



1 April 2010

Dear Option holder,

PARTICIPATION IN PRO-RATA NON-RENOUNCEABLE RIGHTS ISSUE

Terrain Minerals Limited (**Terrain**) is undertaking a pro-rata non-renounceable rights issue to all shareholders of the Company who are registered as shareholders at 5pm WST on 14 April 2010 (**Record Date**).

The shares offered pursuant to the Rights Issue will be offered at an issue price of 3.8 cents for each fully paid ordinary share (**Share**) on the basis of 2 New Shares for every 3 Existing Shares held on the Record Date with a free attaching New Option on the basis of 1 New Option for every 2 New Shares allotted, having an exercise price of 8 cents and an expiry date of 31 December 2012.

The rights attaching to the Shares together with all other relevant information relating to the Rights Issue will be set out in a prospectus has been lodged with the ASX on 31 March 2010. A copy of the prospectus, together with the Entitlement and Acceptance Form will be sent to shareholders on or about 16 April 2010.

Key Dates

The proposed timetable for the Rights Issue is as follows:-

Lodgement of Prospectus and Appendix 3B	31 March 2010
"Ex" date	8 April 2010
Record Date to determine entitlements	14 April 2010
Offer Document and Entitlement & Acceptance Form sent to Shareholders	16 April 2010
Closing Date	17 May 2010

The dates are subject to change and are indicative only.

There is no inherent right in your options to participate in the Rights Issue, unless you exercise your options and are entered onto the register as a shareholder on or before the Record Date. The purpose of this letter is to give you notice prior to the Record Date in which you may exercise your options should you wish to participate in the Rights Issue.

If you wish to participate in the Rights Issue you must exercise your options in time for the new Shares to be allotted before the Record Date. To ensure that your new Shares are allotted before the Record Date your notice of exercise of option together with your cheque for the necessary amount must be received by the Company no later than 9 April 2010. Any notice of exercise of option received after this date cannot be assured of allotment before the Record Date.

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TERRAIN MINERALS LTD ACN 116 153 514 ABN 45 116 153 514

If you do not wish to participate in the Rights Issue (in respect of your options) you do not need to take any action.

Before deciding whether to exercise all or any of your options, you should consider the terms of the Rights Issue carefully and if in any doubt, consult with your professional advisor.

Please note the above timetable has been amended since the ASX announcement made on 31 March 2010.

Please call the Company Secretary, Ian Hobson, on +61 8 9381 5558 if you have any questions.

Yours sincerely

TERRAIN MINERALS LIMITED



Ian Hobson
Company Secretary

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