



12 May 2009

Dear Option holder,

## **PARTICIPATION IN PRO-RATA NON-RENOUNCEABLE ENTITLEMENTS ISSUE**

Terrain Minerals Limited (**Company**) is undertaking a pro-rata non-renounceable entitlements issue (**Entitlements Issue**) to all shareholders of the Company who are registered as shareholders at 5pm Western Standard Time on 22 May 2009 (**Record Date**).

The shares offered pursuant to the Entitlements Issue will be offered at an issue price of 4.75 cents for each fully paid ordinary share (**Share**) on the basis of 1 Share for every 6 existing Shares held on the Record Date.

The rights attaching to the Shares together with all other relevant information relating to the Entitlements Issue will be set out in a prospectus which will be lodged with the ASX on 12 May 2009. A copy of the prospectus, together with the Entitlement and Acceptance Form will be sent to shareholders on or about 25 May 2009.

### **Key Dates**

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

Lodgment of Prospectus and Appendix 3B	12 May 2009
"Ex" date	18 May 2009
Record Date to determine entitlements	22 May 2009
Offer Document and Entitlement & Acceptance Form sent to Shareholders	25 May 2009
Closing Date	9 June 2009

The dates are subject to change and are indicative only.

There is no inherent right in your options to participate in the Entitlements 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 Entitlements Issue.

If you wish to participate in the Entitlements 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 20 May 2009. 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 Entitlements 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 Entitlements Issue carefully and if in any doubt, consult with your professional advisor.

Please call the Company Secretary, Ian Hobson, on +61 8 9481 2455 if you have any questions.

Yours sincerely

**TERRAIN MINERALS LIMITED**



Ian Hobson  
Company Secretary

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