



19 June 2009

Dear Shareholder,

The large amount of documentation generated by the unsolicited IRM bid has resulted in a degree of confusion for some shareholders; so I thought it appropriate to try and clarify the situation and also outline for you Terrain's ('TMX') current business plans.

## IRM BID

- IRM has forwarded to you an Offer Document, together with a separate acceptance form. Should you wish to accept the IRM offer you should follow the instructions on the acceptance form.

**Please note that 24% of TMX's shareholders have stated that they will not accept the offer. If you accept the offer Capital Gains Tax may apply so you should seek independent advice.**

- In response to the offer document TMX has provided you with a Target Statement, in which **the directors have recommended you reject the offer**. The statement includes an independent valuation, which values IRM shares between 6c and 8.1c and TMX shares between 9.9c and 15.1c. The IRM offer is one (1) IRM share for two (2) TMX shares. Please note that **associates of IRM directors have purchase over 1 million IRM shares since the offer was announced**.
- The independent valuer concluded that **the IRM bid was neither fair nor reasonable**.

**IF YOU DO NOT WISH TO ACCEPT THE IRM OFFER SIMPLY TAKE NO ACTION.**

## CAPITAL RAISING

- Included in the same envelope with TMX's Target Statement was a prospectus for a 1 for 6 rights issue to shareholders. The rights issue closed on 12 June 2009 and the shortfall has been successfully placed by Terrain's corporate adviser, Bligh Capital Pty Ltd.
- TMX has now successfully raised \$1.36m** through the rights issue, and the placement approved by shareholders at the EGM on 25 May 2009.
- The standby facility agreement, approved at the EGM has now been executed. The facility will enable TMX to raise up to \$5m, as required, over the next three years. The funds raised will be used to pay non routine/unbudgeted items, such as the legal costs associated with the IRM bid.

## BUSINESS PLANS

### Mine Developments

- TMX's focus has moved to the consideration of mine development on a number of its gold deposits. Two recent ASX announcements (12/06 and 16/06) have outlined open pit mine plans for the Coogee gold deposit at East Kambalda and a number of gold deposits at Bundarra.



- At a gold price of A\$1200 per oz, preliminary open pit designs contain:

Deposit	Preliminary Pit Design (recovered oz of gold)
<b>East Kambalda</b>	
Coogee	102,000t @ 3.82g/t gold (11,600oz)
<b>Bundarra</b>	
Celtic	240,000t @ 2.12g/t gold (16,200 oz of gold)
Wonder N.	697,200t @ 2.45g/t gold (55,326 oz of gold)
<b>TOTALS</b>	<b>1,039,200t @ 2.51g/t gold (83,126 oz of gold)</b>

A further mining study, currently in progress on the Great Western deposit, is expected to add to the open pit mine inventory.

More detailed assessments of the mining proposals are underway; the possibility of selling some of the smaller deposits also remains an option.

## OTHER TARGETS

- Bundarra**  
All the known deposits; Wonder North, Great Western, Black Cat and Bluebush, remain open at depth. These potential depth extensions, together with a number of new gold anomalies with similar geological characteristics to the known deposits, on the Black Cat JV area (TMX 60%) provide several attractive drill targets.
- Dodgers Well**  
Sampling and geological investigations have located high grade gold mineralisation. A review of all previous work is currently underway to confirm the locations of proposed drill holes.
- East Kambalda**  
The Aztec Dome prospect continues to firm as a potential repeat of the Kambalda Dome and its associated high grade nickel deposits.

The orientation IP/EM electrical geophysical survey, undertaken in 2008, will be extended to cover the entire dome. The results will enable drill targets to be prioritised.

I would like to take this opportunity to thank shareholders for their past support and look forward to you benefitting from the planned mine developments and the potential new discoveries resulting from testing the established exploration targets.

Further information regarding Terrain's projects and exploration programs can be found on the Company's website, [www.terrainminerals.com.au](http://www.terrainminerals.com.au).



Keith Wells  
Managing Director

*The information in this report that relates to Exploration Results is based on information compiled by Mr. Keith Wells, who is a full-time employee of Terrain Minerals Ltd. Mr. Wells is a member of The Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Wells's consents to the inclusion in the report of the matters based on information in the form and context in which it appears*