E26/97. The geophysical work included an induced polarisation ("IP") survey in 1969. Sovereign Resources (Australia) NL ("Sovereign") explored the area during the 1990s, carrying out a variety of activities including aeromagnetic surveying by UTS Geophysics and completing a single diamond drillhole. Whilst other explorers have worked in the area, the majority of efforts appear to have been directed toward the discovery of gold deposits.

R34 and R35 were drilled about 330 metres apart in the south eastern area of the dome on BHP line 13000NW which is oriented at about 045°, across the axis of the dome. Both holes were vertical and drilled to about 85 metres and 60 metres depth respectively to test geophysical targets. Both intersected essentially basalts over their entire lengths.

ASD001 was drilled by Sovereign in December 1997 to a depth of 304.6 metres to test a coincident gravity and magnetic anomaly. It was oriented toward the south west and depressed 60° from the horizontal on the same traverse as R34 and R35, with the hole terminating beneath R34. The hole is located on the eastern flank of the dome and intersected a sequence of metabasalts with intercalations of tuffaceous and chemically derived sediments. Toward the base of the hole, the basalt becomes high-Mg, or komatiitic in composition and exhibits a platy spinifex texture similar to ultramafic spinifex textured rocks elsewhere in the Yilgarn. Extensive down-hole intervals are metasomatically altered with quartz-carbonate veining, with pyrite and pyrrhotite in equal abundance. Anomalous base metal values are present, including nickel concentrations up to 3,500 parts per million, which are attributed to the presence of nickeliferous pyrrhotite. The metasomatic alteration has been associated with the intrusion of a quartz syenite plug nearby, with the anomalous base metal concentrations a result of remobilisation from a deeper, probable ultramafic source.

The core from ASD001 is unfortunately no longer available.

7.2.3 WORK COMPLETED BY TMX

As with previous explorers, the majority of TMX's efforts have concentrated on the evaluation of gold opportunities, and in particular, the Coogee gold deposit. During 2008 however, a considerable amount of work was conducted within E26/97 as a first step in evaluating the nickel potential therein. TMX's work has comprised:

- **Data acquisition and processing.** All available open file data held by the DoIR relating to BHP's exploration was acquired, including geological and geochemical maps and the accompanying reports, drill logs and assay data from R34 and R35, and data from a detailed IP survey along the northern shore of Lake Lefroy. The collars of R34 and R35 were resurveyed, and collar coordinates and down-hole sampling and assay data entered into a digital database, along with the IP survey data. Data was also recovered for Sovereign's ASD001 drillhole.
- **Thin section petrology**. Four drill chip and outcrop samples were submitted from the stratigraphic base, middle and top of the basalt sequence, as well as from a felsic intrusive. Two of the basalts were identified as micro-porphyritic and aphyric, whilst the stratigraphically lowest is a high-Mg (komatiitic) basalt.
- **Whole rock analyses.** Eight rock chip samples collected from outcropping basalt were submitted for whole rock analysis and a suite of minor element analyses. The whole rock analyses were then compared with similar data for the Kambalda lithologies which indicated that the basalts, with 6.8% MgO in the upper parts, are of a similar composition to the Devon Consuls Basalt. The composition of the syenites is similar to syenites at Kambalda.
- **Gravity surveying.** Data was acquired from 1,070 ground stations in mid-2008, in a nominal array of 100 metres by 250 metres, with some infill to 100 metres by 125 metres. The data was incorporated into the geophysical interpretation described below.
- **Geological mapping.** Fourteen square kilometres of bedrock and regolith were mapped at a scale of 1:5,000 by TMX in mid-2008. The mapping identified principally pillowed and flow basalts with thin inter-flow sediments, tuffs and pyroclastics. Mafic intrusives (dolerite and gabbro) and granitoids were also mapped, the latter occurring most often as equigranular or porphyritic intrusives up to 900 metres in diameter and confined to the eastern part of the dome. Correlation of outcropping, thin interflow sediments with similar units logged in ASD001 indicates a 45° eastward dip. Geological interpretation suggests that the basalt has a stratigraphic thickness of about 290 metres, and is overlain by felsic tuffs and sediments, with high-Mg basalt below. There are few dip indicators or stratigraphic markers in the area mapped, so that geological mapping alone was unable to confirm a domal structure.
- **Ground electromagnetic and induced polarisation surveying.** Surveying was conducted along historic BHP cleared gridlines in the first half of November 2008, but was terminated due to inclement weather and slow production. A total of 3.65 line kilometres of complex

resistivity IP was collected on line 13000NW, and 6.20 line kilometres of coincident moving loop time domain electromagnetic ("EM") data on lines 13000NW and 15000NW covering the southern portion of the dome. The remainder of the planned survey is proposed for completion during 2009.

The surveys were designed to locate small volumes of massive sulphide mineralisation surrounded by appreciable volumes of disseminated sulphide mineralisation, in keeping with the model for Kambalda nickel deposits. The IP data would also enable an evaluation of the quality of the 1969 BHP data. The two techniques were trialled side-by-side on line 13000NW to determine the method best suited for the detection of sulphide mineralisation in the area. On the basis of the initial results, only EM data was collected on line 15000NW before the survey was terminated.

- **Geophysical interpretations.** The 1969 BHP IP data were remodelled in mid 2008 using inversion techniques in an effort to obtain a clearer picture of chargeable and/or conductive features that may be related to sulphide mineralisation. A number of features were identified, with "Target A" the highest rated. This is a strong percentage frequency effect ("PFE") anomaly associated with higher resistivity, located on the south east margin of a felsic intrusive. The source of the anomaly was attributed to a disseminated style of mineralisation and described as a multi-sourced complex response. It was thought to be a possible hydrothermal gold/copper target, or perhaps associated with disseminated nickel/copper mineralisation that is reflected by the anomalous geochemistry in ASD001.

The 2008 gravity data and the 1996 UTS aeromagnetic data were modelled and imaged in September 2008. The basic geology was taken from TMX's mapping of the dome. The interpretation was effective in defining the major lithological and structural units within the Aztec Dome and served as a basis for more detailed interpretation and planning for the subsequent IP and EM surveying. The gravity data was modelled in 3-D and an iso-surface generated to determine the shape of the top of a density increase at depth. A magnetic susceptibility iso-surface was similarly modelled and overlain onto the gravity iso-surface. Both were estimated to be 250 to 300 metres below the current land surface and were interpreted by TMX to be the top of the Kambalda Komatiite sequence. The modelling results are shown in Figures 8 and 9.

The imaging suggests that the western half of the dome contains some highly magnetic basalt units, whilst the eastern half has moderately magnetic basalts with thin interflow sediments. The western edge of the dome has rapid changes in both density and magnetic susceptibility that are interpreted to reflect a steeply west dipping shear, whilst to the east, dips are more shallow and thought to be associated with stratigraphy. The highly magnetic portions of the basalt are mainly restricted to the core of the dome, indicating a likely deeper level of exposure in the western half of the dome where the depth to the magnetic iso-surface may be as little as 150 metres. A prominent northwesterly tending shear zone roughly bisects the dome and is occupied by the non-outcropping Parkeston Dyke. A large west northwest trending shear zone occupied by a Proterozoic dolerite dyke terminates the dome to the north. Numerous other structural features have been identified, along with the large syenite plug in the southeast portion of the dome, close to ASD001.

The 2008 IP survey along line 13000NW produced similar chargeability anomalies and resistivity patterns to the earlier BHP data. The EM surveying produced largely inconclusive results, in that the data is dominated by polarisation effects, rendering it unreliable to interpret. Five IP phase anomalies (A to E) were identified. Figure 10 shows the modelled chargeability and resistivity data from the 2008 IP survey in pseudo-section, anomalies A to E, and ASD001 with profiled down-hole nickel values. The warmer colours on the pseudo-sections denote areas of higher chargeability in the top section, and lower resistivity (greater conductivity) below. A plate model was derived from the EM data and is shown as a steeply east-dipping purple line below ASD001, between "A" and "E".

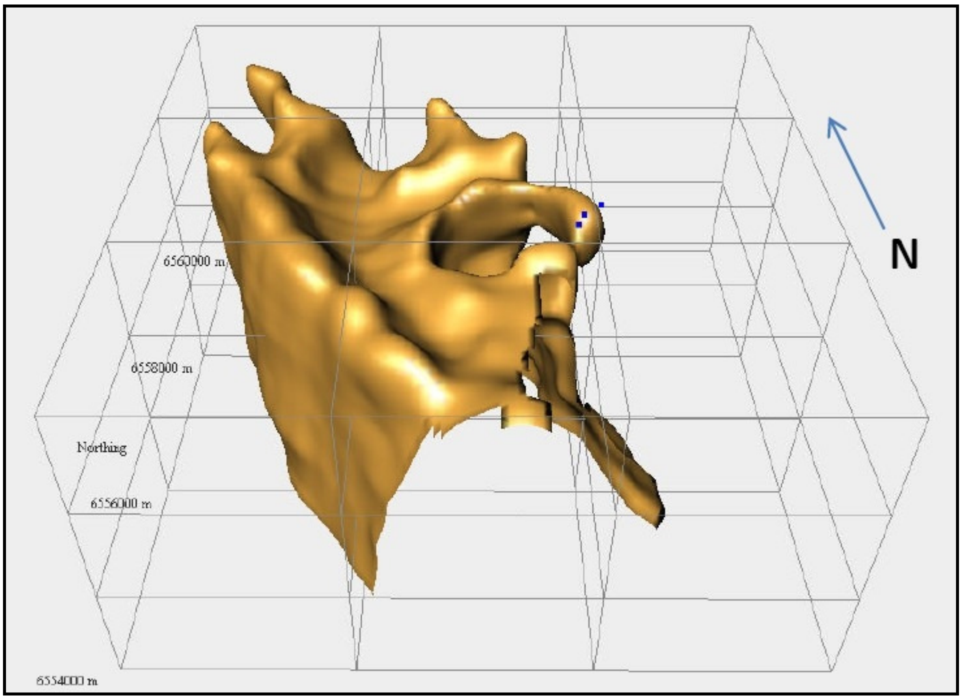

Figure 8

Terrain Minerals Ltd
Aztec Dome Interpreted Density Iso-surface

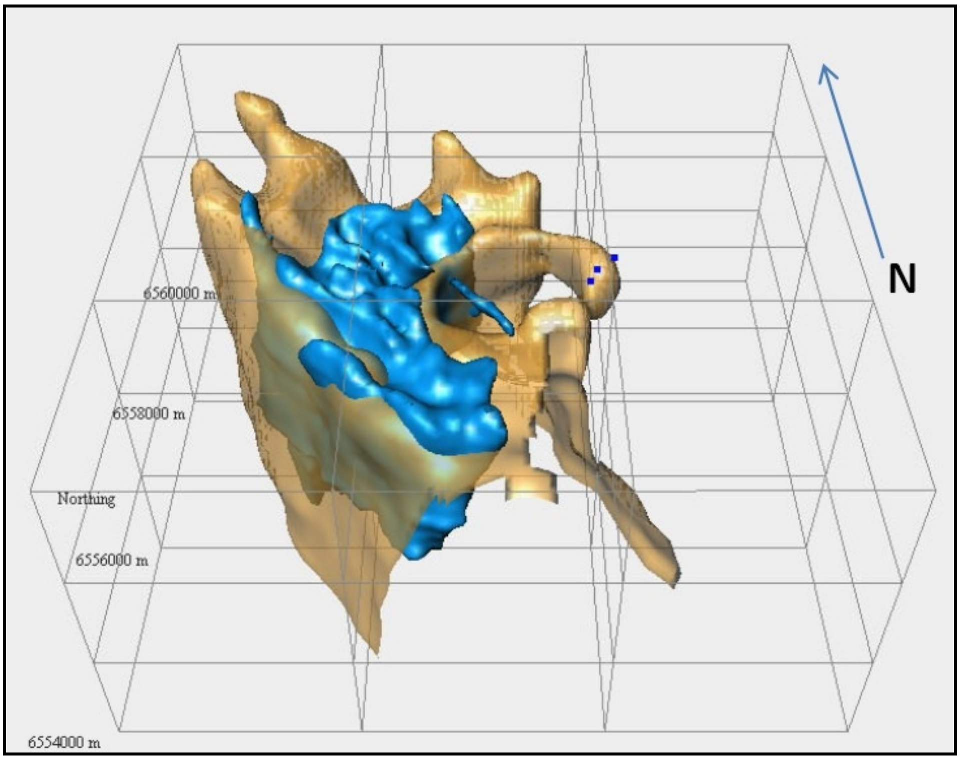

Figure 9

Terrain Minerals Ltd
Aztec Dome Interpreted Magnetic Susceptibility Iso-surface (blue) shown with Density Iso-surface

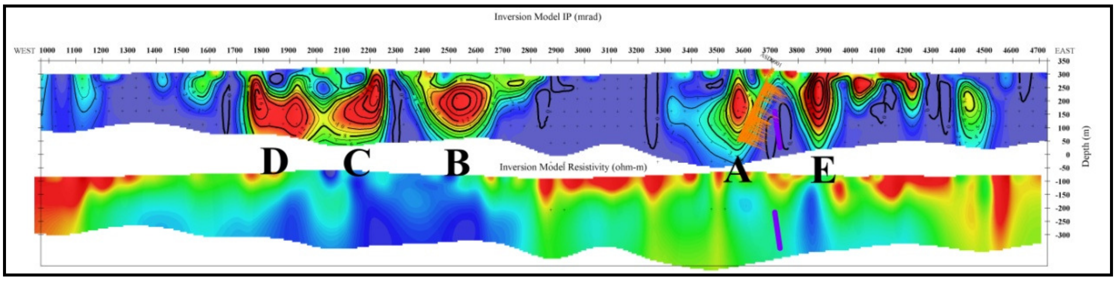

Figure 10

Terrain Minerals Ltd Aztec Dome Project
IP pseudo-section 13000NW

Anomalies B, C and D were rated highest. Anomaly B is located on the Parkeston Dyke, and is interpreted as most likely comprised of multiple bodies coincident with a higher resistivity zone. It is considered a potential gold target. Anomalies C and D are interpreted to be complex responses associated with a very weak conductor. They are regarded as possible gold and nickel targets. Anomalies A and E are phase anomalies located east of the Parkeston Dyke, on the flanks of a weak conductive response. The modelled EM plate is located between anomalies A and E.

ASD001 has been drilled into the base of the chargeability feature designated as Anomaly A, and above the interpreted EM plate. With the stratigraphy dipping eastward (toward the right of the page), if ASD001 did intersect the top of the Kambalda Komatiite, none of Anomalies A and E and the EM plate are likely to be sourced from a feature on the prospective Kambalda Komatiite – Lunnon Basalt contact at depth.

The work described above was undertaken with the objective of better defining and understanding the sub-surface geology of the Aztec Dome, and in particular, to define the extent of high density lithologies (i.e. Kambalda-style komatiites) below the base of ASD001 and major structures with a view to highlighting prospective nickel and gold targets. It remains unclear to what depth IP and EM techniques can penetrate through the outcropping basalt sequence and how thick the underlying ultramafic is, and hence the depth to the prospective basal ultramafic-basalt contact. TMX believes that more survey work on lines further north is required before a proper evaluation of the effectiveness the techniques can be made. This work is planned for completion during 2009.

7.2.4 *GEOLOGICAL SYNTHESIS*

TMX has used the results of its mapping and the geophysical surveying to develop a synthesis of the geology of the Aztec Dome. The dome is northwest elongate, with a long axis of about 6 kilometres, and a short axis of about 3 kilometres. The outcropping portion is about 4 kilometres long, with the remainder mantled by the lacustrine sediments of Lake Lefroy. The eastern side of the dome is moderately dipping and it appears that dips are stratigraphic, rather than structurally related. Outcrop on the western margin shows a linear edge, implying a steep dip, or truncation by faulting or shearing. Earlier mapping by others interpreted a regional-scale shear terminating the dome on its western flank. The northern limit of the dome is marked by a major shear zone that terminates north plunging isoclinal folds.

Three dimensional modelling of gravity data has provided a shape for the top of the upper surface of the underlying denser rocks that appears to be stratigraphic in nature and fits well with the mapped geology. The gravity imaging shows a rapid change in density on the western margin of the dome that is probably a steeply dipping major shear zone. The dome is breached axially by a shear that is occupied by the non-outcropping Parkeston Dyke. The eastern side of the dome appears to be down-faulted, with only the lower part of the basalt sequence exposed in the western half, where the interpreted depth to the dense underlying rocks is much shallower. A series of syenite plugs have either been mapped or interpreted from the gravity and magnetic data. These are oriented parallel to the dome's axis and occur only to the east of the Parkeston Dyke.

TMX considers that in a broad sense, the geology of the Aztec Dome is comparable with that of the Kambalda Dome, 12 kilometres to the southwest. Both lie within the Late Archaean Kalgoorlie Terrane, which comprises a number of domains that share similar litho-stratigraphic successions and deformational histories. The outcropping basalts have been correlated with the Devon Consols Basalt, and the underlying higher density, more magnetic rock units below this with the mineralised Kambalda Komatiite. A diamond drillhole on the south eastern side of the dome indicates that the basalts have a stratigraphic thickness of about 300 metres. On the western side of the dome, the basalts have higher magnetic susceptibility interpreted to represent high-Mg facies. The depth to these facies may be as little as 150 metres in places.

7.2.5 ASSESSMENT OF PROJECT

TMX has concluded that the geological setting of the Aztec Dome, supported by geophysical interpretations and drillhole petrology and geochemistry, suggests that the dome is prospective for blind Kambalda-style nickel deposits and structurally controlled gold deposits. The Kambalda nickel deposits occur at the base of the Kambalda Komatiite, at its contact with the underlying Lunnon Basalt. The deposits are small in size, but high grade, and although they may extend for several kilometres along their length, they are generally only a few tens to a couple of hundred metres wide. In some cases, there may be several disconnected sulphide bodies that occur over several kilometres down plunge within the same lava channel. For the most part, the initial discoveries resulted from drill testing of surface geochemical anomalies or near surface geophysical targets. Once the association between the deposits, channel facies komatiite and embayments in the Lunnon Basalt was understood, exploration for deeper deposits was possible by following the channels down plunge, recognising prospective structural features on the basalt-komatiite contact or identifying where the channel facies should occur in a flow sequence. Once underground access became available at Kambalda and other locations, exploration for parallel or deeper deposits and structural repetitions became feasible.

The thickness of the outcropping basalt sequence and that of the potential host ultramafic sequence within E26/97 are not known with any certainty, however, the likely depth to the top of the higher density, more magnetically susceptible units thought to represent the top of the Kambalda Komatiite has been interpreted to lie at least 150 metres, and more often 250 to 300 metres below surface. Published descriptions of the Kambalda nickel deposits indicate the Kambalda Komatiite may be anything from 100 to 1,200 metres thick. Until some stratigraphic drilling has been completed, the practicality of exploring for komatiite hosted nickel deposits cannot be determined. Although ideal targets for electrical geophysical techniques, if any more than a few hundred metres below surface, their very small footprint makes them very difficult targets for virtually any surface exploration technique.

7.3 COOGEE GOLD DEPOSIT

The Coogee gold deposit is located 55 kilometres south of Kalgoorlie, and 20 kilometres east northeast of Kambalda on the northern edge of Lake Lefroy (Figure 7). It lies within a 286 hectare mining lease M26/477 that abuts the eastern boundary of the Aztec Dome exploration licence E26/97. Access is either via the formed, but unsealed haul road from the Carnilya Hill nickel mine to Kambalda, or the Kalgoorlie-Mt Monger road, both to the north, then via a series of local pastoral station tracks.

M26/477 was granted on 29 September 2000 for a period of 21 years, and has an annual expenditure commitment of $28,600. TMX acquired the tenement, along with E26/97, from View Resources Ltd late in 2005 prior to its listing on ASX. M26/477 is now registered to TMX. A prior owner, Kambalda Mining NL ("KMNL"), retains a royalty of $10/ounce gold produced up to 10,000 ounces, with $5/ounce payable thereafter. In December 2008 TMX announced that the Coogee gold deposit had been sold to Argonaut Mining Group ("Argonaut"), however, in February 2009, Argonaut advised that the necessary finance could not be confirmed and as a result, the sale agreement had been terminated.

Information provided by TMX shows that the combined Annual Report for M26/477 and E26/97 for the period 1 January 2008 to 31 December 2008 was lodged in February 2009. The Annual Expenditure Report for M26/477 was lodged on 1 October 2008, showing expenditure of $20,745 for the period 29 September 2007 to 28 September 2008, a shortfall of $7,855. An Application for Exemption was lodged on 6 October 2008. Annual rent of $4,278.56 has been paid up to 28 September 2009. On the basis of the available information, M26/477 is in good standing, subject to the exemption for the shortfall in expenditure being granted.

7.3.1 *GEOLOGY & MINERALISATION*

Gold mineralisation is widely distributed throughout the area in a variety of settings, however, Coogee is the largest deposit discovered to date. The Coogee mineralisation occurs in metasomatically altered calc-silicate sediments within a sequence dominated by intermediate volcanics and sub-volcanics. Metamorphism and metasomatic alteration has produced a skarn-like mineral assemblage in which the principal distinctive minerals are garnet, actinolite, magnetite and pyrite. The alteration has been termed "skarnoid", or "regional metamorphic skarn" in published literature. Gold is directly associated with pyrite, but not magnetite, although pyrite and magnetite can be intergrown. Higher grade mineralisation is associated with elevated pyrite-magnetite contents.

The lode varies between 2 and 8 metres thick, strikes northeast – southwest, and is reasonably continuous over 800 metres of strike. It dips between 30° and 45° toward the north west, and there appear to be a number of higher grade shoots which variography suggests have maximum continuity plunging at 26° toward the south. The top of the deposit lies beneath about 25 metres of cover and includes a significant proportion of high grade, supergene mineralisation, with some of the more spectacular drilling intercepts including 8 metres at 51.7 g/t, 6 metres at 42.4 g/t and 11 metres at 31.4 g/t.

The prospective calc-silicate horizon has been traced north eastward through the North Coogee area where the horizon is host to gold/copper mineralisation that has returned RC drill intercepts such as 3 metres at 4.75 g/t and 3.33% Cu, and 2 metres at 2.92 g/t and 4.72% Cu from down-hole depths of 90 to 100 metres.

7.3.2 PREVIOUS EXPLORATION

Historic gold mining activity is known to have occurred at Hogans Find, about 2 kilometres north of Coogee, and at Cutters Rush, however, most production was not recorded. Extensive alluvial workings occur in the vicinity of Hogans Find. Two significant gold anomalies were discovered to the east of Coogee as a result of exploration conducted by Aztec Exploration Ltd and others in the period 1985 – 1993. First pass drilling at the "Southern Anomaly" close to the shore of Lake Lefroy intersected primary gold mineralisation associated with sheared and altered basalt/dolerite. Croesus Mining NL completed a detailed interpretation of aeromagnetic data immediately to the north of Lake Lefroy and identified 26 target zones for further work that included a range of structural and magnetic features.

In 1992, Sovereign began systematic testing of the aeromagnetic anomalies, with five yielding significant gold anomalies, including Anomaly A which was eventually detail drilled to identify the Coogee gold deposit. Work included RC drilling to a 25 metre by 10 metre spacing, metallurgical testwork, resource estimation, pit optimisation studies and pit designs. In the late 1990s, Sovereign sold the project to KMNL.

Harmony Gold Australia Pty Ltd ("Harmony") assessed the deposit in 2002, including drilling a number of confirmatory holes, and undertaking metallurgical testwork and mining studies. Harmony concluded that the deposit was too small to be of interest, and withdrew without any attempt to locate extensions to the known resources. KMNL was placed into receivership in 2003 and the project was purchased later in the year by View Resources Ltd as a part of the East Kambalda Project.

The work completed by View concentrated on a re-assessment of the Coogee resource and comprised independent modelling of the resource, pit optimisation studies utilising a gold price of $560/oz and 2,800 metres of RC drilling in 28 holes to confirm continuity of the mineralisation and to test for down-dip extensions. In addition, 41 shallow RAB holes were drilled to test magnetic anomalies to the east of Coogee.

7.3.3 WORK COMPLETED BY TMX

All data available from DoIR files and previous explorers has been verified and collated, and incorporated into a digital database. WA State digital aerial photography has been acquired and the images merged to create a photo-mosaic of the tenement. All data has been incorporated into a geological compilation at a scale of 1:25,000 over the entire tenement, whilst for the deposit itself, RAB drilling data and RC drilling cross sectional data have been used to compile a 1:5,000 interpretive geology plan.

In May 2006, View's pit optimisation study was updated by TMX, using View's mineralisation resource model and updated operating costs. View's mineralisation resource estimate and TMX's updated pit optimisation are discussed below. The pit optimisation studies indicated a lack of drilling data immediately along strike, north and south of the deposit, and near surface to enable adequate definition of the limits to economic mineralisation. TMX completed an 11 hole program of infill RC drilling totalling 848 metres during July 2006. The results of this drilling indicated that the principal gold deposit had been closed off in all directions.

In January 2007, the aeromagnetic data acquired by Sovereign in 1996 was interpreted by an independent consulting group. This work showed that the deposit is associated with a discrete magnetic high up to 750 metres in length, with a similar, but larger feature identified about 1.2 kilometres to the west, within E26/97.

7.3.4 RESOURCE ESTIMATES

Sovereign prepared a resource estimate for Coogee in 1999. In September 2003 View undertook a revised estimate within a more restricted area than that adopted by Sovereign. The estimates are discussed in the Independent Geological Report ("IGR") included in TMX's prospectus. The IGR states that the author is a Competent Person under the rules of the ASX and the JORC Code, and that the resource calculation was carried out to normal professional standards and in accordance with the JORC Code (2004). Where mineral resources were referred to in the IGR, the classifications were considered consistent with the JORC Code.

The basis for the resource estimates discussed in the IGR is summarised below:

- The estimates are based predominantly on geological data and assay results from RC drilling. Mineralised intercepts were sampled over 1 metre intervals.
- Drilling density varied from 25 metres by 25 metres to 50 metres by 50 metres, with holes oriented perpendicular to the mineralised structures wherever possible. Drillhole collar positions were accurately surveyed.
- Assaying of samples was carried out by an appropriately recognised laboratory, using check assays on replicates, duplicates, standards and blanks for quality control. Density data was assigned from empirical data from the region and standard petrographic densities. The only reported density data was from measurements of oxidised mineralisation.
- Data acquired from previous explorers was validated using standard techniques.
- The assessment was based on four sub-vertical to sub-horizontal ore zones, both as supergene enriched and unweathered zones, with mineralisation localised by a network of veins and fractures.
- Resource estimates were based on the interpolation of assay grades into a 3-D block model using inverse distance squared weighting of data points and an elliptical search based on semi-variograms and assumed geological controls. Geological constraints were imposed on the grade interpolation.
- High grade cuts were applied to sample data before interpolation, with a global cut of 20 g/t applied for resource reporting. Resources are reported above a cut-off of 0.5 g/t.

From a review of information held by TMX it is apparent that the resource estimates reviewed in the IGR are those prepared by Sovereign, although the results of the later View estimates are quoted in the opening comments in the relevant section of the IGR. The Sovereign resource estimate above a cut-off grade of 1.0 g/t is summarised below:

Table 4

Terrain Minerals Ltd Coogee Project
Sovereign Resources (Australia) NL 1999 Resource Estimate

CATEGORY	TONNES	GRADE G/T	OUNCES AU
Indicated	137,800	4.12	18,252
Inferred	139,700	3.70	16,618
TOTAL RESOURCE	**277,500**	**3.91**	**34,870**

In 2003, View commissioned Cube Consulting Pty Ltd ("Cube") to provide technical assistance for a revised estimate of mineralised material at Coogee, with the objective of developing a digital model suitable for (pit) optimisation and planning for further technical work. No classification of the mineralised resources was undertaken, hence they cannot be published as JORC Code compliant resources. The Sovereign estimate is therefore the most recent JORC Code compliant Mineral Resource estimate.

View provided Cube with a verified database and sectional interpretations of the mineralisation, from which Cube developed wireframed solids for the mineralisation, geological features and oxidation state boundaries. Raw assay data was composited over 2 metre down-hole intervals, and high grade cuts statistically derived for each of 19 mineralised domains. A geostatistical study of the composited data was undertaken to model the spatial characteristics of the data, including variography, search neighbourhoods and anisotropy. Composite grades were interpolated into 3-D blocks using ordinary kriging on both cut and uncut data. Again, assumed, rather than measured bulk density values were used for conversion of mineralisation volumes to tonnages. As noted above, no classification of the mineralisation resources was undertaken. Cube did not state why no classifications had been attempted.

The Cube/View estimate was prepared over a more restricted area than used for the Sovereign estimates. The mineralisation resource estimate is 231,459 tonnes at an average grade of 3.27 g/t containing 24,334 ounces gold using cut composite values, with the grade increasing to 3.53 g/t using uncut values. The lower cut-off grade does not appear to be quoted in Cube's report. A longitudinal projected section of the mineralisation block model is shown in Figure 11.

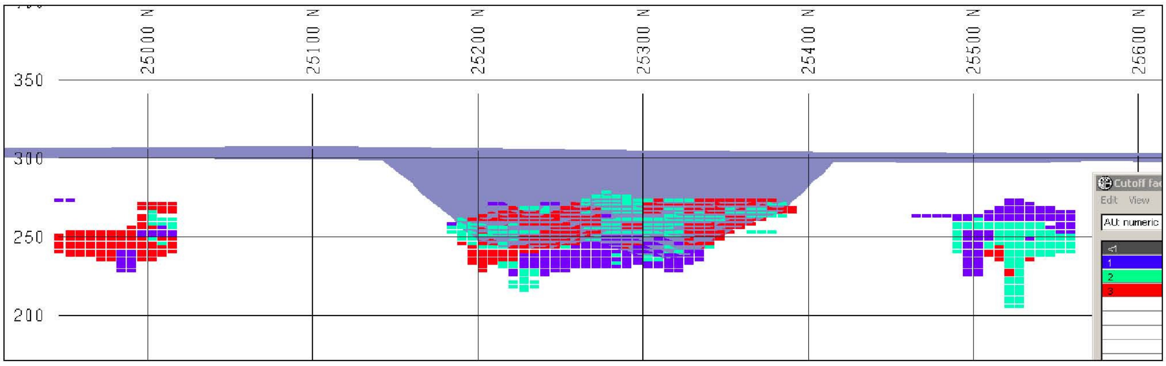

Figure 11

Terrain Minerals Ltd
Coogee Gold Deposit Longitudinal Section showing Resource Blocks & $950/oz Optimum Pit Shell

Notwithstanding their non-JORC Code compliant status, the Cube/View mineralisation estimates have been prepared according to standard industry practices and are considered a reasonable basis for the assessment of Value for the project. The highest bulk density value used for the estimates was 2.65 grams/cubic centimetre for primary mineralised material. On the basis of the mineralogical composition of the mineralisation (garnet, actinolite, magnetite and pyrite) the assumed bulk densities, and hence the estimated tonnages and contained gold may well be materially low.

7.3.5 ECONOMIC EVALUATION OF RESOURCES

In 2004 View completed a pit optimisation using its revised mineralisation resource estimate, a gold price of $560/oz and assuming toll treatment at a third party mill. An initial pit design indicated a mineable resource of 98,000 tonnes at a diluted grade of 3.86 g/t containing 11,500 recoverable ounces gold.

In May 2006, TMX completed an updated pit optimisation using View's mineralisation resource model, grade control and processing costs, and metallurgical recovery assumptions. Administration and ore haulage costs were increased by 35% to reflect then current market conditions. Mining costs were based on then recent contract mining costs for similar projects. The optimisations were carried out over a range of gold prices ranging from $700/oz to $950/oz in $50/oz intervals. The Australian Dollar gold price at the Valuation Date was approximately $1,335/oz.

The optimisation results for a gold price of $950/oz were a recoverable mineralisation resource of 123,200 tonnes at a grade of 3.74 g/t containing 14,826 ounces gold, from which could be recovered 13,790 ounces gold at an average cost of $514/oz, generating operating cashflow (i.e. before capital) of $5.7 million.

The process of pit optimisation for a gold deposit involves evaluating a resource block model over a range of incremental gold prices using in each case, the same assumptions for pit wall slopes, costs, metallurgical recoveries and other factors. The result is a "nest" of pits of gradually increasing size and value as the gold price increases. Each of the pits in the nested series is then evaluated at the selected gold price, and that with the highest value selected as the optimum pit. The marginal cost of production at the base of the optimum pit approximates the selected gold price, which by definition, is the break-even cost.

For the $950/oz optimisation, the largest pit has a marginal cost of $1,332/oz, very close to current spot prices, and contains a mineralisation resource of 189,000 tonnes at a grade of 3.27 g/t containing 19,851 in situ and 18,460 recoverable ounces gold. Total operating costs for this pit are $12.5 million (an average of $675/oz), gross revenue $24.6 million, and operating cashflow $12.2 million. Whilst operating costs are likely to have increased significantly since the input assumptions for the pit optimisation were prepared, this analysis does at least indicate a likely operating surplus that is probably well in excess of $6 million. A more definitive estimate is not possible without updating operating costs and re-running the pit optimisation. Capital costs are not likely to be great relative to the indicated operating surplus.

7.3.6 *ASSESSMENT OF PROJECT*

The drilling completed by TMX has effectively closed off the main Coogee deposit in all directions. However, there are distinct pods of mineralisation located about 150 metres south of the southern limit of the resource and about 100 metres to the north of the northern limit (Figure 11). Neither was identified as economic by the pit optimisation at a gold price of $950/oz. Most of the southern mineralisation is however grading 3 g/t or more, and although lying beneath a similar 25 metre depth of overburden to the main deposit, may well be mineable in part at current gold prices. The pit optimisation results discussed in the preceding section indicate that this may well be the case.

The deposit is associated with a discrete magnetic high up to 750 metres in length. A similar, but larger feature has been identified about 1.2 kilometres to the west, within E26/97.

8 VALUATION METHODOLOGY & APPROACH

Business valuers in Australia typically define market value as "The price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm's length." The accounting criterion for a market valuation is that it is an assessment of "fair value", which is defined in the accounting standards as "the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction." The Valmin Code defines the Value of a Mineral Asset as its Fair Market Value, which is the "estimated amount of money or the cash equivalent of some other consideration for which, in the opinion of an Expert, reached in accordance with the provisions of the Valmin Code, the Mineral Asset should change hands at the Valuation Date between a willing buyer and a willing seller in an arms length transaction, wherein each party acted knowledgeably, prudently and without compulsion." Further, Value should be selected as the most likely figure from within a range after taking into account those factors which might impact on value. To the extent possible, NRPL has used more than one approach to determine a likely range of values for TMX's mineral assets from which a view has been formed as to their most likely value.

The concept of Fair Market Value hinges upon the notion of an asset changing hands in an arms length transaction. Fair Market Value must therefore take into account, inter alia, market considerations, which can only be determined by reference to comparable transactions. For the most part, "comparable transactions" for mineral assets are difficult to identify due to the infrequency of transactions involving producing assets and/or resources, the great diversity of mineral exploration properties, the stage to which their evaluation has progressed, perceptions of prospectivity, tenement types, the commodity involved and so on. For exploration tenements, the notion of Value is very often based on considerations unrelated to the amount of cash which might change hands in the event of an outright sale, and in fact, for the majority of tenements being valued, there is unlikely to be any "cash equivalent of some other consideration".

The most widely used methods for valuation of exploration tenements include consideration of past exploration expenditure and the value this has created in terms of enhancing the prospectivity of the tenements, sale and/or joint venture terms for dealings involving like tenements and the application of "yardstick" values derived from transactions of the nature described involving tenements and/or resources in the same area.

When considering exploration expenditure, the work completed may have either added to, or diminished the value of a tenement, depending upon the degree of success. The degree of success (or otherwise), and hence change in Value is generally expressed by means of applying a Prospectivity Enhancement Multiplier, or "PEM" to the expenditure. PEMs are most often applied in the range 0.5 to 3.0, although the selection of an appropriate PEM is a highly subjective judgement on the part of the valuer.

In an exploration joint venture or farm-in, an equity interest in a tenement or group of tenements is usually earned in exchange for spending on exploration, rather than a simple cash payment to the tenement holder. The joint venture or farm-in terms, of themselves, do not represent the value of the tenements concerned. To determine a value, the expenditure commitments should be discounted for time and the probability that the commitment will be met. Whilst some practitioners invoke complex assessments of the likelihood that commitments will be met, these are difficult to justify at the outset of a joint venture, and it seems more reasonable to assume a 50/50 chance that a joint venture agreement will run its term. Therefore, in analysing joint venture terms, a 50% discount may be applied to future committed exploration, which is then "grossed up" according to the interest to be earned to derive an estimate of the value of the tenements at the time that the agreement was entered into. Where a progressively increasing interest is to be earned, it is likely that a commitment to the second or subsequent stages of expenditure will be so heavily contingent upon the results achieved during the earlier phases of exploration that assigning a probability to the subsequent stages proceeding will in most cases be meaningless. A commitment to a minimum level of expenditure before an incoming party can withdraw must reflect that party's perception of minimum value and should not be discounted.

The terms of a sale or joint venture agreement should reflect the agreed value of the tenements at the time, irrespective of transactions or other events prior to that date. Hence the current value of a tenement or tenements will be the value implied from the terms of the most recent transaction involving it/them, plus any change in value as a result of subsequent exploration. Where the tenements comprise applications over previously open ground, little to no exploration work has been completed and they are not subject to any dealings, it is thought reasonable to assume that they have minimal, if any value, except perhaps, the cost to apply for and therefore secure a prior right to the ground, unless of course there is competition for the ground and it was keenly sought after. Such tenements are unlikely to have any value until some exploration has been completed, or a deal has been struck to sell or joint venture them, implying that a market for them exists.

NRPL has been preparing valuations of mineral assets for over 14 years, many of which are in the public domain. During this time a fairly extensive database of tenement transactions has been assembled. The database comprises transactions involving gold, base metal and iron ore exploration tenements throughout Western Australia, together with transactions which have included resources, and plant and associated infrastructure. These transactions suggest values of $3,000 to $5,500 per square kilometre for large areas of exploration tenements of “average” prospectivity, $3,000 to $8,000 or so per square kilometre for broad acre goldfields tenements within which are located substantial, but sub-economic resources and/or with a history of previous production, and ranging up to $10,000 to $20,000 per square kilometre for tenements with exceptional prospectivity. Other data collated by NRPL suggests that sub-economic, low grade and/or low confidence resources changed hands for considerations in the range $3 to $5 per in situ ounce. To a first approximation, this sum represents about 1% of what was then the average long term gold price of around $500/oz. There are of course, dramatic departures from these “averages” as would be expected, dependent no doubt on numerous factors including resource confidence, resource grade, strategic importance and so on.

With regard to yardstick values for tenement areas and in-ground resources, NRPL has observed that these have changed little over time, irrespective of the relative health of the mining and exploration sectors. Over the last 18 months or so however, there has been a dearth of tenement transactions due to the virtual collapse of the junior exploration sector, whilst the gold price has increased to unprecedented highs in US Dollar terms, and more so in Australian Dollar terms. In the absence of a reliable database of recent transactions, our valuation assumptions rely on historical data and historical trends in yardstick values.

The valuations discussed herein are based on information provided by TMX and public domain information. This information has been supplemented by independent enquiries, but has not been independently verified. No audit of any financial data has been conducted. It should be noted that the valuation of exploration tenements is an exceptionally subjective process, being based largely on the judgement of the valuer concerned. It is a much less formal procedure than the methods used for the valuation of producing or near producing assets.

The Values for TMX’s mineral assets discussed in this Report have been estimated at a Valuation Date of 31 March 2009. The gold price on the Valuation Date was $1,335/oz. It is stressed that these are opinions as to likely values, not absolute values, which can only be tested by going to the market.

9 VALUATIONS OF ASSETS

9.1 BUNDARRA PROJECT

TMX acquired the original Celtic tenements for 7 million fully paid 20 cent shares in the capital of the company, that is, $1.4 million in equivalent value. It has spent $680,000 on the Black Cat tenements toward its obligation of $750,000 to earn a 60% interest, and has advised that it is its intention to spend the remaining $70,000 required to earn a 60% interest. In valuing the tenements, we have assumed that that will be the case, but have assessed the value of the 60% interest in the light of the $70,000 still to be spent to earn the interest. The Great Western mining lease was acquired for $227,000.

Since acquiring the Celtic tenements, TMX has spent $4.9 million on evaluation and expanding the initial resource of 194,600 ounces to almost 270,000 ounces gold, albeit with the additions principally lower confidence Inferred Resources. The resources at the time of acquisition included 85% higher confidence Measured and Indicated Resources. Geological mapping has identified the controls on mineralisation, and drilling and other exploration activities led to the discovery of the Bluebush deposit and other geochemical targets that have potential to add to resources. At Great Western, expenditure has been a little over $1 million, which has resulted in the definition of JORC Code compliant resources containing 40,900 ounces gold, 75% of which are Measured and Indicated, and therefore available for conversion into ore reserves. The SOG resources contained 32,500 ounces gold in Inferred Resources. The likely economic return from exploiting the resources at current gold prices and under the current cost regime has not been established.

SOG's May 2003 final pit design over the remaining Celtic resource shows 14,328 ounces gold recovered at a cash operating cost of $445/oz. NRPL enquiries suggest that operating costs have roughly doubled since that time, although recently, there has been downward pressure with the reduction in prices for fuel, particularly, labour and other costs. If a doubling in costs is assumed as an approximation, the cash operating cost in current terms would be roughly $890/oz. At a gold price of $1,335/oz, a cash operating surplus of about $6.4 million is indicated from the design pit. Whether or not today's higher gold price would result in a larger, more profitable pit cannot be readily determined, although this is thought likely to be the case.

Outside of the Celtic pit, there are about 29 square kilometres of prospective tenements between Celtic and Great Western containing about 295,000 ounces gold in resources of varying quality/confidence, excluding Black Cat. It is NRPL's opinion that an average yardstick value of $8,000 to $10,000/square kilometre is appropriate for the Celtic and Great Western tenements, or $230,000 to $290,000. If the residual resources are ascribed a value of $5/oz, their value is $1.5 million; if $13/oz (1% of current spot), their value is $3.8 million. In the valuation of the Coogee resource (Section 9.4), the terms of the proposed transaction indicated a Fair Market Value of about half the indicated project surplus, which is considered a reasonable price given considerations of risk etc. If this same assumption is applied to the indicated surplus from the Celtic pit cut-back, a Fair Market Value of about $3.2 million is indicated. Thus, the Value indicated for the Celtic/Great Western tenements and resources, and the Celtic pit cut-back lies in the range $4.9 million to $7.3 million, compared with historical acquisition and exploration/evaluation costs of $7.5 million. It is NRPL's opinion that the Value of the 100% owned Celtic/Great Western tenements lies in the range $5.0 million to $7.5 million. In consideration of the likely increase in mineable resources/cashflow from the resources outside the Celtic pit cutback, the most likely Value is thought to be at the upper end of the range at $7.0 million.

At Black Cat, drilling by TMX has established an Inferred Resource containing 10,600 ounces gold where there has been no previous open cut mining. In NRPL's opinion the exploration has at least preserved, and probably significantly added to Value, however, as with the Celtic resources, the economics of developing same have not been assessed. If PEMs of 1.5 to 2.0 are applied to the $680,000 expended by TMX, a Value in the range $1.0 to $1.4 million is implied for 100% of the tenements. Hence 60% of the tenements will have a Value in the range $600,000 to $800,000. TMX is yet to spend $70,000 to complete its earn-in, but if it is assumed that this creates equal value for expenditure, the additional expenditure/value change will be effectively, a zero sum. Applying a similar yardstick value to the tenements to that assumed for Celtic, i.e. in the range $8,000 to $10,000/square kilometre, suggests a value in the range $400,000 to $500,000 for TMX's eventual 60% interest. If a value of $5/oz is applied to the Black Cat inferred resource, the Value of TMX's eventual interest increases by about $30,000. If a value of 1% of the current gold price is assumed, the value increase is about $85,000.

In consideration of the above, it is NRPL's opinion that TMX's eventual interest in the Black Cat Joint Venture has a Value in the range $500,000 to $800,000, with a most likely Value of $600,000.

9.2 DODGERS WELL PROJECT

On 5 December 2008, TMX entered into an Option to Purchase Agreement over P37/6950, whereby TMX can acquire a 100% interest in the tenement through the payment of $50,000 in cash or shares by 12 December 2009. At the time that the acquisition was being negotiated, it was likely that the mandatory expenditure would not be met, and the tenement would therefore be in default of its conditions of grant. TMX met the expenditure requirement during the latter half of 2008, and has since gone on to spend about $20,000 to the Valuation Date. It is arguable that the acquisition cost should realistically include the expenditure which TMX had to incur to ensure the tenement was maintained in good standing. On this basis, P37/6950 had a Value at the time the agreement was finalised of $58,000, however, it is also arguable that the option agreement was struck whilst the vendors were under some duress to satisfy their expenditure obligations. The work conducted by TMX to date, although limited in its extent, has identified apparent deficiencies in the previous work through an improved understanding of the structural controls on the Linger & Die mineralisation, and has identified a possible new mineralisation environment at Myrtle/Glen Lyon. It is NRPL's view that the work completed by TMX has enhanced the value of the project.

TMX will have no rights to the area subject to the applications for additional tenements until those tenements have been granted, which could take several years. The applications cannot be the subject of dealings or sale until they are granted, although in practical terms, applications are often included in joint venture or sale agreements, subject to their being granted. It is considered that any value that may be ascribed to the applications is not likely to be material in the context of the overall value of TMX's mineral assets.

TMX's acquisition of the Great Western mining lease for $227,000 might be regarded as a comparable transaction. The Great Western mining lease has an area of 60 hectares and past production of about 12,000 ounces gold at high grades. Low confidence resources containing 32,500 ounces gold had been estimated by previous owners, and preliminary mining studies had indicated the potential for a profitable, albeit small, open pit operation. By comparison, Dodgers Well is 200 hectares in area, is a prospecting licence, not a mining lease, has past production of about 4,500 ounces and no established resources. It is NRPL's opinion that the Value of P37/6950, net of the exercise price for the option, is in the range $30,000 to $50,000, with a most likely Value of $40,000.

9.3 AZTEC DOME PROJECT

Comparable tenement transactions in the district are few. In October 2005, Mincor Resources NL ("Mincor") agreed to acquire a 70% interest in the Carnilya Hill nickel mine and tenements from View by the staged expenditure of $2.5 million over 3 years, including non-discretionary expenditure of $1.0 million. The area of tenements is not known, but appears to be about 30 square kilometres from maps published by Mincor. The Carnilya Hill mine was still operational, and had then, historical production of 1.4 million tonnes at a grade of 3.4% Ni, containing 48,000 Ni metal tonnes. The terms of the transaction imply a Value of about $58,000/square kilometre at the time. There are significant differences between the Carnilya Hill tenements and E26/97, most obvious being a history of significant, high grade nickel production, underground access and infrastructure and the likelihood of extensions to the known resources. This transaction is not regarded as a suitable basis upon which to assess the Value of E26/97.

In November 2007, Mincor acquired a sub-lease over the Bluebush line of tenements, about midway between Mincor's Kambalda South operations near Widgiemooltha and St Ives, from BHP Billiton. Mincor states that the terms of the transaction are confidential.

In December 2006, Kambalda nickel producer Independence Group NL ("IGO") entered into an agreement with Gladiator Resources Ltd ("Gladiator") to acquire a 70% interest in the nickel rights within Gladiator's 325 square kilometre Mt Hogans tenements. The tenements are located about 25 kilometres east of Kambalda, and at their northern end, surround Mincor's Carnilya Hill tenements on three sides. Within Gladiator's tenements, there is a 28 kilometre long strike extent of interpreted ultramafic units that partially straddle the interpreted Lake Lefroy Dome. Previous nickel exploration had identified targets at Lisa's Dune and SA22.

Under the terms of the agreement, IGO was to spend a minimum of $2 million on exploration over 3 years, with a minimum of $140,000 to be spent within 12 months before IGO could withdraw. According to the methodology described in Section 8, the terms of the agreement imply a value for the tenements at that time of $1.53 million, or $4,700/square kilometre. This value is in keeping with the values implied for exploration tenements from numerous transactions that NRPL has analysed over the years. NRPL considers the Hogans tenements and E26/97 close analogues in terms of their geology, location and status of exploration.

The exploration and evaluation of E26/97 is at a very early stage, and until some stratigraphic drilling has been completed or some distinct geophysical targets have been generated, the practicality of exploring for Kambalda-style nickel deposits cannot be determined. On present indications, exploration with be difficult and expensive due to the likely considerable depth at which the prospective Lunnon Basalt – Kambalda Komatiite contact might be located. If the Hogans tenement transaction is regarded as a comparable transaction for valuation purposes, a Value of about $200,000 is implied for the 44 square kilometre area included within E26/97. TMX's reported expenditure within E26/97 to September 1998 and expenditure since that date totals about $460,000. It estimates that the acquisition cost for the tenement was about $50,000 of the total paid to acquire the East Kambalda project from View in 2005, that is, acquisition costs and historical expenditure totalling about $510,000. It is thought likely that a farm-in or joint venture would at best attract a commitment to similar expenditure to earn a 50% interest.

It is NRPL's opinion that the Value of E26/97 lies between these two figures, namely $300,000 within a range $200,000 to $500,000.

9.4 COOGEE GOLD PROJECT

On 12 December 2008 TMX announced that M26/477, and within it the Coogee gold deposit, had been sold to Argonaut Mining Group for a total consideration of $3.25 million in staged payments, viz.:

- A non-refundable payment of $100,000 by 25 December 2008;
- A non-refundable payment of $1,000,000 by the end of January 2009;
- A further minimum payment of $1,000,000 due by 30 December 2009; and
- A final payment comprising the balance of the $3.25 million, payable upon the commencement of mining of the deposit.

On its December 2008 Quarterly Report to Shareholders, TMX advised that subsequent to concluding the sale agreement there had been a delay to Argonaut's funding arrangements and an amended payment schedule was being negotiated. On 11 February 2009, TMX announced that Argonaut had advised that the necessary finance could not be confirmed and as a result, the sale agreement had been terminated. TMX also advised that other parties had indicated an interest in the deposit and that discussions regarding a possible sale were ongoing.

The terms of the proposed sale to Argonaut cannot represent anything other than Fair Market Value, although it is arguable that some discount should be applied to the December 2009 payment and the final payment for timing and uncertainty. A discount should probably also be applied due to the original deal having been terminated, unless Argonaut can secure the necessary funding and proceed. The results of the 2006 pit optimisation when considered in the context of current gold prices and operating costs indicate an operating surplus likely to be in excess of $6 million. A Fair Market Value of about half the potential profit from any operation is considered reasonable, as no-one is going to pay $1 today for $1 of future cashflow, irrespective of perceptions of low risk and so on.

In a comparable transaction, Barrick Gold Corp ("Barrick") entered into an agreement with Cortona Resources Limited ("Cortona") late in July 2008 over Cortona's North Monger gold resources, located near Kalgoorlie. Under the agreement, Barrick was to mine and process the resources at its sole cost, in return, paying Cortona a royalty of $6/tonne for a minimum of 300,000 tonnes from total indicated and inferred resources of 861,000 tonnes with an average grade of 2.9 g/t. The $6/tonne royalty was to be payable up to a gold price of $932/oz, with an additional royalty equivalent to about $4/tonne payable per $100/oz increase in the gold price above $932/oz. The completion of the agreement was subject to Barrick completing due diligence over a 6 month period. On 31 March 2009, Cortona announced that Barrick had terminated the agreement.

The gold price on the Valuation Date was $1,335/oz. The royalty payable by Barrick at that price would have been $22/tonne, or the equivalent of $236/in situ gold ounce. Payments on the minimum of 300,000 tonnes would have totalled $6.6 million, which represents a minimum value for the transaction at the Valuation Date, had it proceeded. At Coogee, the recoverable mineralisation within the $950/oz optimum pit contains 14,826 in situ ounces gold. On the basis of the value/in situ ounce indicated by the Barrick/Cortona agreement, the recoverable mineralisation within the $950/oz optimum pit has an implied value of $3.5 million. For the larger pit with a break-even cost of $1,332/oz, the 19,851 ounces gold contained within the in-pit mineralisation has an implied value of $4.7 million.

All things considered, it is NRPL's opinion that the Fair Market Value of the Coogee Gold Project is $3 million, within a range $2.5 million to $4 million.

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11 DISCLAIMER & LIMITATIONS

This Report has been prepared by Northwind Resources Pty Ltd at the request of, and for the sole benefit of RSM Bird Cameron Corporate Pty Ltd. Its purpose is to provide an opinion as to the value of Terrain Minerals Ltd's mineral exploration assets, namely the Bundarra and East Kambalda Projects and the Dodgers Well option. It is not intended to serve any purpose beyond providing an opinion as to the likely Fair Market Value of the assets and should not be relied upon for any other purpose.

In preparing the valuation, NRPL has relied upon information provided to it by TMX or sourced from the pubic domain. Whilst there is no reason to doubt the reliability of any of the information, or to believe that information has been withheld or is incomplete, the information has not been independently verified, nor has any audit been conducted of TMX and/or any of its subsidiaries or associated entities. Further, no audit or recalculation of resources has been attempted.

The statements and opinions included in this Report are given in good faith and in the belief that they are not false, misleading or incomplete. A copy of the Report was provided to RSMBC and TMX in draft form with a written request for comment as to errors of fact or interpretation, material omissions, or substantive disagreement as to the assumptions described herein. The opinions and conclusions reached in the Report are believed to be appropriate on the basis of the information available at the time the Report was prepared. These may however change over time with changes in metal prices, exchange rates, capital and operating costs and the market for mineral tenements.

Neither NRPL nor Mr Cary has any association with either of RSMBC or TMX, or any of their affiliates, associates or subsidiaries that could reasonably be construed as affecting their independence in the completion of the work requested by RSMBC. Neither of NRPL nor Mr Cary has any interest or entitlement, direct or indirect, in the securities and assets of TMX, or its subsidiaries, principal shareholders, or any other company believed to be associated with TMX. NRPL is to receive a fee based upon normal hourly rates for this type of work. This fee is payable regardless of the findings of the Report.

The terms of NRPL's appointment include the provision of an indemnity whereby TMX will indemnify and compensate NRPL in respect of preparing the Report against any and all losses, claims, damages and liabilities to which NRPL may become subject under any applicable law or otherwise arising from the preparation of the Report to the extent that such loss, claim, damage or liability is a direct result of TMX or any of its officers knowingly providing NRPL with any false or misleading information, or TMX or its officers knowingly withholding material information.

This Report is to be included as an appendix to the Independent Experts Report to be prepared by RSM Bird Cameron Corporate Pty Ltd. NRPL has consented to the appending of the Report to the IER in the form and context in which it is to appear. Neither the whole nor any part of this Report, nor any reference to it, may be included in or with, or attached to, any other documents, circular, resolution, letter or statement without the prior written consent of NRPL as to the form and context in which it is to appear.

NORTHWIND RESOURCES PTY LTD

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[An original signed copy of this report is held by RSM Bird Cameron Corporate Pty Ltd]