Notice of Annual General Meeting and Explanatory Statement

Terrain Minerals Limited
ABN 45 116 153 514

Annual General Meeting to be held at Suite 4, Level 1 Adams House, 230 Rokeby Road, Subiaco, Western Australia
on Monday, 30 November 2009 at 10am (WST)

This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety. Shareholders in doubt as to how they should vote should seek advice from their professional advisers.

For those members who have elected to receive a printed copy of the Annual Report, the 2009 Annual Report accompanies this Notice of Annual General Meeting. The 2009 Annual Report is also available on the Company's website

www.terrainminerals.com.au

An independent expert's report is attached to this Notice, as required by ASIC Regulatory Guide 74. The report concludes that the transaction the subject of Resolutions 7 and 8 in this Notice of Meeting is "not fair but reasonable".

Corporate Directory

Directors	Richard J Sandner	(Non-Executive Chairman)
	Jonathan Lim	(Non-Executive Vice Chairman)
	Keith Wells	(Managing Director)
	William Bannister	(Non-Executive Director)
	Paul Dickson	(Non-Executive Director)
Company Secretary	Ian Hobson	
Principal & Registered Office	Suite 4, Level 1 Adams House	
	230 Rokeby Road	
	Subiaco WA 6008	
	Telephone:	(08) 9381 5558
	Facsimile:	(08) 9381 5551
	Email:	terrain@terrainminerals.com.au
Share Registry	Computershare Investor Services Pty Limited	
	Level 2, Reserve Bank Building	
	45 St Georges Terrace	
	Perth WA 6000	
	Telephone:	(08) 9323 2000
	Facsimile:	(08) 9323 2033
Auditor	BDO Kendalls Audit & Assurance (WA) Pty Ltd	
	128 Hay Street	
	Subiaco WA 6008	
Legal Adviser	Hilary Macdonald, Corporate & Resources Lawyer	
	Suite 29, 18 Stirling Highway	
	Nedlands WA 6009	
Bankers	National Australia Bank	
	1232 Hay Street	
	West Perth WA 6005	
ASX Codes	TMX	
	TMXO	
Website	www.terrainminerals.com.au	

Notice of Annual General Meeting

The Annual General Meeting of Terrain Minerals Limited will be held at Suite 4, Level 1 Adams House, 230 Rokeby Road, Subiaco, Western Australia on Monday 30 November 2009 at 10am (WST). The Explanatory Statement which forms part of this Notice of Annual General Meeting describes the various matters to be considered. Shareholders are asked to refer to the Glossary at the end of the Explanatory Statement which contains definitions of the terminology used in this Notice of Annual General Meeting and the Explanatory Statement.

Ordinary Business:

Financial Statements and Reports for the period 1 July 2008 to 30 June 2009

To receive and consider the Annual Financial Report, together with the Directors' and Auditor's Reports for the year ending 30 June 2009.

To consider and, if thought fit, pass the following resolutions, each as ordinary resolutions:

Resolution 1: Adoption of Remuneration Report (non binding resolution)

"That for all purposes Shareholders approve and adopt the Remuneration Report set out in the Directors' Report for the year ending 30 June 2009."

Resolution 2: Election of William Bannister as a Director

"That for all purposes William Bannister who retires and offers himself for re-election, is re-elected as a Director."

Resolution 3: Election of Richard J Sandner as a Director

"That for all purposes Richard Sandner who was appointed to the Board since the last annual general meeting of the Company, is re-elected as a Director."

Resolution 4: Election of Paul Dickson as a Director

"That for all purposes Paul Dickson who was appointed to the Board since the last annual general meeting of the Company, is re-elected as a Director."

Resolution 5: Election of Jonathan Lim as a Director

"That for all purposes Jonathan Lim who was appointed to the Board since the last annual general meeting of the Company, is re-elected as a Director."

Special Business:

Resolution 6: Approval for the Issue of Shares to Tan Lee Peng

"That the Shareholders approve the issue of 8,323,000 Shares to Tan Lee Peng in accordance with Listing Rule 7.1 and Listing Rule 7.4 and for all other purposes, on the terms set out in the Explanatory Statement**."**

Resolution 7: Approval of Issue of Shares to Grande Pacific Limited

"Subject to Resolution 8 being approved, that the Shareholders approve the issue of 9,226,940 Shares to Grande Pacific Limited at an issue price of $0.05 each for the purposes of Listing Rule 10.11, section 611 Corporations Act and for all other purposes, on the terms set out in the Explanatory Statement**."**

Resolution 8: Approval of Issue of Shares to Jonathan Lim

"Subject to Resolution 7 also being approved, that the Shareholders approve the issue of 22,000,000 Shares to Jonathan Lim at an issue price of $0.05 each for the purposes of Listing Rule 10.11, section 611 Corporations Act and for all other purposes, on the terms set out in the Explanatory Statement."

Resolution 9: Approval of Issue of Options to Keith Wells

"That the Shareholders approve the issue of 2,500,000 Options to Keith Wells for the purposes of Section 195 of the Corporations Act, Listing Rule 10.14, and for all other purposes, on the terms set out in the Explanatory Statement."

Resolution 10: Approval of Issue of Options to Jonathan Lim

"Subject to Resolution 5 also being approved, that the Shareholders approve the issue of 1,000,000 Options to Jonathan Lim for the purposes of Section 195 of the Corporations Act, Listing Rule 10.14 and Chapter 2E of the Corporations Act and for all other purposes, on the terms set out in the Explanatory Statement."

Resolution 11: Approval of Issue of Options to Richard J Sandner

"Subject to Resolution 3 also being approved, that the Shareholders approve the issue of 1,000,000 Options to Richard J Sandner for the purposes of Section 195 of the Corporations Act, Listing Rule 10.14 and Chapter 2E of the Corporations Act and for all other purposes, on the terms set out in the Explanatory Statement."

Resolution 12: Approval of Issue of Options to William Bannister

"Subject to Resolution 2 also being approved, that the Shareholders approve the issue of 1,000,000 Options to William Bannister for the purposes of Section 195 of the Corporations Act, Listing Rule 10.14 and Chapter 2E of the Corporations Act and for all other purposes, on the terms set out in the Explanatory Statement."

Resolution 13: Approval of Issue of Options to Paul Dickson

"Subject to Resolution 4 also being approved, that the Shareholders approve the issue of 1,000,000 Options to Paul Dickson for the purposes of Section 195 of the Corporations Act, Listing Rule 10.14 and Chapter 2E of the Corporations Act and for all other purposes, on the terms set out in the Explanatory Statement."

Voting exclusions:

For the purposes of resolution 6, under Listing Rule 7.3 the Company will disregard any votes cast by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any of their associates. Under Listing Rule 7.5, the Company will disregard any votes cast on resolution 6 by any person who participated in the issue and any of their associates.

For the purposes of resolutions 7 and 8, under Listing Rule 10.13 and Item 7 of Section 611 of the Corporations Act, the Company will disregard any votes cast on resolutions 7 and 8 by any person who may participate in the proposed issue, and by any person proposing to make the acquisition and any person from whom the acquisition is to be made, and any of their associates.

For the purposes of resolution 9, under Listing Rule 10.14 the Company will disregard any votes cast on resolution 9 Keith Wells or any of his associates who receive securities in relation to the Company.

For the purposes of resolutions 10, 11, 12 and 13, under Listing Rule 10.14 and Section 224 of the Corporations Act, the Company will disregard any votes cast on resolutions 10 to 13 inclusive by any Director, any person to whom the resolution would permit a financial benefit to be given, and any of their associates.

However, votes cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides) will be taken into account.

Proxies:
Please note that:

(a) a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;

(b) a proxy need not be a member of the Company; and

(c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

Snap-shot time:
The Company may specify a time, not more than 48 hours before the meeting, at which a "snap-shot" of shareholders will be taken for the purposes of determining shareholder entitlements to vote at the meeting. The Directors have determined that all shares of the Company that are quoted on ASX at 5pm WST on 28 November 2009 shall be taken to be held by the persons registered as holding the shares at that time, for the purposes of determining voting entitlements at the Annual General Meeting.

Corporate Representative
Any corporate Shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the meeting or handed in at the meeting when registering as a corporate representative. An appointment of Corporate Representative form is enclosed if required.

Signed in accordance with a resolution of the Directors

Ian Hobson
Company Secretary
Dated 26 October 2009

Explanatory Statement

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions. This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting. Shareholders are asked to refer to the Glossary at the end of the Explanatory Statement which contains definitions of the terminology used.

Financial Statements and Reports

The Annual Financial Report, Directors' Report and Auditor's Report for the Company for the year ending 30 June 2009 will be laid before the Meeting. There is no requirement for Shareholders to approve these reports. However, the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments about those reports and the management of the Company. Shareholders will also be given a reasonable opportunity to ask the Auditor questions about the conduct of the statutory audit and the preparation and content of the Auditor's report. In addition to taking questions at the Meeting, written questions may be submitted either to the Managing Director no later than close of business on Friday 20 November 2009, marked for the attention of the Chairman in relation to the management of the Company, or marked for the attention of the Company's auditor in relation to one or more of the following issues:

- the preparation and content of the Auditor's Report,
- the conduct of the audit accounting policies adopted by the Company in relation to the preparation of the financial statements, and
- the independence of the auditor in relation to the conduct of the audit.

Resolution 1: Adoption of Remuneration Report

The Remuneration Report of the Company for the financial year ending 30 June 2009 is set out in the Director's Report on pages 3 to 14 of the Company's Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the executive and non-executive Directors and executive employees of the Company. A reasonable opportunity will be given for the discussion of the Remuneration Report at the meeting. Shareholders should note that the vote on this resolution is advisory only and does not bind the Company or the Directors.

Resolution 2: Election of William Bannister as a Director

In accordance with Listing Rule 14.4 and the Constitution, at every Annual General Meeting, one third of the Directors excluding the Managing Director under clause 11.1.4 of the Constitution, and excluding any Directors appointed to fill a casual vacancy, under clause 11.4.2 of the Constitution, must retire from office and are eligible for re-election. The Directors to retire are to be those who have been in office for 3 years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement. Accordingly, the Company's non-executive director William Bannister retires and offers himself for re-election.

Information on Mr Bannister's experience is set out on page 7 of the Company's 2009 Annual Report.

Resolutions 3, 4 and 5: Election of Richard J Sandner, Paul Dickson and Jonathan Lim as Directors

Clause 11.4.2 of the Constitution requires that a Director appointed by the Board to fill a casual vacancy must retire at the next Annual General Meeting following his or her appointment, but is eligible for re-election at the next Annual General Meeting. Accordingly each of Richard Sandner, Paul Dickson and Jonathan Lim retire and offer themselves for re-election at the Meeting.

Information on their respective experience is set out on pages 6 and 7 of the Company's 2009 Annual Report.

Resolution 6: Approval for the Issue of Shares to Tan Lee Peng

Shareholders are being asked to approve Resolution 6 in connection with a placement of Shares to Tan Lee Peng. Listing Rules 7.1 and 7.4 provide generally that a company may not issue securities equal to more than 15% of the Company's issued share capital in any 12 months without obtaining shareholder approval. Listing Rule 7.4 states that an issue of securities by the Company without prior approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 only if the issue did not breach Listing Rule 7.1 at the time the issue occurred, and shareholder approval is subsequently obtained.

The Company intends to issue the Shares the subject of Resolution 6 following submission of the Notice of Annual General Meeting to ASX for the purpose of regulatory approval. The issue of Shares may occur following despatch of the Notice of Annual General Meeting to Shareholders, but before the date of the Annual General Meeting.

Accordingly the Company wishes to comply with Listing Rule 7.1 (approval of a future issue of Shares outside the Company's current 15% threshold) and Listing Rule 7.4 (ratification of a past issue, to restore the 15% threshold) in connection with Resolution 6 in order to comply with all ASX requirements in relation to the proposed issue of Shares to Mr Peng.

The Board has identified that there is an opportunity to issue Shares to Mr Peng within its existing 15% capacity in the intervening period between submitting this Notice to ASX and ASIC and then despatch to Shareholders, and the date of the Meeting, but the actual date on which the issue will occur has not been finalised by the date of this Notice of Annual General Meeting. Therefore it is not sufficient to include a resolution dealing only with ratification, since the issue may not have occurred by the time the Notice is despatched or the Meeting held.

As a result, for the purposes of the Notice of Annual General Meeting, the approvals being sought are advance approval under Listing 7.1, and for the purposes of the convened Meeting on 30 November 2009, the approval sought is a ratification approval under Listing Rule 7.4 to cover the possibility that the issue occurs before 30 November 2009.

Accordingly, Shareholders are now being asked to approve the issue of 8,323,000 Shares to Tan Lee Peng at an issue price of $0.05 each to raise $416,150. The funds will be applied by the Company towards the costs involved in drill testing targets at the Company's Aztec Dome ground. The Shares will be issued either prior to the date of the Annual General Meeting, or, on a date which is no later than 3 months after the date of the Annual General Meeting (or such later date approved by ASX waiver; no waiver application has been or is intended to be made, by the Company.)

Mr Peng is not a related party of the Company. He is a sophisticated investor and held 9,000,000 Shares prior to the allotment of the Shares the subject of Resolution 6 and 17,323,000 Shares post the allotment. On the assumption that the Shares proposed to be allotted pursuant to Resolutions 7 and 8 are approved by Shareholders at the Meeting and are subsequently allotted, Mr Peng's relevant interest in the Company will be approximately 11% of the Company's Shares on issue on a fully diluted basis, following the issue to Mr Peng.

The Shares will rank equally in all respects with all of the existing ordinary Shares on issue, the terms of which are summarised in Annexure A. Shareholder approval will enable the Company to disregard the issue of the Shares to Mr Peng for the purposes of calculating the Company's 15% existing capacity under Listing Rule 7.1 in the next 12 months. The Directors recommend that the Shareholders vote in favour of Resolution 6 in order to provide maximum flexibility to the Company for future capital raising in the following 12 month period.

Resolutions 7 and 8: Issue of Shares to Grande Pacific Limited and Jonathan Lim

Shareholders are being asked to approve Resolutions 7 and 8 for the purposes of Listing Rule 10.11, and item 7 of section 611 of the Corporations Act, and for all other purposes in relation to two proposed issues of Shares, to Grande Pacific Limited and to Jonathan Lim who are associated with each other and their voting power includes the other's relevant interest in Shares. Resolutions 7 and 8 are inter-conditional; neither allotment will proceed unless both Resolutions are approved by the Shareholders at the Meeting. This means that if Resolution 7 is not approved then the Chairman will not put Resolution 8 to the Meeting for consideration. Together Resolutions 7 and 8 will raise funds of $1,563,347 before the costs of the issue which include professional placement fees of 5% ($78,000) to be paid to Jethro Investment Pte Ltd (pursuant to a mandate between Terrain and Jethro), a Singaporean company which is not associated with Mr Lim, Grande Pacific Limited or their associates.

Grande Pacific Limited is a private company incorporated under the laws of Singapore and managed by experienced individuals investing in various businesses including the exploration industry in Western Australia. Grande Pacific Limited has been created to pursue a variety of investment opportunities including mineral resource projects and to enhance the value of these investments through financial and corporate support. Grande Pacific Limited is associated with the Company's vice Chairman, Jonathan Lim, who is also proposing to make a personal investment in the Company, the subject of Resolution 8.

Grande Pacific Limited and Mr Lim are, in their association together, giving the Company the opportunity to re-capitalise and pursue its business objectives of becoming an advanced exploration and producing mining company. The funds raised will be applied towards exploration at the Company's Aztec Dome ground and to progress the Company's mining plans at its Bundarra project.

Resolutions 7 and 8 are necessary in order to comply with specific requirements of the Listing Rules and the Corporations Act concerning the involvement of related parties in transactions with the Company, and the extent to which the related parties will increase their Voting Power in the Company in excess of 20% which is the basic threshold beyond which increases are prohibited by the Corporations Act unless shareholder approval or other exceptional circumstances apply. A general explanation of what approvals are necessary and why, is set out below, which is then followed by the specific information that the Company is required to provide to Shareholders in relation to each of Resolutions 7 and 8.

Listing Rules 7.1 and 7.4

Listing Rules 7.1 and 7.4 provide generally that a company may not issue securities equal to more than 15% of the Company's issued share capital in any 12 months without obtaining shareholder approval. Resolutions 7 and 8 are both necessary in accordance with this principle, although where related parties of the Company (or associates of related parties of the Company) are the recipients of the securities, shareholder approval is sought instead in accordance with Listing Rule 10.11. Where shareholder approval is obtained under Listing Rule 10.11, it is not also required under Listing Rule 7.1.

Listing Rule 10.11

Listing Rule 10.11 provides that a company must not issue equity securities to a related party of the Company, such as a director or an entity controlled by a director or a person who has reasonable grounds to believe that he will become a related party at any time in the future, without the company obtaining shareholder approval by ordinary resolution. Section 228 of the Corporations Act defines what a related party is for the purposes of this rule. It includes a Director; a person reasonably believed to become a Director at any time in the future, and a company controlled by a Director. Jonathan Lim and Grande Pacific Limited are each therefore a related party of the Company.

Under Resolution 7 the Company seeks approval in accordance with Listing Rule 10.11 from Shareholders for the issue of 9,226,940 Shares to Grande Pacific Limited. Under Resolution 8 the Company seeks approval in accordance with Listing Rule 10.11 from Shareholders for the issue of 22,000,000 Shares to Jonathan Lim.

The Shares are to be issued at an issue price of $0.05 cents per Share, within one month of the date of the Meeting. The Shares will rank equally in all respects with all of the existing ordinary Shares on issue, set out in Annexure A.

Section 611 of the Corporations Act

Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in the issued voting shares of a company if, because of the acquisition, that person's or another person's Voting Power in the Company increases to more than 20%. If Grande Pacific Limited or Jonathan Lim acquires any more Shares or increase their respective Relevant Interest in Shares, without shareholder approval, or otherwise complying with the permitted exceptions in section 611 of the Corporations Act, they would be in breach of section 606 of the Corporations Act.

Section 611 of the Corporations Act sets out certain exceptions to the general prohibition and permits an increase in Voting Power over 20%. Item 7 of section 611 of the Corporations Act provides a mechanism by which shareholders may approve an issue of shares in a company to a person which would otherwise result in that person's, or another person's, Voting Power in the Company increasing to more than 20%. Under the Corporations Act a person's Voting Power in a company is the total of the votes attaching to the shares in that company in which that person has a relevant interest, and that person's associates (within the meaning of the Corporations Act) have a relevant interest. The Voting Power of a person in the Company is determined by reference to section 610 Corporations Act. By section 608 Corporations Act, in addition to being the registered holder of shares, a relevant interest in shares is also achieved by having power to exercise or control the exercise of votes or disposal of the shares. In addition, a person will be deemed to have a relevant interest in securities held by a company, if the person has over 20% Voting Power in that company.

Associates are determined as a matter of fact, for example where a person controls or influences the board or the conduct of a company's business affairs, or acts in concert with a person in relation to the entity's business affairs. Jonathan Lim has control of Grande Pacific Limited, for the purposes of the Corporations Act.

In order for the Company to comply with the requirements of the Corporations Act, the Company has provided the information below which ASIC Regulatory Guide 74 requires the Company to provide to Shareholders when seeking approval in accordance with item 7 of section 611 of the Corporations Act. In addition the Directors have appointed RSM Bird Cameron Corporate Pty Ltd to prepare the independent expert's report annexed to this Explanatory Statement, in compliance with ASIC Regulatory Guide 74. The objective of commissioning an Independent Experts Report is to provide an opinion for the benefit of Shareholders considering Resolutions 7 and 8, as to whether or not the proposals in Resolutions 7 and 8 are fair and reasonable to the Shareholders not associated with Grande Pacific Limited or Jonathan Lim. The report is set out in Annexure C and it is recommended that Shareholders read that report in its entirety. The expert's report concludes that the transactions the subject of Resolutions 7 and 8 are **not fair but reasonable** to non associated Shareholders.

The Company provides the following information in accordance with ASIC Regulatory Guide 74:

Identity of the persons proposing to make the investment, their associates and relevant interests: Grande Pacific Limited is the party proposing to make the investment in relation to Resolution 7, and this will cause an increase in Voting Power of Grande Pacific Limited and Jonathan Lim. In relation to Resolution 8, Jonathan Lim is the party proposing to make the investment and this will cause an increase in the Voting Power of Jonathan Lim and by virtue of Grande Pacific Limited being an associate of Jonathan Lim, the Voting Power of Grande Pacific will also increase. Jonathan Lim controls Grande Pacific Limited for the purposes of the Corporations Act.

Maximum extent of the increase in Voting Power as a result of Resolutions 7 and 8: The Voting Power of Grande Pacific Limited and Jonathan Lim in Shares at the date of this Notice of Meeting is 15.09% each, comprising 17,690,815 Shares. If Resolutions 7 and 8 are both approved by Shareholders

and implemented within 1 month of the date of the Meeting, that is by 30 December 2009, the Voting Power of Grande Pacific Limited and Jonathan Lim in Shares will be approximately 31.19%, comprising 48,957,755 Shares. This assumes that no Options on issue will be exercised by the date of allotment of the Shares under Resolutions 7 and 8, and assumes no other issue of Shares.

Identity, associations with the associates and qualifications of any person who is intended to or will become a Director if the Shareholders agree to the allotment:

Jonathan Lim is currently a Director, and controls Grande Pacific Limited. He offers himself for re-election as a Director at the Meeting. Information on Mr Lim's experience is set out on page 6 of the Company's 2009 Annual Report.

Statement of associated parties' respective objectives and intentions regarding the future of the Company in subscribing for Shares, if Shareholders pass Resolutions 7 and 8:

The proposed continuing involvement by Grande Pacific Limited will allow the Company to continue to pursue its objective to become an advanced exploration and producing mining company, by providing strong support as a shareholder and on the Board through Jonathan Lim. Mr Lim and Grande Pacific Limited have no intention to alter the financial or operating policies of the Company, re-deploy fixed assets of the Company and transfer property of the Company following the proposed allotments. There is also no present intention by Mr Lim and Grande Pacific Limited to inject further funds.

Terms of the proposed allotment and when it is proposed to be completed:

The subscription funds will be paid and the allotments made within one month of the date of the Meeting, by 30 December 2009, subject to expenses of the issue being met including placement fees of 5% pursuant to a mandate between Jethro and the Company entered into earlier this year when Mr Lim and Grande Pacific Limited were introduced to the Company.

The interests of the Directors and their recommendation in relation to Resolutions 7 and 8:

Jonathan Lim is the only Director with a personal interest in the outcome of Resolutions 7 and 8 and has excluded himself from all Board discussions on the subject. His Voting Power would increase from 15.09% to 31.19% if the Shares are allotted, assuming the Company allots no other Shares. The remaining Directors recommend that Shareholders vote in favour of Resolutions 7 and 8 because the placement proceeds will substantially improve the company's financial position to meet its objective of advancing exploration at the Aztec Dome and contributing to the mining studies at Bundara.

Resolutions 9, 10, 11, 12 and 13: Issue of Options to Directors

Listing Rule 10.14

Listing Rules 7.1 and 7.4 provide generally that a company may not issue securities equal to more than 15% of the Company's issued share capital in any 12 months without obtaining shareholder approval. Where related parties of the Company (or associates of related parties of the Company) are the recipients of the securities issued in accordance with the Company's employee share plan previously approved by Shareholders, shareholder approval is sought instead in accordance with Listing Rule 10.14. Where shareholder approval is obtained under Listing Rule 10.11 (or 10.14), it is not also required under Listing Rule 7.1.

Listing Rule 10.14 provides that a company must not issue equity securities under the Plan to a related party of the Company, such as a director or an entity controlled by a director or a person who has reasonable grounds to believe that he will become a related party at any time in the future, without the company obtaining shareholder approval by ordinary resolution. Section 228 of the Corporations Act defines what a related party is for the purposes of this rule. It includes a Director; a person reasonably believed to become a Director at any time in the future, and a company controlled by a Director. Keith Wells is therefore a related party of the Company.

Resolution 9: Issue of Options to Keith Wells, Managing Director

The Company seeks shareholder approval for the issue of 2,500,000 options to the Company's Managing Director Keith Wells, in order to comply with the requirements of Listing Rule 10.14. The Options will be issued for no consideration at an exercise price which will be double the closing share price on ASX on the date of issue of the Options, or 80% of the average closing sale price of the Shares on ASX over the 5 trading days immediately preceding the date of the issue of the Options to the Director, whichever is the higher exercise price. The Options are exercisable within 5 years of the date of issue and are otherwise issued on the terms set out in Annexure B and pursuant to the terms of the Company's current Plan, within one year of the date of the Meeting. There are no vesting conditions.

The Board (without Keith Wells in attendance) considers that the grant of the Options to Keith Wells constitutes part of the reasonable remuneration for Keith Wells as the Company's only executive director, and as such the proposed issue does not require shareholder approval in accordance with chapter 2E of the Corporations Act which regulates financial benefits to related parties of the Company.

For the purposes of compliance with Listing Rule 10.15.4, the names of the directors or their associates who have previously received securities under the Plan are Keith Wells who received 1,500,000 options exercisable at 20 cents each. Each of Keith Wells, Richard J Sandner, William Bannister, Paul Dickson, and Jonathan Lim and their associates are entitled to participate in the Plan.

Resolutions 10, 11, 12 and 13: Issue of Options to Non Executive Directors

The Company seeks Shareholder approval in order to comply with the requirements of Listing Rule 10.14, section 195 Corporations Act and Chapter 2E of the Corporations Act for the issue of the 1,000,000 Options each for nil consideration to each of the Company's non executive Directors, Richard J Sandner, William Bannister, Jonathan Lim and Paul Dickson. The Options will be issued for no consideration at an exercise price which will be double the closing share price on ASX on the date of issue of the Options, or, 80% of the average closing sale price of the Shares on ASX over the 5 trading days immediately preceding the date of the issue of the Options to the Director, whichever is the higher exercise price. The Options are exercisable within 5 years of the date of issue and are otherwise issued on the terms set out in Annexure B and pursuant to the terms of the Company's current Plan, within one year of the date of the Meeting. There are no vesting conditions.

Section 195 Corporations Act

Resolutions 10, 11, 12 and 13 are put to Shareholders pursuant to section 195 of the Corporations Act. This section permits the Directors to seek Shareholder approval to a given matter where a majority of Directors have a material personal interest in a matter being considered by the Board and there are not sufficient remaining independent Directors to consider the resolution. Since all of the Directors other than Keith Wells are materially interested in the outcome of Resolutions 10, 11, 12 and 13, Shareholder approval is being sought for the purpose of section 195 of the Corporations Act and the Directors have not, as a Board, considered these resolutions except for the purposes of convening the meeting of Shareholders.

For the purposes of compliance with Listing Rule 10.15.4, the names of the directors or their associates who have previously received securities under the Plan are Keith Wells who received 1,500,000 options exercisable at 20 cents each. Each of Keith Wells, Richard J Sandner, William Bannister, Paul Dickson, and Jonathan Lim and their associates are entitled to participate in the Plan.

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. The grant of Options contemplated by Resolutions 10,11, 12, and 13 constitutes the provision of a financial benefit to related parties under section 229 of the Corporations Act.

A "related party" is widely defined and includes a director of a public company. Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

1. the giving of the financial benefit falls within one of the exceptions to the provision (none of which apply to Resolutions 10, 11, 12, or 13); or
2. prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of section 219 of the Corporations Act the following information is provided to Shareholders to enable them to assess the merits of resolutions.

The Related Parties to Whom the Resolutions Would Permit the Benefit to be Given

Richard J Sandner, William Bannister, Jonathan Lim and Paul Dickson who are all the non executive Directors of the Company (each person is a "Related Party").

The Nature of the Financial Benefit

The proposed financial benefit to be given is the issue of 1 million Options to each Related Party.

Directors' Recommendations

Of all the Directors only Keith Wells is in a position to make a recommendation in relation to the outcome of Resolutions 10 to 13 inclusive. His recommendation is that Shareholders approve Resolutions 10 to 13 inclusive on the basis that it will provide an incentive to the non-executive Directors in their performance of their role, for the benefit of all Shareholders.

Valuation of Options

The Black and Scholes Option price calculation method is widely regarded as acceptable as a valuation model where the Options cannot be readily valued by some other means. In determining the dollar value of the Options as $0.045, the following assumptions were made:

(a) the market price of Shares is $0.054 per Share;

(b) the Options will be exercisable at $0.11 each;

(c) the Options will be exercisable by the fifth anniversary of the satisfaction of the issue date;

(d) price volatility of the Shares during the life of the Options is expected to be 130%;

(e) the average current risk free interest rate is 3.8%; and

(f) a discount has not been allowed to reflect the unlisted status of the Options.

On this basis, the implied value being received by each Related Party in relation to the Options is $45,000 each.

Current Relevant Interest in Shares and Options

The table below shows the relevant interest of each of the non-executive Directors in Shares and Options before and after all the Resolutions in this Notice of General Meeting are implemented, assuming they are all passed. For the sake of completeness the information is also provided in relation to Keith Wells.

	As at date of this Notice of Meeting		Following implementation of all Resolutions	
Director	Shares	Options	Shares	Options
Keith Wells	3,421,535	3,275,000	3,421,535	5,775,000
William Bannister	38,104	-	38,104	1,000,000
Richard J Sandner	-	-	-	1,000,000
Paul Dickson	735,668	51,000	735,668	1,000,000
Jonathan Lim	17,690,815	-	17,690,815	1,000,000

The table below shows the annual remuneration of all of the Directors (including superannuation), and the total financial benefits to be received by the Directors in the financial year ending 30 June 2010, including the implied value to be received by the non-executive Directors as a result of Resolutions 10 to 13 inclusive:

Director	Description	Per annum ($)	Implied Value of Options to be Issued ($)	Total Financial Benefit ($)
Keith Wells	Managing Director	163,500	112,500	276,000
William Bannister	Non-Executive Director	32,700	45,000	77,700
Richard J Sandner	Non-Executive Director	32,700	45,000	77,700
Paul Dickson	Non-Executive Director	32,700	45,000	77,700
Jonathan Lim	Non-Executive Director	32,700	45,000	77,700

Trading History

The closing trading price of the Shares prior to the date of printing the Notice of General Meeting was $0.053.* on 16 October 2009. The highest and lowest closing market sale prices of the Company's Shares on ASX during the 3 months immediately preceding the date of lodgement of this Notice of General Meeting with ASIC and the respective dates of those sales were:

Highest: $0.060 on 10 September 2009

Lowest: $0.045 on 31 August 2009

Glossary

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

Annexure	an annexure to this Explanatory Statement
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited
Board	the board of Directors
Company	Terrain Minerals Limited
Constitution	constitution of the Company
Corporations Act	Corporations Act 2001 (Cth)
Director	Director of the Company.
Listing Rules	the ASX Listing Rules
Meeting	The 2009 Annual General Meeting of the Company
Option	an option to subscribe for a Share
Plan	Means the employee share option plan number 2 of the Company the issue of securities under which was approved by Shareholders in general meeting in 2008
Relevant Interest	Has the meaning given in the Corporations Act
Share	A fully paid ordinary share in the capital of the Company
Shareholder	A shareholder of the Company
Voting Power	Has the meaning given in the Corporations Act

ANNEXURE A - Terms of Shares

The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights attaching to the shares of the Company. Full details are contained in the Constitution, available for inspection at the Company's registered office.

(a) Share Capital

All issued ordinary shares rank equally in all respects.

(a) Voting Rights

At a general meeting of the Company, every holder of shares present in person, by an attorney, representative or proxy has one vote on a show of hands and on a poll, one vote for every fully paid share held, and for every contributing share held, a fraction of a vote equal to the proportion which the amount paid up bears to the total issue price of the contributing share.

(b) Dividend Rights

Subject to the rights of holders of shares issued with any special or preferential rights (at present there are none), the profits of the Company which the Directors may from time to time determine to distribute by way of dividend are divisible among the shareholders in proportion to the shares held by them respectively, according to the amount paid up or credited as paid up on the shares.

(c) Rights on Winding-Up

Subject to the rights of holders with shares with special rights in a winding-up (at present there are none), on a winding-up of the Company all assets which may be legally distributed amongst the members will be distributed in proportion to the shares held by them respectively, according to the amount paid up or credited as paid up on the share.

(d) Transfer of Shares

Shares in the Company may be transferred by instrument in any form which complies with the Constitution, the Corporations Act, Listing Rules and SCH Business Rules. Shares may be transferred by such means in accordance with Listing Rules and the SCH Business Rules. The Directors may refuse to register a transfer of shares only in those circumstances permitted by Listing Rules and SCH Business Rules.

(e) Calls on Shares

Shares issued as fully paid are not subject to any calls for payment by the Company and will not therefore become liable for forfeiture.

(f) Further Increases in Capital

The allotment and issue of any new shares is under the control of the Directors and, subject to any restrictions on the allotment of shares imposed by the Constitution, Listing Rules or the Corporations Act, the Directors may allot, issue or grant options over or otherwise dispose of those shares to such persons, with such rights or restrictions as they may from time to time determine.

(g) Variation of Rights Attaching to Shares

Where shares of different classes are issued, the rights attaching to the shares of a class can thereafter only be varied by a special resolution passed at a separate general meeting of the holders of those shares of that class, or with the written consent of the holders of at least three quarters of the issued shares of that class.

(h) General Meeting

Each shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to shareholders under the Constitution, the Corporations Act and Listing Rules.

Annexure B - Terms of Options

(a) Each Option entitles the holder, on exercise, to one Share in the Company.

(b) Shares issued on exercise of Options will rank equally with other Shares of the Company.

(c) An Option may only be exercised after that Option has vested, after any conditions associated with the exercise of the Option are satisfied and before its expiry date. The Board may determine the vesting period. On the grant of an Option the Board may in its absolute discretion impose other conditions on the exercise of an Option.

(d) The Exercise Price of each Option issued under the Plan will be determined by the Board when it resolves to offer the Options, and will be not less than 80% of the average closing sale price of the Shares on ASX over the five trading days immediately preceding the day of the announcement of the issue of Options by the Board.

(e) The expiry date of an Option will be determined by the Board, and will be no later than 5 years after the date of issue.

(f) An Option will lapse immediately upon the first to occur of its expiry date or the Board determining that holder acting fraudulently or dishonestly in relation to the Company.

(g) If a change of control event happens in relation to the Company, the Board may declare an Option to be free of any conditions of exercise. Options which are so declared may be exercised at any time on or before they lapse.

(h) Options may not be transferred other than to a nominee of the holder. Quotation of Options on ASX will not be sought. However, the Company will apply to ASX for official quotation of Shares issued on the exercise of Options.

(i) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that the record date for determining entitlements to any such issue will be at least 9 Business Days after the issue is announced.

(j) If the Company makes an issue of Shares to Shareholders by way of capitalisation of profits or reserves ("**Bonus Issue**"), each Optionholder holding any Options which have not expired at the time of the record date for determining entitlements to the Bonus Issue shall be entitled to have issued to him upon exercise of any of those Options, the number of Shares which would have been issued under the Bonus Issue ("**Bonus Shares**") to a person registered as holding the same number of Shares as that number of Shares to which the Optionholder may subscribe for, pursuant to the exercise of those Options immediately before the record date determining entitlements under the Bonus Issue (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise).

(k) In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any Options, the number of Options to which each Optionholder is entitled or the exercise price of his or her Options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the Listing Rules.

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Shareholder Details

Contact Telephone No.: .....
Contact Name (if different from above): .....

Appointment of Proxy

I/We being a shareholder/s of Terrain Minerals Ltd and entitled to attend and vote hereby appoint

☐ The Chairman of the Meeting (*mark with 'X'*) OR ☐ (*Write in this box the name of the person you are appointing if this person is someone other than the Chairman of the Meeting.)*

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to attend and act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Terrain Minerals Ltd to be held at Suite 4, Level 1 Adams House, 230 Rokeby Road, Subiaco, Western Australia on Monday 30 November 2009 at 10am(WST) and at any adjournment of that meeting.

☞ ☐ IMPORTANT: If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote, please place a mark in this box with an 'X'. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of any of the resolutions and that votes cast by him, other than as a proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on each resolution and your votes will not be counted in computing the required majority if a poll is called. The Chairman of the Meeting intends to vote undirected proxies in favour of each resolution.

Voting directions to your proxy – please mark ☒ to indicate your directions

		For	Against	Abstain*
Resolution. 1	Adoption of Remuneration Report (advisory only)	☐	☐	☐
Resolution. 2	Election of William Bannister as a Director	☐	☐	☐
Resolution. 3	Election of Richard J Sandner as a Director	☐	☐	☐
Resolution. 4	Election of Paul Dickson as a Director	☐	☐	☐
Resolution. 5	Election of Jonathan Lim as a Director	☐	☐	☐
Resolution. 6	Ratify Issue of Shares to Mr Peng	☐	☐	☐
Resolution. 7	Issue of Shares to Grande Pacific Limited (conditional on Resolution 8)	☐	☐	☐
Resolution. 8	Issue of Shares to Jonathan Lim (conditional on Resolution 7)	☐	☐	☐
Resolution. 9	Issue of Options to Keith Wells	☐	☐	☐
Resolution. 10	Issue of Options to Jonathan Lim (conditional on Resolution 5)	☐	☐	☐
Resolution. 11	Issue of Options to Richard J Sandner (conditional on Resolution 3)	☐	☐	☐
Resolution. 12	Issue of Options to William Bannister (conditional on Resolution 2)	☐	☐	☐
Resolution. 13	Issue of Shares to Paul Dickson (conditional on Resolution 4)	☐	☐	☐

*If you mark the Abstain box for the Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.
Appointment of a second proxy (see instructions overleaf). If you wish to appoint a second proxy, state the % of your voting rights applicable to the proxy appointed by this form, in this box:

PLEASE SIGN HERE: This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Shareholder 1	Shareholder 2	Shareholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

How to complete the Proxy Form

Your Name and Address

Your name and address is as it appears on your holding statement and the Company's share register. Shareholders should advise the Company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. Please note, you cannot change ownership of your securities using this form.

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a Shareholder of the Company.

Votes on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite the Resolution. All your Shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the Resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the Resolution, your proxy may vote as he or she chooses. If you mark more than one box on the Resolution your vote on the Resolution will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company Secretary Ian Hobson on 08 9217 3300 or you may photocopy this form. To appoint a second proxy you must on each Proxy Form state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual:	where the holding is in one name, the holder must sign.
Joint Holding:	where the holding is in more than one name, all of the shareholders should sign.
Power of Attorney:	to sign under Power of Attorney, you must have already lodged this document with the company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies:	where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting a "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate is included in the Notice of Annual General Meeting and may also be obtained from the Company's share registry.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the meeting. i.e. no later than 10am (WST) 28 November 2009. Any Proxy Form received after that time will not be valid for the scheduled meeting.

This Proxy Form (and any Power of Attorney and/or second Proxy Form) may be sent or delivered to the Company's registered office at Suite 4, Level 1 Adams House, 230 Rokeby Road Subiaco WA 6008 , PO Box 1702 Subiaco WA 6904 or sent by facsimile to the registered office on 08 9381 5551.

Appointment of Corporate Representative

Section 250D of the Corporations Act 2001

Shareholder Details

This is to certify that by a resolution of the Directors of:

…….. (Company),
Insert name of shareholder company

the Company has appointed:

……,
Insert name of corporate representative

in accordance with the provisions of section 250D of the Corporations Act 2001, to act as the body corporate representative of that company at [the meeting of the members of Terrain Minerals Limited to be held on 30 November 2009 and at any adjournments of that meeting][all meetings of the members of Terrain Minerals Ltd].

DATED …… 2009

Please sign here

Executed by the Company)

in accordance with its constituent documents)

..... ……	..... …….
Signed by authorised representative	Signed by authorised representative
..... …..	..... …..
Name of authorised representative (print)	Name of authorised representative (print)
..... …..	....
Position of authorised representative (print)	Position of authorised representative (print)

Instructions for Completion

1. Insert name of appointor Company and the name or position of the appointee (eg “John Smith” or “each director of the Company”).
2. Execute the Certificate following the procedure required by your Constitution or other constituent documents ensuring that if the appointor company is a sole director company, that this is stated, otherwise that two officers sign on behalf of the appointor company, otherwise the appointment is invalid and votes cast will not count.

3. Print the name and position (eg director) of each company officer who signs this Certificate on behalf of the company.

4. Insert the date of execution where indicated.

5. Send or deliver the Certificate to the registered office at Suite 4, Level 1 Adams House, 230 Rokeby Road, Subiaco WA 6008; PO Box 1702 Subiaco WA 6904 or fax the Certificate to the registered office at 08 9381 5551, or present it to the Company before the Meeting commences.

RSM Bird Cameron Corporate Pty Ltd

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9111
www.rsmi.com.au

E-mail: andy.gilmour@rsmi.com.au
Direct Telephone: 08 9261 9447

AJG:SM 911133/IER
19 October 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 ("RSMBCC") 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 a proposed share placement of 31,266,940 shares at 5 cents each ("Proposed Share Placement") to director Jonathan Lim and interests associated with Jonathan Lim ("Lim and associates") is fair and reasonable to shareholders of Terrain who are not associated with Jonathan Lim ("Non-Associated Shareholders").

1.2. Our Report is to be included in the Notice of Annual General Meeting and Explanatory Statement ("Notice of Meeting") for Terrain to be sent to all Shareholders to assist them in deciding whether to approve the proposed share placement.

RSM Bird Cameron Corporate Pty Ltd
ABN 82 050 508 024
Licensed Investment Adviser
No 255847

Major Offices in:
Perth, Sydney,
Melbourne, Adelaide
and Canberra

RSM Bird Cameron Corporate Pty Ltd is
an independent member firm of RSM International, an affiliation of
independent accounting and consulting firms.

2. Summary and Conclusion

2.1. In our opinion and for reasons set out in Sections 10 and 11 of this report, the Proposed Share Placement is **Not Fair but Reasonable** to non-associated shareholders of Terrain.

Fair

2.2. In Section 10 we determine that the Proposed Share Placement is not fair to the Shareholders as the net asset value per ordinary share is likely to decrease following the Proposed Share Placement from a range of 8.79 cents to 10.67 cents to a range of 7.98 cents to 9.50 cents.

Reasonable

2.3. In Section 11 we set out what we consider to be the

- advantages and disadvantages; and
- alternatives, including the position of Shareholders if the Proposed Share Placement does not proceed.

2.4. In our opinion, the advantages of the Proposed Share Placement outweigh the disadvantages.

2.5. The key advantages are:

- *The underlying value may not be realisable* – The underlying value is based on net assets but realising this value depends on the ability of Terrain to continue to progress its mineral assets which in turn depends on sufficient funds to cover the ongoing expenditures required.
- *Funds are available to pursue business objectives through exploration and mining* – The Proposed Share Placement to Jonathan Lim and associates allows Terrain to pursue its business objectives of becoming an advanced exploration and producing mining company and specifically to explore the Aztec Dome ground and to progress the mining plans at the Bundarra project.

2.6. The key disadvantage is:

- *The* d*ilution of shareholding* – As the percentage held by Jonathan Lim and associates would increase if Resolutions 7 and 8 are approved, so the percentage held by non-associated shareholders would decrease from approximately 85% to approximately 69% of Terrain.

2.7. We are not aware of any alternative proposal.

2.8. 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:-

Section **Page**

Appendices

4. Outline of the Proposed Share Placement

Proposed Share Placement

4.1. The Proposed Share Placement as set out in the Notice of Meeting expressed in the following resolutions to be considered by Terrain shareholders at the Annual General Meeting on 30 November 2009:

- ***Resolution 7 Approval of issue of shares to Grande Pacific Limited***. *"Subject to Resolution 8 being approved, that the Shareholders approve the issue of 9,226,940 shares to Grande Pacific Limited at an issue price of $0.05 each for the purposes of Listing Rule 10.11, section 611 Corporations Act and for all other purposes, and on the terms set out in the Explanatory Statement."*
- ***Resolution 8 Approval of issue of shares to Jonathan Lim***. *"Subject to Resolution 7 also being approved, that the Shareholders approve the issue of 22,000,000 shares to Jonathan Lim at an issue price of $0.05 each for the purposes of Listing Rule 10.11, section 611 Corporations Act and for all other purposes, and on the terms set out in the Explanatory Statement."*

4.2. The Notice of Meeting includes an Explanatory Statement which states that Resolutions 7 and 8 are inter-conditional such that neither allotment will proceed unless both resolutions are approved. Together Resolutions 7 and 8 will raise funds of $1,563,347, before the costs of issue which include professional placement fees of $78,000 (5%) paid to Jethro Investment Pte Ltd, a Singaporean company which is not associated with Jonathan Lim.

4.3. Jonathan Lim is a director and vice chairman of Terrain. Grande Pacific Limited is associated with Jonathan Lim.

4.4. Set out below is a summary of the potential impact of Resolutions 7 and 8 being approved on the top 10 shareholders. Specifically this table shows that the percentage of shares held by Jonathan Lim and associates would increase from 15.09% to 31.19%. The table is presented on an undiluted basis – options have not been included because the exercise price of all options is in excess of the current share price and the issue price of the shares the subject of Resolutions 7 and 8.

Shareholder	Current	Current %	Updated	Updated %
Grande Pacific Ltd - current	*17,690,815*		*17,690,815*	
Grande Pacific Ltd - Resolution 7			*9,226,940*	
Jonathan Lim - Resolution 8			*22,000,000*	
Total Jonathan Lim & associates	**17,690,815**	**15.09%**	**48,917,755**	**31.19%**
Iron Mountain Mining Limited	17,539,682	14.96%	17,539,682	11.18%
Mr Tan Lee Peng - current	*9,000,000*		*9,000,000*	
Mr Tan Lee Peng - Resolution 6			*8,323,000*	
Mr Tan Lee Peng revised total	9,000,000	7.67%	17,323,000	11.05%
Mr Boon Kheng Ong	8,070,569	6.88%	8,070,569	5.15%
National Nominees Limited	4,738,684	4.04%	4,738,684	3.02%
Mr Anthony Guan Cheow Soh	4,422,858	3.77%	4,422,858	2.82%
Denton Pty Ltd	4,000,000	3.41%	4,000,000	2.55%
Skycross Pty Ltd	3,176,000	2.71%	3,176,000	2.03%
Razi Pty Ltd	3,010,000	2.57%	3,010,000	1.92%
Armco Barriers Pty Ltd	2,800,000	2.39%	2,800,000	1.79%
Others	42,817,730	36.51%	42,817,730	27.30%
Total	**117,266,338**	**100.00%**	**156,816,278**	**100.00%**

Table 1 – Summary of potential impact of approval of Resolutions 7 and 8 on shareholdings

4.5. Note that this table includes 8,323,000 shares to be issued to Mr Tan Lee Peng after the date of the Notice of Meeting at an issue price of $0.05 in accordance with Resolution 6 of the Notice of Meeting.

Rationale for the Proposed Share Placement

4.6. The investment by Jonathan Lim and Grande Pacific Limited gives Terrain the opportunity to re-capitalise and pursue its business objectives of becoming an advanced exploration and producing mining company.

4.7. The funds raised by the share issue will be applied towards exploration of the Company's Aztec Dome ground and to progress Terrain's mining plans at its Bundarra project.

5. Purpose of this Report

ASX Listing Rules

5.1. Section 606 of the Corporations Act ("the Act") prohibits a person from acquiring a relevant interest in the issued voting shares of a public company if the acquisition results in that person's voting interest in the company exceeding 20%.

5.2. However, under item 7 of section 611 the prohibition contained in section 606 does not apply if the acquisition has been approved by the non-associated shareholders of the company.

5.3. Accordingly, shareholder approval of the Proposed Share Placement to Jonathan Lim & Associates is being sought by the Company under item 7 of section 611 of the Act, as Jonathan Lim's relevant interest will exceed 20% if the Proposed Share Placement is approved.

5.4. Section 611 states that shareholders must be given all information that is material to the decision on how to vote at the meeting. Regulatory Guide 111 Content of Expert Reports ("RG 111") issued by the Australian Securities and Investments Commission ("ASIC") advises the commissioning of an Independent Expert's Report in such circumstances and provides guidance on the content.

5.5. In determining whether the Proposed Share Placement is "fair and reasonable" we have given regard to the views expressed by ASIC in RG 111.

5.6. 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 Share Placement is fair and reasonable.

5.7. 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.

Basis of Assessment

5.8. Where an issue of shares by a company otherwise prohibited under s606 is approved under item 7 of s611 and the effect on the company's shareholding is comparable to a takeover bid, RG 111 states that the transaction should be analysed as if it was a takeover bid (RG 111.21 and RG 111.22).

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

- 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. This comparison should be made assuming 100% ownership of the "target" and irrespective of whether the consideration is scrip or cash; and
- 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.

5.10. Consistent with the guidelines in RG 111, in determining whether the Proposed Share Placement is "fair and reasonable" to the non-associated shareholders, the analysis undertaken is as follows:

- A comparison of the fair value of an ordinary share in Terrain prior to and immediately following the Proposed Share Placement, being the 'consideration' for Shareholders - fairness; and
- A review of other significant factors which Shareholders might consider prior to approving the Proposed Share Placement - reasonableness.

5.11. In particular, we have considered the advantages and disadvantages of the Proposed Share Placement in the event that it proceeds or does not proceed including:

- The future prospects of the Company if the Proposed Share Placement does not proceed; and
- Any other commercial advantages and disadvantages to the Shareholders as a consequence of the Proposed Share Placement proceeding.

5.12. Our assessment of the Proposed Share Placement is based on economic, market and other conditions prevailing at the date of this report.

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. In addition Terrain now has an interest in the Dodgers Well project.

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. In May 2009 the Company received an unsolicited takeover bid from Iron Mountain Mining Limited on the basis of one Iron Mountain Mining Limited ordinary share for every two Terrain ordinary shares. The takeover bid was unsuccessful.

6.6. In May and June 2009 a further $1,365,737 was raised through a combination of share placements and rights issues through the issue of 28,752,331 ordinary shares at an issue price of 4.75 cents each.

6.7. The Board of Directors comprises:

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

6.8. Ian Hobson serves as the Company Secretary.

Current Projects

6.9. Terrain's interests are in the Bundarra Project, the East Kambalda Project and the Dodgers Well Project.

Bundarra Project

6.10. This project is located approximately 70 km north of Leonora and covers approximately 100 km^2. The Bundarra Project consists of the following:

- Bundarra (Celtic and Wonder North) Project (100% owned);
- Great Western Project (100% owned); and
- Black Cat Joint Venture (where an initial expenditure of $750,000 has entitled Terrain to a 60% interest).

6.11. 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.

6.12. Mining studies, including pit optimisations and preliminary open pit mine plans have been completed over the Celtic and Wonder North deposits and are currently being completed for the Great Western project.

6.13. If the joint venture partner, St Barbara Ltd, elects not to match expenditure, Terrain can earn a 100% interest in the Black Cat prospect through the expenditure of a further $1.5 million on exploration; St Barbara Ltd, will retain a $10/oz royalty on all gold produced from the tenements if this occurs.

East Kambalda Project

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

6.15. Mining studies including pit optimisation and preliminary open pit mine plans have been completed over the Coogee gold deposit. The deposit is being offered for sale.

6.16. 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

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

6.18. A1 Minerals Ltd holds a 4-year prospecting licence which expires on 12 December 2011. In March 2009, Terrain entered into an option agreement to purchase the project; Terrain can acquire 100% equity 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

6.19. At 16 October 2009, Terrain had 117,266,338 ordinary shares on issue.

6.20. Included in the Notice of Meeting is Resolution 6 for shareholders to ratify the raising of $416,150 through the placement of 8,323,000 shares at 5 cents each to Mr Tan Lee Peng (a non-related party). Following that placement Terrain will have 125,589,338 ordinary shares on issue.

6.21. The number of shares held by the substantial shareholders as at 16 October 2009 is detailed below:

Shareholder	Number	%	Revised %
Grande Pacific Ltd	17,690,815	15.09%	14.09%
Iron Mountain Mining Limited	17,539,682	14.96%	13.97%
Mr Tan Lee Peng	9,000,000	7.67%	7.17%
Mr Boon Khneg Ong	8,070,569	6.88%	6.43%
National Nominees Limited	4,738,684	4.04%	3.77%
Mr Anthony Guan Cheow Soh	4,422,858	3.77%	3.52%
Denton Pty Ltd	4,000,000	3.41%	3.18%
Skycross Pty Ltd	3,176,000	2.71%	2.53%
Razi Pty Ltd	3,010,000	2.57%	2.40%
Armco Barriers Pty Ltd	2,800,000	2.39%	2.23%
Others	42,817,730	36.51%	34.09%
Total	**117,266,338**	**100.00%**	
To be issued to Mr Tan Lee Peng – Resolution 6	8,323,000		6.63%
Revised total	**125,589,338**		**100.00%**

Table 2: Significant Terrain Shareholders as at 16 October 2009

6.22. As at 16 October 2009, Terrain also had 51,624,132 quoted options (exercisable at 25 cents and expiring 31 July 2010) and 5,390,000 unquoted options (with various exercise prices and expiry dates) on issue as summarised below. The Notice of Meeting seeks approval for a further 6,500,000 options to be issued to directors.

Options	*Key terms*	*Number*
Listed options	**Exercise price of 25 cents expiring 31 July 2010**	**51,624,132**
Unlisted options		
Granted 19 May 2006	Exercise price of 20 cents expiring 24 March 2011	400,000
Granted 23 March 2007	Exercise price of 20 cents expiring 24 March 2011	200,000
Granted 27 March 2007	Exercise price of 30 cents expiring 22 March 2010	320,000
Granted 2 May 2007	Exercise price of 20 cents expiring 22 March 2012	500,000
Granted 5 June 2008	Exercise price of 10 cents expiring 23 March 2011	70,000
Granted 9 September 2008	Exercise price of 20 cents expiring 10 September 2013	500,000
Granted 1 December 2008	Exercise price of 20 cents expiring 30 November 2013	1,500,000
Granted 16 October 2009	Exercise price of 11 cents expiring 8 October 2014	1,900,000
Total unlisted options		**5,390,000**
Total all issued options		**57,014,132**

Table 3: Terrain options on issue as at 16 October 2009

Financial Reporting

6.23. The Company's latest financial report is for the year to 30 June 2009. The audit report (prepared by BDO Kendalls Audit & Assurance (WA) Pty Ltd) was unqualified.

Balance Sheet

6.24. Terrain's summary balance sheet as at 30 June 2009 is set out in the table below with comparatives as at 30 June 2008.

	Reference	Audited 30-Jun-09 $000s	Audited 30-Jun-08 $000s
Current assets			
Cash & cash equivalents		1,311	1,146
Other receivables		351	407
Non-current assets held for sale	6.26	393	-
		2,055	1,554
Non-current assets			
Plant & equipment		56	98
Exploration & evaluation	6.26-6.27	7,390	7,723
		7,446	7,821
Total Assets		**9,501**	**9,375**
Current liabilities			
Trade and other payables		377	213
		377	213
Total Liabilities		**377**	**213**
Net Assets	6.25	**9,124**	**9,162**

Table 4: Terrain Balance Sheet as at 30 June 2009

6.25. Terrain had net assets of $9.1 million as at 30 June 2009, representing a net asset value per share of 7.78 cents at that date.

6.26. 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.

6.27. 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.

6.28. Exploration costs written off during the year to 30 June 2009 relates to tenements which have lapsed or earn in arrangements have ceased.

Profit and Loss

6.29. The summary profit and loss statement for the two years to 30 June 2009 is set out in the table below.

	Reference	**Audited Year to 30-Jun-09** $000s	**Audited Year to 30-Jun-08** $000s
Revenue from continuing operations	6.30	50	233
Employee benefits expense		(444)	(912)
Depreciation expense		(45)	(42)
Professional fees & consultancy costs		(310)	(171)
Insurance & office expenses		(92)	(91)
Travel & shareholder expenses		(55)	(83)
Bank charges		(1)	(13)
Exploration expenditure written off		(867)	(332)
Other expenses		(108)	(101)
Net loss for the period		**(1,872)**	**(1,511)**
Basic loss per share		(2.25) cents	(2.00) cents

Table 5: Terrain Profit & Loss Statement for 2 years to 30 June 2009

6.30. Revenue from continuing operations primarily relates to bank interest received.

6.31. During the year to 30 June 2009, Terrain responded to the shortage of cash and difficult environment for fund raising caused by the global financial crisis by cutting operating costs where possible. In addition Terrain reduced its level of exploration activity and relinquished its interest in some non core projects.

Share price and performance

6.32. On the 14 October 2009 Terrain's closing share price was 5.1 cents. Terrain currently has a market capitalisation of around $6.0 million.

6.33. The chart below shows the monthly movement in Terrain's closing share price and average daily volumes over the last 18 months.

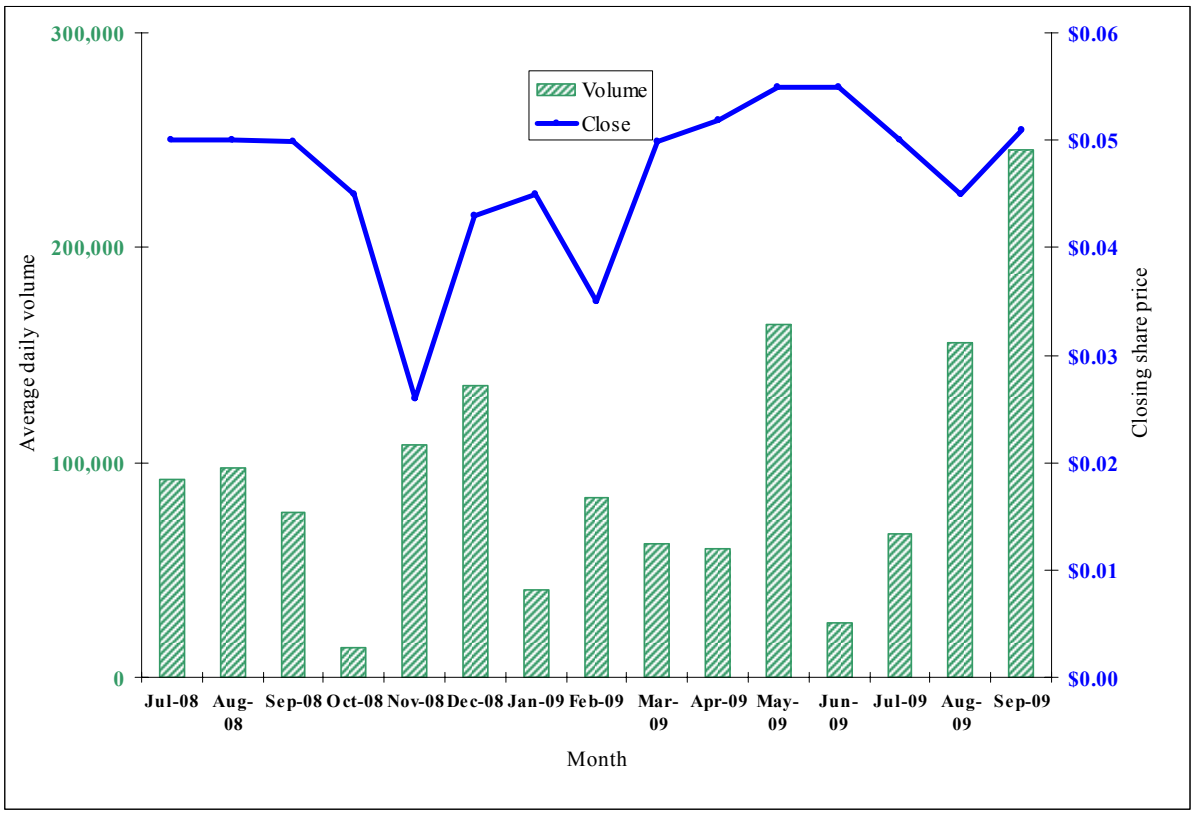

Figure 1: Monthly Closing Share Price and Average Daily Volume for Terrain (Source: Reuters)

6.34. 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.

6.35. 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.

6.36. Following the takeover offer by Iron Mountain Mining Limited on 10 March 2009 Terrain's share price rose by approximately 25% from 3.7 cents and stabilised at around 5.0 cents.

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, manifested as ingots or fabricated into jewellery and coins. Commercial uses for gold essentially arise only in the electronics industry and dentistry.

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 is currently the largest producer of gold in the world 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 with the producer generally retaining ownership and paying a fee to the refiner.

Major Participants

7.5. The gold ore mining industry in Australia has high concentration with the four largest operators accounting for over 75% 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	18%
Gold Fields Australia Pty Ltd	10%
Other	23%

Table 6: 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 indigenous 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 globally reflecting the dynamic demand/ supply balance based on the supply / demand balance, rising in response to shortfalls of supply and falling sharply at times of oversupply. Individual producers are unable to influence the gold price and so it is imperative for producers to keep costs down as lower cost mines will be better placed to survive if gold prices decline.

7.14. Gold 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

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

- International gold price - this can be extremely volatile, partly due to gold's role as a store of value and hedge against inflation.
- US dollar to Australian dollar exchange rate - this has a direct impact on the returns received by Australian producers.
- Average bank interest rate - higher interest rates tend to make other types of investment more attractive than gold stocks.
- 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.
- Ability to forward sell production when appropriate – this enables operators to lock in higher prices.
- The age and type (underground or open cut) of the mine and ore grade of the deposit – All these factors can affect the unit operating cost for the mine.

Current and Recent Historical Performance

7.16. Australian production output and revenue for the last 5 years is shown below:

	Output (tonnes)	Revenue (A$ million)
2004-05	265	6,044
2005-06	248	6,241
2006-07	250	6,903
2007-08	227	6,940
2008-09 est.	235	8,411

Table 7: Output and revenue for gold ore mining in Australia (Source: IBIS)

7.17. The output of Australian mines reduced in 2007-08 and remained at near the lower level for 2008-09 due to the closure of some operations as a result of resource depletion.

7.18. However, the rising gold price is expected to contribute to a significant growth in the estimated revenue. 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

7.19. 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.

7.20. 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.

7.21. 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	Change from prev yr
2009-10	7,874.8	-6.4%
2010-11	6,663.7	-15.4%
2011-12	7,078.5	6.2%
2012-13	5,922.7	-16.3%
2013-14	5,220.6	-11.9%

Table 8 – Outlook for revenue for gold ore mining in Australia (Source: IBISWorld)

8. Valuation Approach

Valuation Methodologies

8.1. In assessing the value of the shares in Terrain, we have considered a range of valuation methodologies. RG 111 proposes 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.

8.2. 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.

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

Orderly Realisation of Assets

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

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

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

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

8.8. We have satisfied ourselves as to Northwind's qualifications and independence from Terrain and have placed reliance on its report.

Quoted Price of Listed Securities

8.9. 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.

9. Valuation of Terrain

Valuation Methodology

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

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

Net Asset Valuation

9.3. Our assessment of the value of Terrain's net assets is shown below.

	Reference	**Audited 30-Jun-09** $000s	**Assessed Value Low** $000s	**Assessed Value High** $000s
Cash and cash equivalents		1,311	1,311	1,311
Other receivables		351	351	351
Non-current assets held for sale		393	-	-
Total current assets		2,055	1,661	1,661
Plant & equipment		56	56	56
Exploration and evaluation	9.6	7,390	9,280	11,650
Total non-current assets		7,446	9,336	11,706
Total Assets		**9,501**	**10,997**	**13,367**
Trade and other payables		377	377	377
Total current liabilities		377	377	377
Total Liabilities		**377**	**377**	**377**
Net Assets		**9,124**	**10,620**	**12,990**
		# of Shares	*# of Shares*	*# of Shares*
Issued shares as at 16 Oct 2009		*117,266,338*	*117,266,338*	*117,266,338*
Net Asset Value per Share unadjusted		**7.78 cents**	**9.06 cents**	**11.08 cents**

Table 9: Terrain Net Asset Valuation

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

9.5. We have been advised that there has not been a significant change in the net assets of Terrain since 30 June 2009 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.

9.6. The value of Terrain's exploration assets has been provided by an independent technical expert, Northwind, whose April 2009 Report and update to that report are attached as Appendix D.

9.7. 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 April 2009 Report and Update Report dated 16 October 2009. The report values the exploration licences at between $9.28 million and $11.65 million, with a preferred value of $11.04 million, as summarised in the table below.

Mineral Asset	**TMX interest**	Low $000s	Most likely $000s	High $000s
Bundarra Project				
Celtic/Great Western	100%	6,700	8,000	8,100
Black Cat Joint Venture	Earning 60%	550	700	900
Dodgers Well Project	Option to acquire	30	40	50
Kambalda East Project				
Aztec Dome	100%	300	500	600
Coogee	100%	1,700	1,800	2,000
Total assessed value of mineral assets		**9,280**	**11,040**	**11,650**

Table 10: Summary of independent assessment of mineral assets (Source: Northwind)

9.8. The Northwind reports assess 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.

9.9. The Coogee Gold Deposit tenement, which was classified as held for resale in Terrain's Financial Report as at 30 June 2009, has been included in the valuation of the exploration and evaluation assets.

9.10. We have also assessed a valuation on the assumption that the 8,323,000 shares currently expected to be issued for $416,150 (refer paragraph 6.20 above) are included. The calculation is set out in the table below.

	Reference	**Audited 30-Jun-09**	**Assessed Value Low**	**Assessed Value High**
		$000s	$000s	$000s
Net assets unadjusted	6.24	9,124	10,620	12,990
Funds raised		416	416	416
Adjusted net assets		**9,540**	**11,037**	**13,407**
		# of Shares	*# of Shares*	*# of Shares*
Shares unadjusted		*117,266,338*	*117,266,338*	*117,266,338*
Shares expected to be issued		*8,323,000*	*8,323,000*	*8,323,000*
Adjusted total shares		*125,589,338*	*125,589,338*	*125,589,338*
Adjusted Net Asset Value per Share	9.11	**7.60 cents**	**8.79 cents**	**10.67 cents**

Table 11: Adjusted net asset value per share

9.11. Our analysis concludes that the range of values for a Terrain share based on net assets is between 8.79 cents and 10.67 cents.

Quoted Market Price for Terrain Securities

9.12. We have also assessed the value of a Terrain share based on market prices. The following chart summarises share price movement and trading volumes over the year from 15 October 2008 to 14 October 2009.

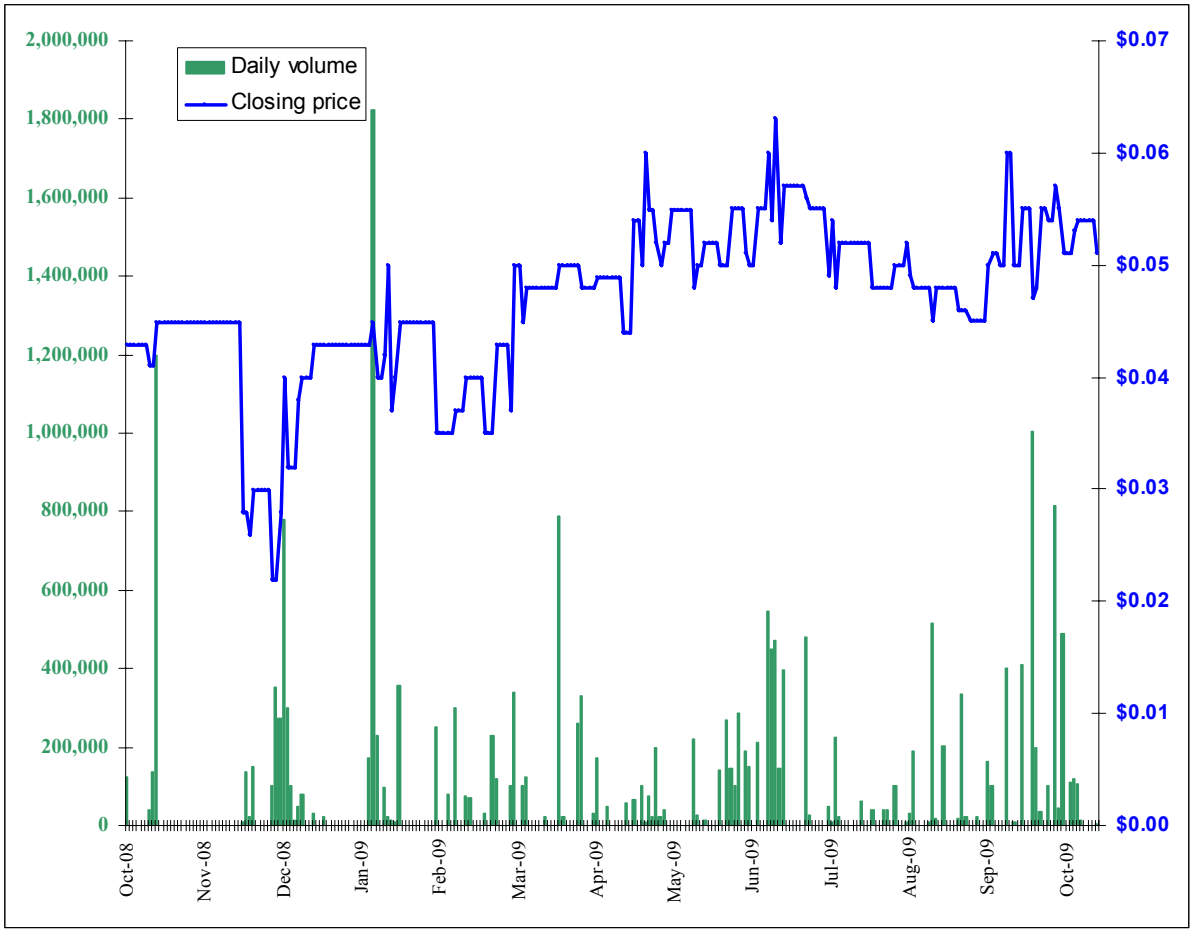

Figure 3: Terrain Daily ASX Closing Share Price and Daily Volumes Traded for month to 14 October 2009

9.13. The daily price of Terrain shares in the year from 15 October 2008 to 14 October 2009 has traded in a range of a low of 2.2 cents (9 December 2008) and a high of 7 cents (16 June 2009).

9.14. The weighted average price of Terrain's shares have been calculated over various time periods within the last 12 months and shown in the table below along with the current share price.

	14-Oct-09	1 week	1 month	3 months	6 months	1 year
Closing price	5.10 cents					
Weighted average price		5.35 cents	5.19 cents	5.10 cents	5.26 cents	4.73 cents

Table 12: Weighted average share price

9.15. An analysis of the volume trading in Terrain shares for the twelve months to 14 October 2008 is set out below:

	Cumulative volume	% of current issued capital
14-Oct-09	2,765	0.002%
1 week	17,765	0.015%
1 month	3,461,200	2.952%
3 months	5,787,401	4.935%
6 months	10,976,270	9.360%
1 year	21,055,311	17.955%

Table 13: Volumes of Terrain shares traded

9.16. This table indicates that Terrain shares display a low level of liquidity with 17.955% of the Company's current issued capital being traded over the previous year and only 4.935% being traded over the previous 3 months.

Assessment

9.17. 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 is between 5.10 cents and 5.35 cents per share.

9.18. The value above is indicative of the value of a marketable parcel of shares assuming the shareholder does not have control of Terrain.

9.19. 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.

9.20. Therefore, the value of a Terrain share including a premium for control value would be in the range of 6.1 cents to 7.0 cents.

Terrain Valuation Summary

9.21. 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 in recent months, and therefore do not reflect a deep market with high liquidity.

9.22. We have therefore adopted the net assets valuation of a Terrain share at between 8.79 cents and 10.67 cents.

10. Is the Proposed Share Placement Fair?

10.1. To assess whether the Proposed Share Placement is fair to Shareholders, we must estimate the fair value of an ordinary share of the Company immediately following the Proposed Share Placement, being the effective "consideration" received by the Shareholders. This is set out in the table below.

	Low	High
Number of Terrain shares on issue (after Resolution 6)	125,589,338	125,589,338
Pre Resolutions 7 and 8 Value per Terrain share	**8.79 cents**	**10.67 cents**
Number of shares to be issued under Resolutions 7 and 8	31,226,940	31,226,940
Issue price (before costs of issue)	**5.00 cents**	**5.00 cents**
	$000s	$000s
Pre Resolutions Pro-forma Market Capitalisation of Terrain	11,037	13,407
Amount raised from issue of shares under Resolutions 7 and 8	1,561	1,561
Less known costs of issue	(78)	(78)
Pro forma Market Capitalisation of Terrain after Resolutions 7 and 8	12,520	14,890
Post Resolutions notional value per Terrain share	**7.98 cents**	**9.50 cents**

Table 14: Comparison of pre and post Resolutions 7 and 8 value per Terrain share

10.2. As shown in the table above the notional value of a Terrain share following the Proposed Share Placement is in the range of 7.98 cents to 9.50 cents.

10.3. The assessed value of an ordinary share of Terrain following the Proposed Share Placement, being the "consideration" which Shareholders will receive is less than the current value of their existing shares in the Company and therefore the Proposed Share Placement is **not fair** to Shareholders.

11. Is the Proposed Share Placement Reasonable?

11.1. We have considered the position of the shareholders if Resolutions 7 and 8 are approved and have taken into account the following advantages and disadvantages in this assessment.

11.2. We have assessed that in all cases the advantages and disadvantages of approving Resolutions 7 and 8 are the inverse of rejecting Resolutions 7 and 8. Therefore for ease of evaluation, we have set out the significant factors only in the context of approving Resolutions 7 and 8.

Advantages and Disadvantages

11.3. In assessing whether Terrain's Shareholders are likely to be better off if they approve Resolutions 7 and 8, we have compared various advantages and disadvantages that are likely to accrue to the Shareholders.

Advantages

Assists in realising underlying value

11.4. Although our assessment is that the Proposed Share Placement is not fair because the shares are to be issued at a price below the underlying net asset value, it is likely that the raising of funds to continue to progress Terrain's mineral assets is essential to being able to realise the full underlying value.

Re-capitalise the Company

11.5. The Proposed Share Placement to Jonathan Lim and associates give Terrain the opportunity to re-capitalise the Company.

Pursuit of business objectives

11.6. The Proposed Share Placement to Jonathan Lim and associates allow Terrain to pursue its business objectives of becoming an advanced exploration and producing mining company.

Funds available for exploration and mining

11.7. The Proposed Share Placement to Jonathan Lim and associates make funds available to explore the Aztec Dome ground and to progress the mining plans at the Bundarra project.

Market may take a favourable view when Proposed Share Placement is announced

11.8. It should also be noted that the Terrain share price has reacted favourably to previous announcements of new capital raisings.

Potential Access to Greater Capital

11.9. The involvement of Jonathan Lim and associates could increase the attractiveness of Terrain to investors.

Issue Price

11.10. The issue price of the Proposed Share Placement of 5 cents per share is comparable to the current market price of the shares.

Disadvantages

Dilution of shareholdings

11.11. As the percentage held by Jonathan Lim and associates would increase if Resolutions 7 and 8 are approved, so the percentage held by non-associated shareholders would decrease from approximately 85% to approximately 69% of Terrain.

Introduction of substantial shareholder

11.12. Approval of Resolutions 7 and 8 will lead to a shareholder (Jonathan Lim and associates) with approximately 31% of Terrain, which significantly changes the dynamics of control and may be to the detriment of Terrain shareholders.

Assessment

11.13. In our opinion, the advantages of the Proposed Share Placement outweigh the disadvantages.

Future Prospects of Terrain if Resolutions 7 and 8 are not approved

11.14. If Resolutions 7 and 8 are not approved by Terrain Shareholders, then Terrain will be forced to seek other avenues to raise funds to progress the Company's projects.

11.15. If funds cannot be raised either through an alternative rights issue or the draw-down of a facility, then Terrain might be forced to sell some existing assets in order to continue its activities in relation to its remaining mineral assets.

Alternative Proposal

11.16. We are unaware of any alternative strategy for raising funds at this stage.

Conclusion

11.17. Based on the above and our assessment that the advantages of the Proposed Share Placement outweigh the disadvantages for Terrain Shareholders, we conclude that the Proposed Share Placement is **Reasonable** to Terrain Shareholders.

Yours faithfully

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 Proposed Share Placement. 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 Share Placement, except that RSM Bird Cameron Corporate Pty Ltd are expected to receive a fee of approximately $12,500 based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of whether Terrain Shareholders approve or reject Resolutions 7 and 8.

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 Notice of Annual General Meeting and Explanatory Statement. Accordingly, we take no responsibility for the content of the Notice of Annual General Meeting and Explanatory Statement as a whole.

APPENDIX B

Sources of Information

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

- Northwind Resources Pty Ltd – Independent Valuation and Assessment Report of Terrain Minerals Ltd's Mineral Assets dated 30 April 2009 and Update dated 16 October 2009 (refer Appendix D)
- Terrain Minerals Limited Annual Report – 30 June 2009
- Terrain Minerals Limited Interim Financial Report – 31 December 2008
- Notice of Annual General Meeting and Explanatory Statement
- 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 – April 2009 and Update – October 2009

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Northwind Resources Pty Ltd
ABN 67 067 522 098
MINING INDUSTRY CONSULTANTS

16 October 2009

Mr A Gilmour
Director
RSM Bird Cameron Corporate Pty Ltd
8 St Georges Terrace
Perth WA 6000

Dear Sir

RE: UPDATE TO APRIL 2009 INDEPENDENT ASSESSMENT & VALUATION OF TERRAIN MINERALS LTD MINERAL ASSETS

In correspondence dated 30 September 2009 RSM Bird Cameron Corporate Pty Ltd ("RSMBC") advised that it had been engaged by the Directors of Terrain Minerals Ltd ("TMX") to prepare an Independent Experts Report ("IER") in relation to a placement of shares in TMX to TMX Director Mr Jonathon Lim and associated interests. In April 2009, Northwind Resources Pty Ltd ("NRPL") prepared a report ("Report") to provide RSMBC with technical assessments and valuations of the mineral assets held by TMX in support of an IER that was prepared by RSMBC in relation to an off-market bid by Iron Mountain Mining Limited for all shares in TMX. RSMBC has now requested that NRPL prepare an update to the Report ("Update") to assist it in the preparation of the new IER.

The Report has been reviewed and discussions held with TMX management to assess developments since the preparation of the Report. NRPL advises that the Report may be relied upon by RSMBC in the preparation of the new IER subject to the following comments and revisions to the valuations therein. Your attention is drawn particularly to Section 2 of the Report, Introduction and Scope, and Section 11 of the Report, Disclaimers & Limitations, which are to be read as applying to this Update.

- The valuation date for the revised valuations is 2 October 2009. The valuation date for the Report was 31 March 2009.

- The Australian Dollar ("$") gold price on the valuation date for the Report was $1,335/ounce. On 2 October 2009 the gold price was $1,150/ounce, a decrease of almost $200/ounce.

- There have been no changes to the status of tenements since the Report was prepared, other than for the Black Cat Joint Venture (part of the Bundarra Project) where TMX had still to spend $70,000 to earn a 60% interest in the tenements. The earn-in has now been completed.

- Elsewhere within the Bundarra tenements, pit optimisation studies and preliminary open pit designs have been prepared by independent consultants for the Celtic and Wonder North deposits using a cut-off grade of 1.0 grams gold/tonne and a gold price of $1,200/ounce. The pit designs indicate a combined, undiscounted operating surplus (i.e. before capital) of about $14 million from the recovery of 71,526 ounces gold. The studies assume toll treatment at a third party processing facility within trucking distance of Bundarra, of which there are at least two. The operating surplus reduces to about $10.5 million for a gold price of $1,150/ounce.

6 Muir Place
Booragoon Western Australia 6154
e-mail: raycary@northwind.com.au
Tel +61 (8) 9364 6634
Mobile 0412 987 734
Fax +61 (8) 9316 1138

The pit designs and cost assumptions are currently being reviewed and refined, with indications that the open pit mining inventory will increase. Pit optimisation and design studies for the Great Western deposit are currently being finalised, with a significant addition to the mining inventory anticipated. The studies have also indicated potential for mining to extend underground at Wonder North and Great Western, with further studies planned.

- The East Kambalda project comprises the Aztec Dome nickel exploration project ("Aztec Dome") and the Coogee gold resource ("Coogee"). At Aztec Dome, a 25 line kilometre induced polarisation ("IP") geophysical survey was completed during August/September as an extension to the work described in the Report. A series of linear and single line anomalies were identified at depths varying from 100 metres to greater than 300 metres. The electrical responses are of varying intensity, appear more likely to be related to structures rather than lithology and are interpreted as indicative of disseminated sulphides. A 2,000 to 3,000 metre reverse circulation drilling program to test the better/shallower anomalies is planned for late 2009/early 2010. The significance of the anomalies cannot be determined until the drilling has been completed. Expenditure on the IP survey and support activities was about $80,000.

- Pit optimisation studies and a preliminary pit design have also been completed at Coogee using a gold price of $1,200/ounce. The design pit contains 11,600 recoverable ounces gold and has an indicated undiscounted operating surplus of about $4 million, although refinements to the pit design and operating cost estimates again show potential for an increased surplus. The undiscounted operating surplus for a gold price of $1,150/ ounce reduces to about $3.4 million. TMX has advised that its priority lies with the development of the Bundarra resources, with the option of selling Coogee still under active consideration.

- There have been no new developments at Dodgers Well.

The valuation methodology discussed in the Report has been followed in the revisions to the valuations discussed below.

- Within the Celtic/Great Western tenements (i.e. the Bundarra project tenements excluding the Black Cat joint venture tenements) historical acquisition and exploration/evaluation expenditure was about $7.5 million at the time that the Report was prepared. This has been increased by about $30,000 by the mining studies discussed above. The Value of the tenements was considered to comprise a yardstick value of $8,000 to $10,000 per square kilometre, or $230,000 to $290,000 for the 29 square kilometres held 100% by TMX, plus 50% of the indicated surplus from historical mining studies for the Celtic deposit, adjusted for likely operating cost increases and the gold price used for the valuation, plus a yardstick value of $5/ounce to $13/ounce for sub-economic resources, the latter being 1% of the valuation gold price.

  The recent mining studies indicate an operating surplus of about $10.5 million at a gold price of $1,150/ounce. Resources not included within the design pits at Celtic and Wonder North include about 235,000 ounces gold, which at $5/ounce have a yardstick value of about $1.2 million, and at $11/ounce, about $2.6 million. Using the yardstick valuation methodology and 50% of the operating surplus indicated from the mining studies suggests a Value for the Celtic/Great Western tenements in the range $6.7 million to $8.1 million. The $7.4 million mid-point of these Values is close to the historical expenditure of a little over $7.5 million. As with the previous valuation, the likelihood that the current mining studies will see an increase in mineable resources/cashflows suggests that the Fair Market Value will lie near the upper end of the indicated range at $8.0 million.

- The Value derived for TMX's interest in the Black Cat tenements in the Report was $500,000 to $800,000, with a most likely Value of $600,000. TMX's expenditure has increased to $750,000 with the completion of the earn-in. If PEMs of 1.5 to 2.0 are applied to historical expenditure as

in the Report, the indicated Value for TMX's 60% interest is in the range $675,000 to $900,000. If the yardstick values used for Celtic are applied to TMX's 60% interest in the Black Cat tenements and 10,600 ounce gold resource, the Value lies in the range $445,000 to $585,000. In view of TMX having secured its 60% interest in the tenements, the Value of that interest is now considered to lie in the range $550,000 to $900,000, with a most likely Value of $700,000.

- The Report valued the Aztec Dome project on the basis of comparable transactions and historical acquisition costs plus exploration expenditure. The latter has increased by about $80,000 with the completion of the IP survey which has identified new drilling targets. As a result, the Value has been revised upward to $500,000, within a range $300,000 to $600,000.

- For Coogee, the previous valuation hinged principally on the terms of a proposed sale transaction, which failed early in 2009, supported by the terms of a comparable transaction in reasonably close vicinity and the results of an earlier pit optimisation. The analysis concluded that about half the operating surplus indicated from the pit optimisation was a reasonable guide to Fair Market Value. The recently completed pit optimisation/pit design studies show an undiscounted operating surplus of about $3.4 million at the valuation gold price. The design pit contains about 11,600 recoverable ounces gold. The comparable transaction discussed in the Report suggests a value of about $150/in-pit ounce at a gold price of $1,150/ounce. Assuming a metallurgical recovery of 95% indicates a Value of about $1.8 million for the mineable resource.

  Using the same assumptions as in the Report, a Value in the range $1.7 million to $1.8 million is indicated for Coogee. The project has been advertised as available for sale on the website www.minesonline.com. NRPL has been advised that no offers have been received to date, although we are not aware of how long the project has been subject to active marketing. The terms of the early 2009 sale transaction, and the Report, are both in the public domain. The proposed transaction involved staged payments totalling $3.25 million. In consideration of the results of the recent mining studies and the reduced gold price, it is NRPL's opinion that Coogee has a Fair Market Value in the range $1.7 million to $2.0 million, with a most likely Value of $1.8 million.

- There have been no material developments at Dodgers Well, hence the previous Values remain unchanged.

For the avoidance of doubt, the revised valuations for TMX's mineral assets are summarised in the table below.

Terrain Minerals Ltd
Summary of Valuations of Mineral Assets at 2 October 2009

MINERAL ASSET	TMX INTEREST	LOW	MOST LIKELY	HIGH
Bundarra Project				
Celtic/Great Western	100%	$6,700,000	$8,000,000	$8,100,000
Black Cat Joint Venture	60%	$550,000	$700,000	$900,000
Dodgers Well	Option to acquire	$30,000	$40,000	$50,000
East Kambalda Project				
Aztec Dome	100%	$300,000	$500,000	$600,000
Coogee	100%	$1,700,000	$1,800,000	$2,000,000
TOTAL VALUE TMX MINERAL ASSETS		**$9,280,000**	**$11,040,000**	**$11,650,000**

This Update has been prepared in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports ("VALMIN Code" 2005 Edition) which is binding upon members of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists 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. The author of this Update is Mr Ray Cary, whose background and qualifications are discussed in the Report. This Update should be read in conjunction with the Report.

It is a requirement of the VALMIN Code 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. The author visited all of TMX's projects in connection with the preparation of the Report. Further site visits were deemed unlikely to add to the information available.

This Update and the Report are to be included as appendices to the Independent Experts Report to be prepared by RSM Bird Cameron Corporate Pty Ltd. NRPL has consented to the appending of the Update and Report to the IER in the form and context in which they are to appear. Neither the whole nor any part of this Update or Report, nor any reference to them, 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 such is to appear.

Yours faithfully

NORTHWIND RESOURCES PTY LTD

R CARY BSc. FAusIMM (CP Man), FAIG
Director & Principal

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

TABLE OF CONTENTS

TABLE OF CONTENTS…..continued

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).

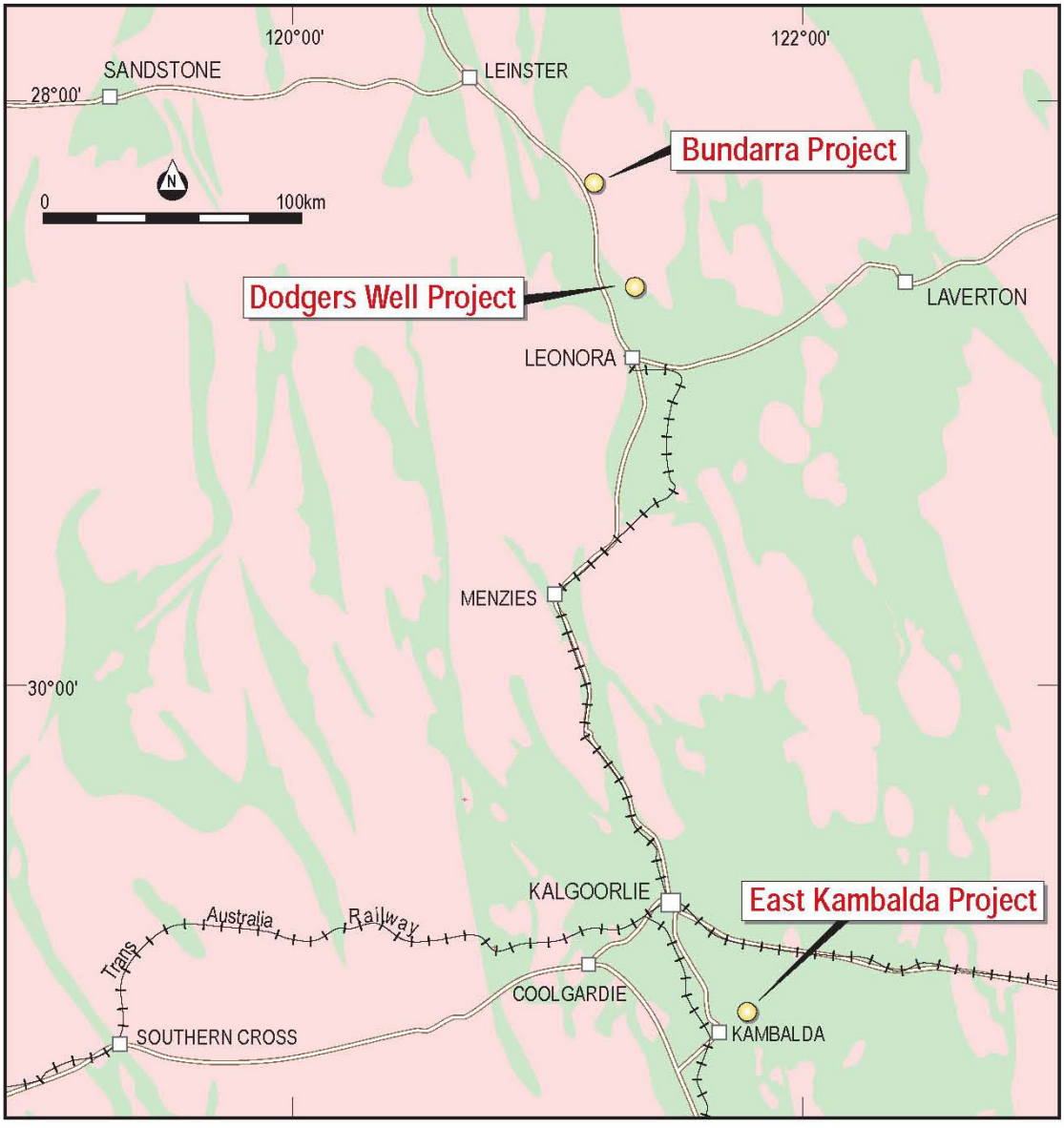

Figure 1

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.

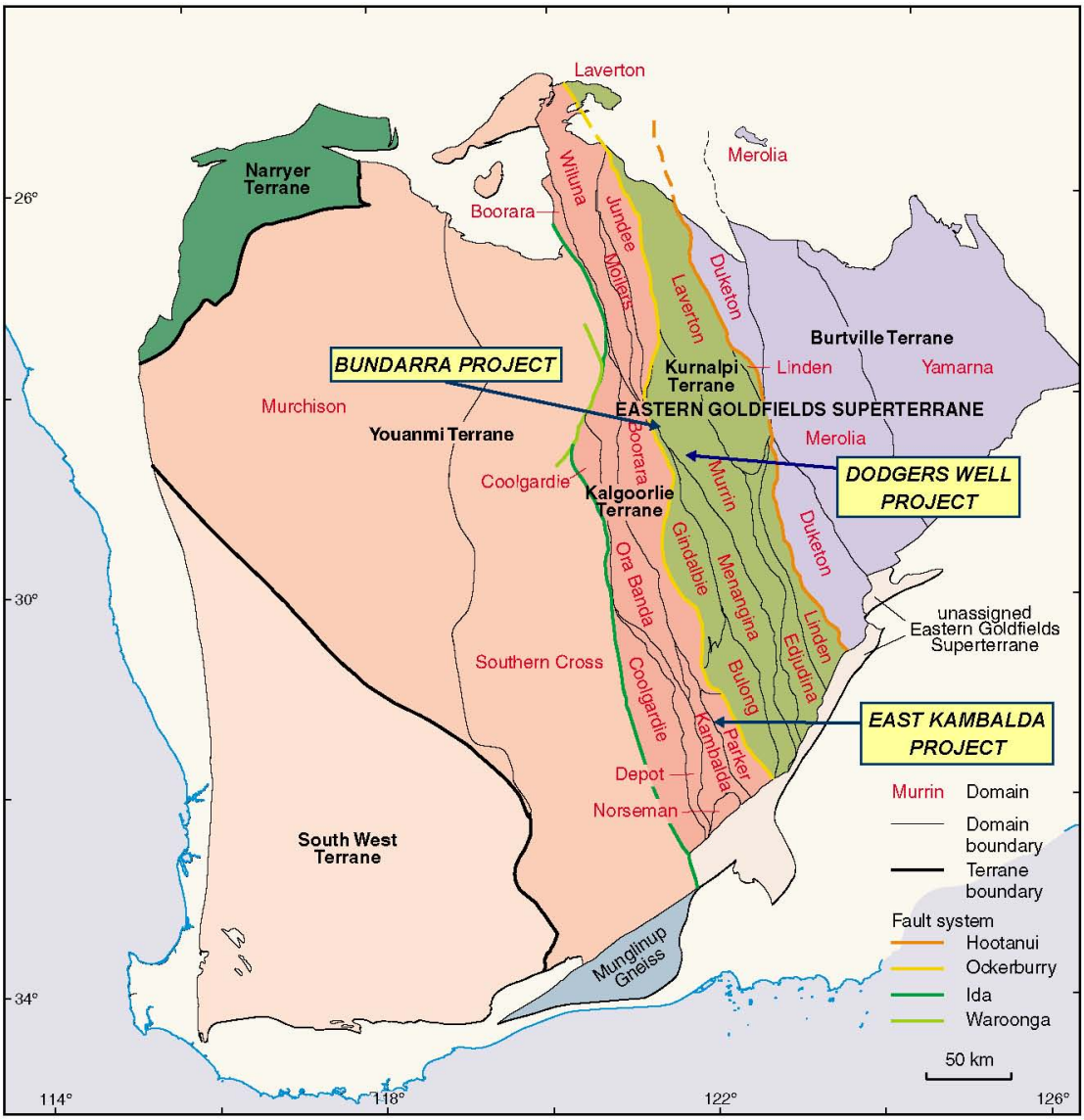

Figure 2

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.

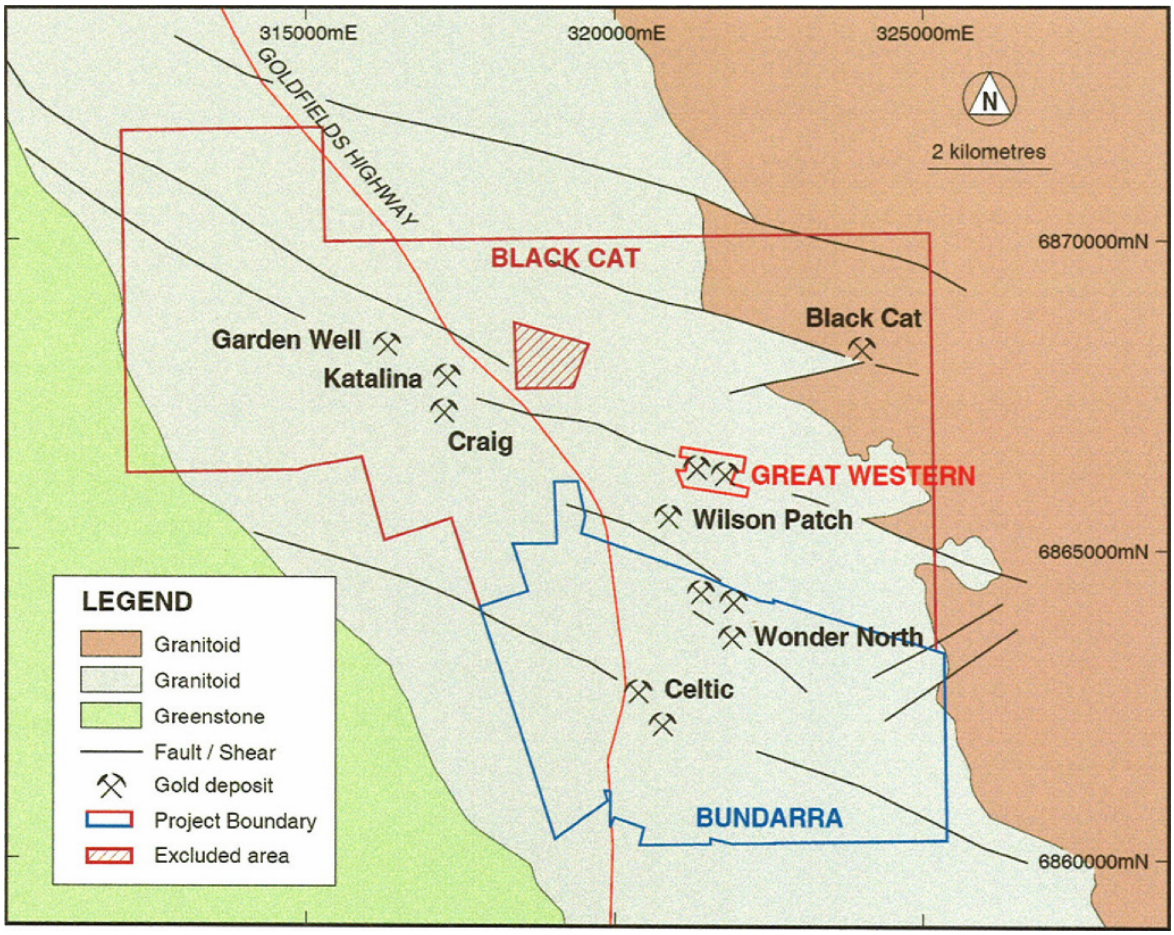

Figure 3

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	22/09/2012	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") polymetallic 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.

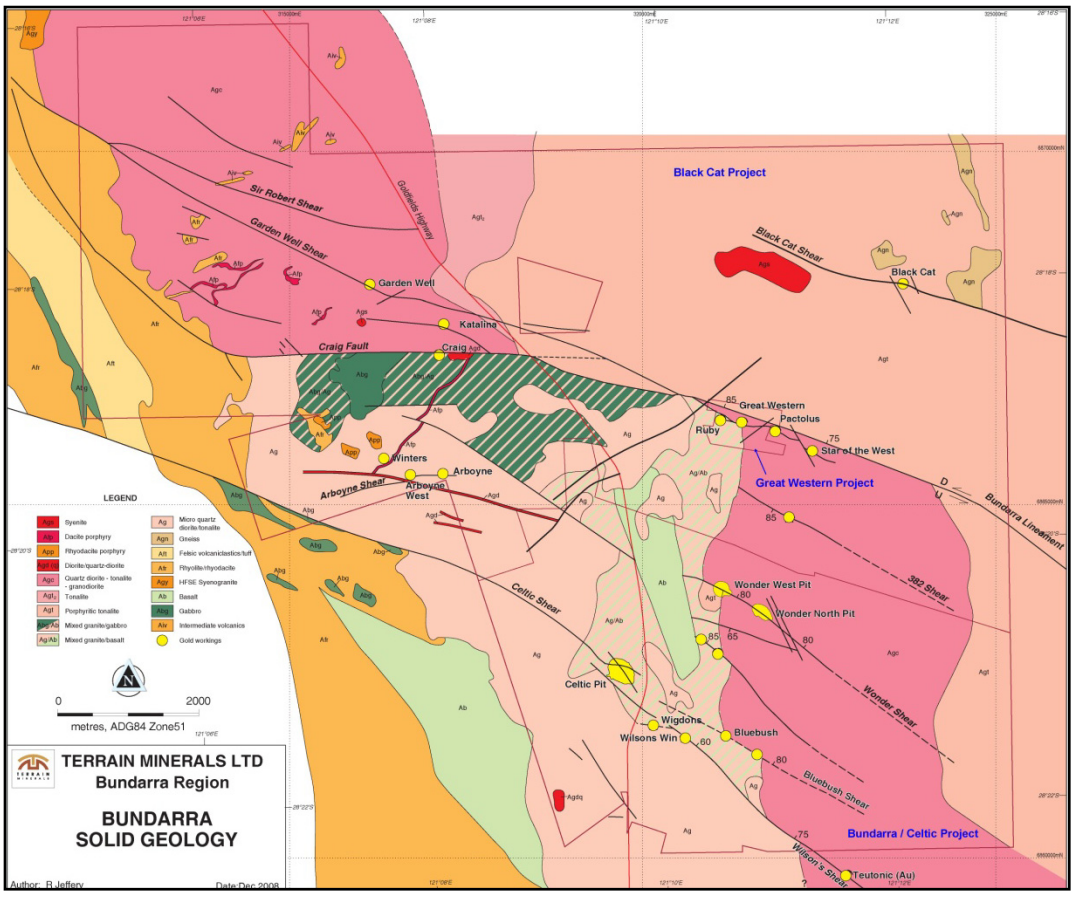

Figure 4

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.

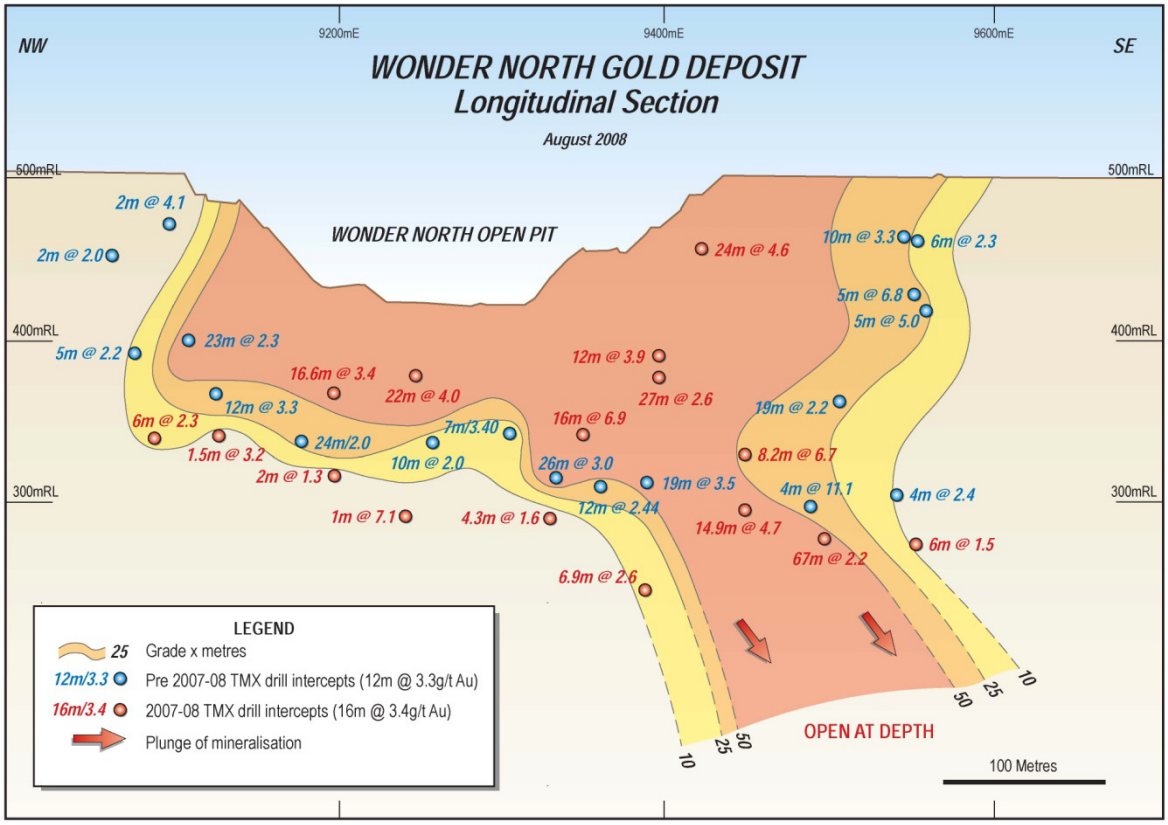

Figure 5

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.

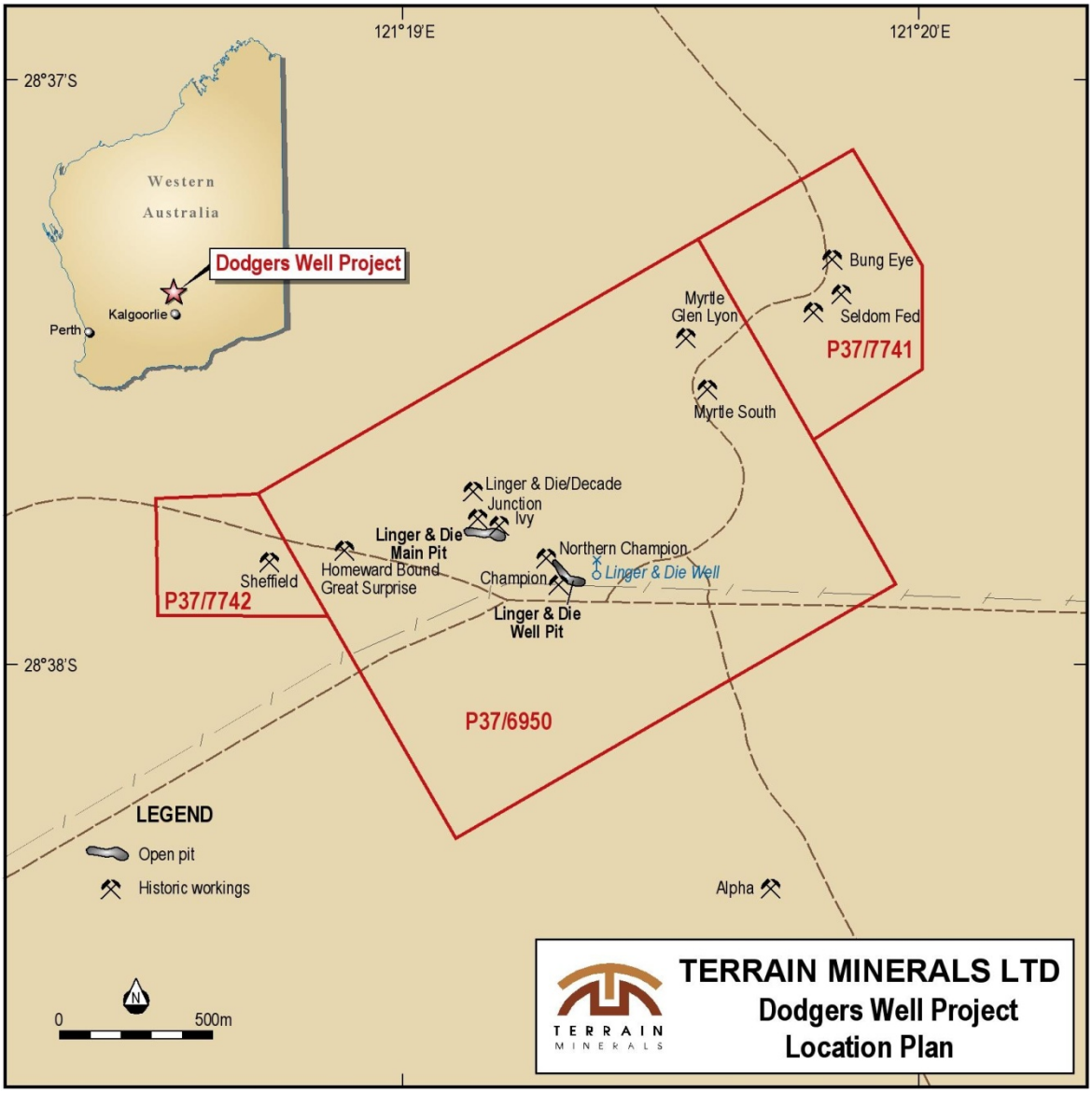

Figure 6

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.

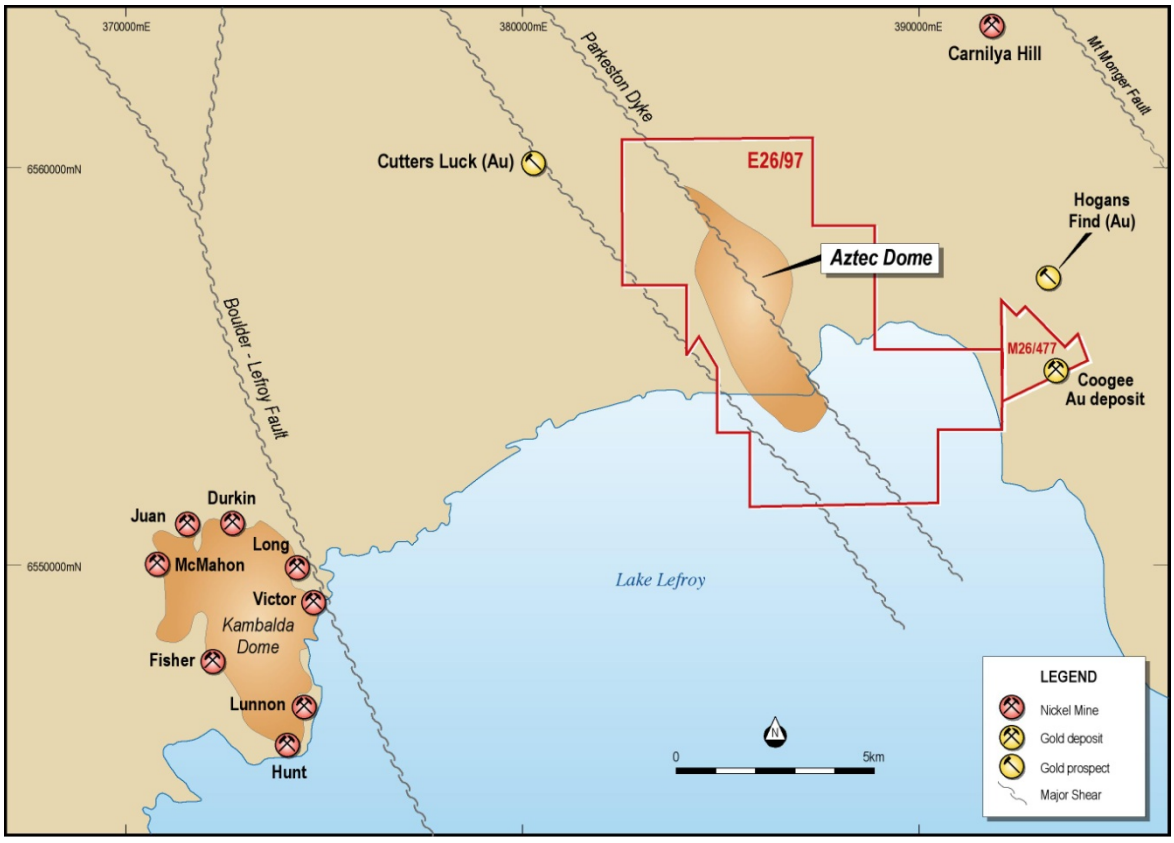

Figure 7

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".

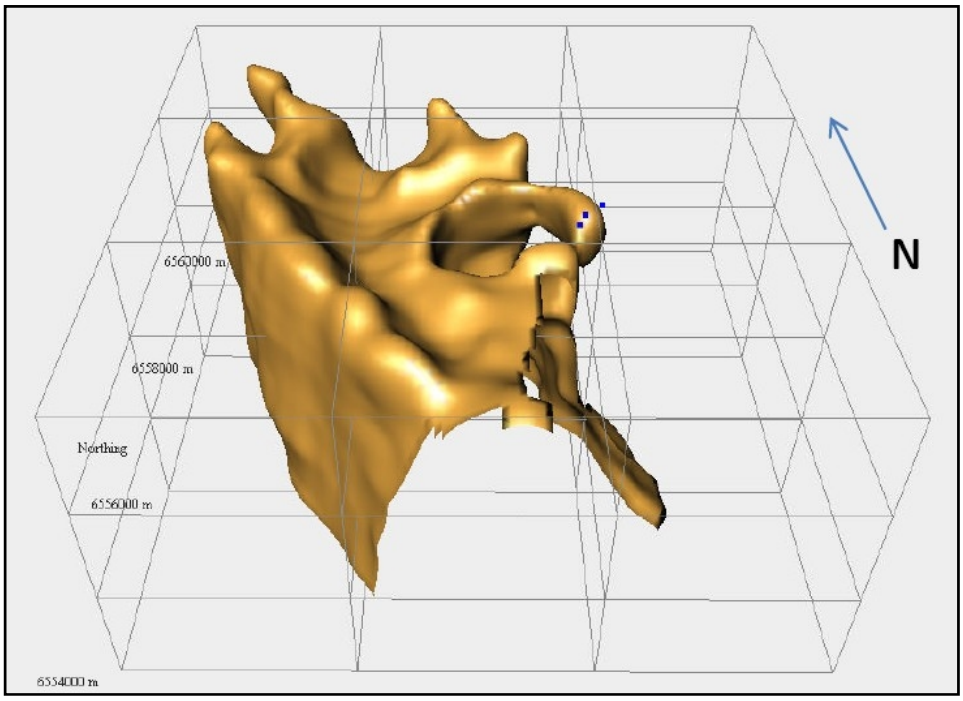

Figure 8

Terrain Minerals Ltd
Aztec Dome Interpreted Density Iso-surface

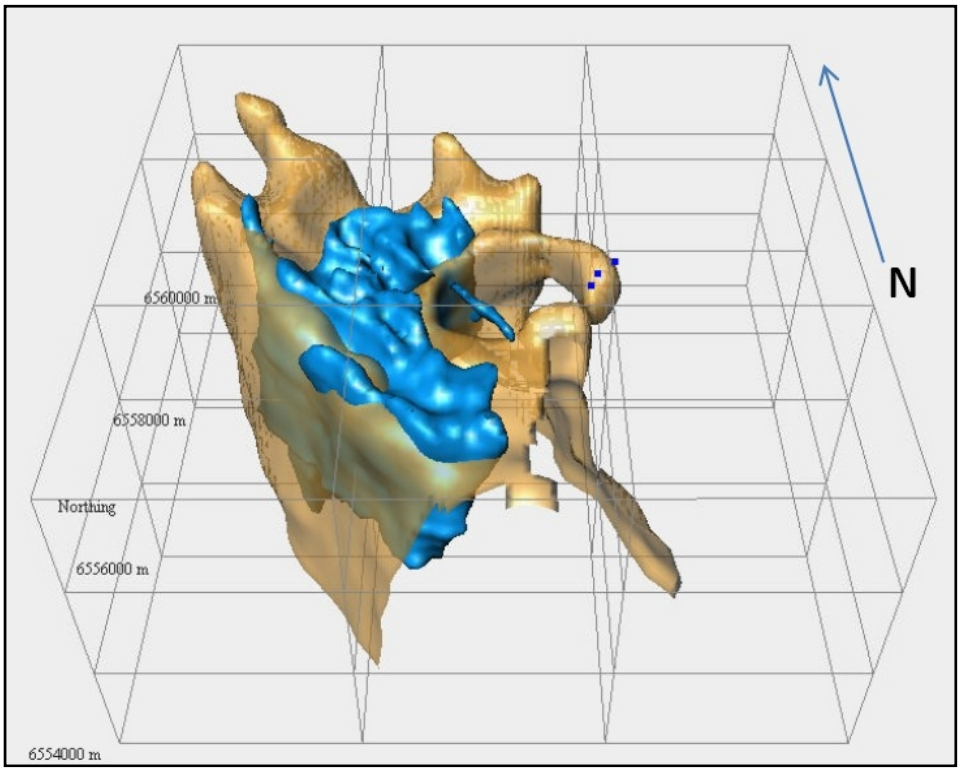

Figure 9

Terrain Minerals Ltd
Aztec Dome Interpreted Magnetic Susceptibility Iso-surface (blue) shown with Density Iso-surface

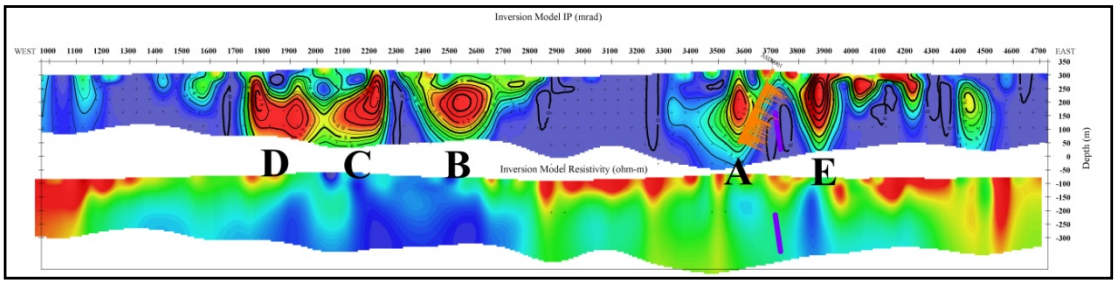

Figure 10

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.

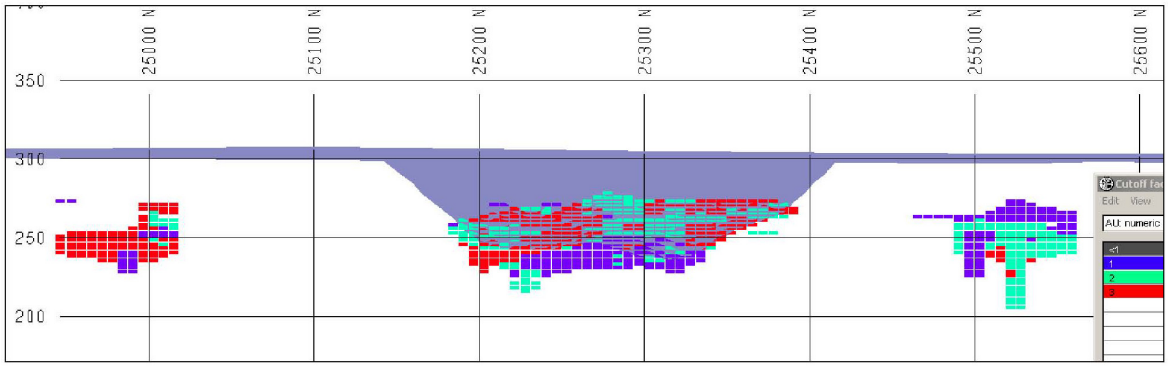

Figure 11

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.

In 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

R CARY BSc. FAusIMM (CP Man), FAIG
Director & Principal

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