



**TERRAIN MINERALS LIMITED**  
**ACN 116 153 514**

**PROSPECTUS**

For a non-renounceable Rights Issue to Eligible Shareholders of 91,666,667 New Shares at an issue price of \$0.038 cents per share on the basis of 2 New Shares for every 3 Existing Shares held, to raise up to \$3,483,333 before issue costs, with a free attaching New Option on the basis of 1 New Option for every 2 New Shares allotted, having an exercise price of \$0.08 and an expiry date of 31 December 2012, and a placement of Shortfall Shares not taken up by Eligible Shareholders.

**Corporate Adviser to the Offer**

Greenday Corporate Pty Ltd  
(ABN 67 124 560 667)

**Important Notice**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered speculative.

## IMPORTANT NOTES

This Prospectus is dated 31 March 2010 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus. No Securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. The Company will apply to ASX for the Securities to be granted quotation on ASX. This Prospectus does not constitute an offer in any place in which or to any person to whom it would not be lawful to make such an offer. Refer to Section 3 for treatment of overseas shareholders. Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus. No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult. This Prospectus including each of the documents attached to it and which form part of this Prospectus is important and should be read in its entirety prior to making an investment decision. If you do not fully understand this Prospectus or are in any doubt as to how to deal with it, you should consult your professional adviser. In particular, it is important that you consider the risk factors (Section 7 of this Prospectus) that could affect the performance of the Company before making an investment decision. Some words and expressions used in this Prospectus have defined meanings which are explained in Section 9. A soft copy of the Prospectus excluding an Application Form can be downloaded from the website of the Company at [www.terrainminerals.com.au](http://www.terrainminerals.com.au), or the website of ASX at [www.asx.com.au](http://www.asx.com.au). Any person may obtain a hard copy of the Prospectus free of charge by contacting the Company.

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## Indicative Timetable of Important Dates (subject to change at Company's discretion)

|  |               |
|--|---------------|
| Lodgement Date   | 31 March 2010 |
| Ex date - New Shares Trade ex Entitlement                    | 6 April 2010  |
| Record date to determine Entitlement                         | 12 April 2010 |
| Opening Date and Prospectus dispatched with Application Form | 16 April 2010 |
| Closing Date for Acceptances under Rights Issue              | 17 May 2010   |
| Securities quoted on deferred settlement basis               | 18 May 2010   |
| Allotment and issue of Securities                            | 25 May 2010   |
| Trading of Securities expected to commence                   | 26 May 2010   |
| Shortfall Offer closes                                       | 30 June 2010  |

## Section 1: Chairman's Letter

31 March 2010

Dear Shareholder,

The Board of Terrain Minerals Ltd is pleased to offer Eligible Shareholders the opportunity to participate in a 2 for 3 non-renounceable Rights Issue of New Shares at a subscription price of 3.8 cents per New Share issued, together with an attaching free listed New Option on the basis of 1 New Option for every 2 New Shares issued. The New Options have an exercise price of 8 cents each and expire on 31 December 2012.

While the Rights Issue is not underwritten, the Company has received strong interest from a number of sophisticated investors to participate in the allotment of any Shortfall Shares and Options. These investors include Greenday Corporate Pty Ltd and Fullerton Private Capital Pty Limited, both experienced junior resource company investors.

The objective of the Rights Issue, together with the placement of any Shortfall Shares and New Options, is to raise approximately \$3.4m to undertake drilling programs on drill targets outlined, progress plans to commence mining at Bundarra, and progress other opportunities.

At Bundarra:

- The mine scoping studies have outlined a potential operating cash surplus for Celtic, Great Western, and Wonder North deposits.
- Potential exists for underground extensions to the Great Western and Wonder North deposits.
- Drill targets exist at Bluebush, Bluebush East, together with Craig/Katalina, in the Black Cat joint venture with St Barbara Ltd.

At Dodgers Well:

- Mapping and sampling has identified a number of high grade gold targets.

At East Kambalda – Aztec Dome:

- The recent RC drilling program has confirmed the presence of a similar succession to the upper part of the Kambalda Dome succession and the occurrence of copper and nickel sulphides.
- More detailed geophysics in selected areas followed by deeper drilling programs are planned.

An investment in the Company is not risk free and shareholders should read the Prospectus.

The Board would like to take the opportunity to thank Shareholders for their past support and recommends that all shareholders take up their Entitlement in the Rights Issue. Your continued support will enable the Company to realise the potential of the Company's current projects and evaluate new business opportunities.

Yours faithfully,



Dick Sandner

Chairman

## Section 2: Corporate Directory

### Directors

|                   |                               |
|-------------------|-------------------------------|
| Richard J Sandner | (Non-Executive Chairman)      |
| Jonathan Lim      | (Non-Executive Vice Chairman) |
| Keith Wells       | (Managing Director)           |
| Paul Dickson      | (Non-Executive Director)      |

### Company Secretary

Ian Hobson

### Auditors

BDO Kendalls Audit & Assurance(WA) Pty Ltd  
38 Station Street  
Subiaco WA 6008

### Registered Office

230 Rokeby Road  
Subiaco WA 6008

Telephone: +61 8 9381 5558  
Facsimile: +61 8 9381 5551

**ASX Code:** TMX, TMXO

**ACN:** 116 153 514

### Share Registry

Computershare Investor Services Pty Ltd  
Level 2, Reserve Bank Building  
45 St George's Terrace  
Perth WA 6000

Telephone: +61 8 9323 2000

Facsimile: +61 8 9323 2033

### Company Solicitor

Hilary Macdonald, Corporate & Resources Lawyer  
Suite 29, 18 Stirling Highway  
Nedlands, WA 6009

### Web Address

[www.terrainminerals.com.au](http://www.terrainminerals.com.au)

## **Section 3: Details of the Offer**

### **3.1 Entitlement to the Rights Issue**

A non-renounceable Rights Issue to Eligible Shareholders of approximately 91,666,667 New Shares on the basis of 2 New Shares for every 3 Existing Shares held as at the Record Date at an issue price of \$0.038 each to raise approximately \$3,483,333 before costs of the issue, and a free attaching New Option to be issued on the basis of 1 New Option for every 2 New Shares allotted, having an exercise price of \$0.08 and an expiry date of 31 December 2012. Eligible Shareholders who are on the Company's Share Register at the close of business on the Record Date are eligible to participate in the Offer. Fractional Entitlements will be rounded up to the nearest whole number of New Shares. For this purpose, holdings in the same name are aggregated for calculation of Entitlements. If the Company considers that holdings have been split to take advantage of rounding, the Company reserves the right to aggregate holdings held by associated Shareholders for the purpose of calculating Entitlements. An Application Form setting out your Entitlement to New Shares accompanies this Prospectus.

### **3.2 Shortfall Offer**

Any Entitlement not taken up pursuant to the Offer will form the Shortfall the subject of the Shortfall Offer. The Directors reserve the right to issue the Shortfall Shares at their absolute discretion. Accordingly, Eligible Shareholders may wish to subscribe for Shortfall Shares with attaching New Options by completing the Shortfall section of the Application Form accompanying this Prospectus and returning it to the Company together with a cheque for the price of the Shortfall Shares. The Directors reserve the right to allot to an Applicant a lesser number of Shortfall Shares than the number for which the Applicant applies for on their Application Form, or to reject an Application for Shortfall Shares, or to not proceed with placing the Shortfall. Refunds will be provided in respect of any Shortfall Shares applied for but not allotted, pursuant to the requirements of the Corporations Act. The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three (3) months following the Closing Date. The issue price of any Shortfall Shares is \$0.038 being the price at which New Shares are offered to Eligible Shareholders pursuant to this Prospectus.

Shareholders should take their own legal advice as to their ability to increase their voting power in the Company as a result of accepting the Shortfall Offer without putting themselves or the Company in breach of the takeovers prohibition in section 606 of the Corporations Act 2001 (Cth).

### **3.3 Acceptances**

This Offer may be accepted in whole or in part prior to the Closing Date subject to the rights of the Company to extend the Offer period or close the Offer early. Instructions for accepting your Entitlement are set out in Section 5 and on the Application Form which accompanies this Prospectus.

### **3.4 No Rights Trading**

The Rights to the Securities pursuant to the Rights Issue are non-renounceable. Accordingly, there will be no trading of these Rights. If you do not take up your Entitlement the offer will lapse and the Entitlement will form part of the Shortfall to be dealt with by the Directors in accordance with Section 3.6.

### **3.5 Allotment and Application Money**

Securities will be issued only after all Application Money has been received and ASX has granted permission for the New Shares and the New Options to be quoted. Please refer to the indicative timetable for proposed dates. All Application Money received before Securities are issued will be held in a special purpose account. After Application Money is refunded (if required) and Securities are issued to Applicants, the balance of funds in the account plus accrued interest will be received by the Company. Application will be made within seven days of the date of issue of this Prospectus for the New Shares and the New Options to be granted Official Quotation by ASX. If such an application is not made within these seven days, or Official Quotation of the Securities is not granted by ASX within three months of the date of this Prospectus, then the Company will not



allot or issue any Securities and all Application Money received pursuant to this Prospectus will be repaid as soon as practicable, without interest. The fact that ASX may agree to grant Official Quotation of the Securities is not to be taken in any way as an indication of the merits of the Company or the Securities. ASX takes no responsibility for the contents of this Prospectus.

### **3.6 Issue Outside Australia and New Zealand and Overseas Shareholders**

This Prospectus does not constitute an offer of Securities, and no action has been taken to register or qualify the Securities, or the Issue, or otherwise to permit an offering of the Securities, in any jurisdiction outside Australia and New Zealand. because of the small number of such Shareholders, and the cost of complying with applicable regulations in jurisdictions outside Australia and New Zealand. The Prospectus is sent to those Shareholders for information only. The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares. Recipients may not send or otherwise distribute this Prospectus or the Application Form to any person outside Australia (other than to Eligible Shareholders).

### **3.7 Market Prices of Existing Shares on ASX**

The highest and lowest market sale price of the Existing Shares during the three months and the last market sale price on the date immediately preceding the lodgement of this Prospectus with ASIC, are set out below.

| 3 month high | 3 month low | Last sale price on 30 March 2010 |
|--------------|-------------|----------------------------------|
| 10.5 cents   | 4.9 cents   | 4.9 cents                        |

### **3.8 CHESS**

The Company participates in the Clearing House Electronic Sub-register System ("CHESS"). ASTC, a wholly owned subsidiary of ASX, operates CHESS in accordance with the ASX Listing Rules and the ASTC Settlement Rules. Under CHESS, applicants will not receive a certificate but will receive a statement of their holding of New Shares. If you are broker sponsored, ASTC will send you a CHESS statement. The CHESS statement will set out the number of New Shares issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor. If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Company's share registrar and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number. A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time; however, a charge may be made for additional statements.

### **3.9 Rights and Liabilities attaching to the Securities**

The New Shares will rank equally in respect of dividends and in all other respects (e.g. voting, bonus issues) as Existing Shares. A summary of the rights and liabilities attaching to the New Shares is set out in Section 6.

### **3.10 Taxation Implications**

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company conducting the Rights Issue or Shareholders applying for Securities under this Prospectus. The Company its advisers and officers do not accept any responsibility or liability for any taxation consequences to Shareholders in relation to the Rights Issue. Shareholders should therefore consult their own professional tax adviser in connection with the taxation implications of the Rights Issue.

### **3.11 Enquiries**

Any questions concerning the Issue should be directed to Mr Ian Hobson, the Company Secretary, on (08)9381 5558.

## Section 4: Purpose and Effect of the Issue

### 4.1 Purpose of the Issue

The purpose of the Rights Issue is to raise up to \$3,483,333, excluding any funds raised as a result of exercise of the New Options. After the expenses of the Offer of approximately \$200,000, the proceeds from the Rights Issue are planned to fund the exploration and drilling program detailed in the Chairman's Letter and for use as working capital.

### 4.2 The Effect of the Rights Issue and Pro Forma Statement of Financial Position

The effect of the Rights Issue (assuming it is fully subscribed) will be that:

- (a) cash reserves will initially increase by up to approximately \$3.3 million (after costs of the Issue); and
- (b) the number of Shares on issue will increase from 137,500,000 up to 229,166,667; and
- (c) the number of Options on issue will increase from 62,194,132 to 128,027,465 .

### 4.3 Statement of Financial Position

The Statement of Financial Position as at 28 February 2010 (unaudited) and unaudited Pro Forma Statements of Financial Position as at 28 February 2010 (assuming the Rights Issue is fully subscribed) shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the anticipated changes to its financial position following completion of the Rights Issue.

|  | Unaudited<br>28 February 2010<br>\$ | Unaudited Pro forma as<br>at 28 February 2010<br>\$ |
|--|-------------------------------------|---|
| <b>Current assets</b>                            |                                     |   |
| Cash assets                                      | 484,854                             | 3,468,187   |
| Receivables                                      | 376,394                             | 376,394   |
| Sub Total current assets                         | 861,248                             | 3,844,581   |
| Non-current assets classified as held for sale   | 412,392                             | 412,392   |
| <br>Total current assets                         | <br>1,273,640                       | <br>4,256,973                                       |
| <b>Non-current assets</b>                        |                                     |   |
| Plant and equipment                              | 65,984                              | 65,984  |
| Exploration and evaluation costs carried forward | 8,357,043                           | 8,357,043   |
| Total non-current assets                         | 8,423,027                           | 8,423,027   |
| <br>Total assets                                 | <br>9,696,667                       | <br>12,680,000                                      |
| <b>Current liabilities</b>                       |                                     |   |
| Payables   | 131,822                             | 131,822   |
| Total current liabilities                        | 131,822                             | 131,822   |
| <br>Total liabilities                            | <br>131,822                         | <br>131,822   |
| <br><b>Net assets</b>                            | <br>9,564,845                       | <br>12,548,178                                      |
| <b>Equity</b>                                    |                                     |   |
| Contributed equity                               | 15,238,115                          | 18,521,448  |
| Reserves   | 1,143,672                           | 1,143,672   |
| Accumulated losses                               | (6,816,943)                         | (7,116,943)   |
| <b>Total Equity</b>                              | <b>9,564,845</b>                    | <b>12,458,178</b>                                   |

#### 4.4 Assumptions for Unaudited Pro forma Consolidated Statements of Financial Position

The unaudited pro forma consolidated Statement of Financial Position has been prepared on the basis that the Rights Issue is fully subscribed and there have been no material movements in the assets and liabilities of the Company between 28 February 2010 and the close of Offer, other than normal expected operating costs of approximately \$300,000.

#### 4.5 Capital Structure after Rights Issue

A comparative table of changes in the capital structure of the Company as a consequence of the Rights Issue is set out below.

This table assumes that the Rights Issue is fully subscribed or the Shortfall Offer is fully subscribed with the result that 91,666,667 New Shares and 45,833,333 New Options are issued as a result of the Rights Issue.

| Shares   |  |
|--|--|
| 137,500,000 Existing Shares  | at date of Prospectus                                  |
| 91,666,667 New Shares  | to be issued pursuant to this Prospectus               |
| 229,166,667 Shares   | on issue after Rights Issue*                           |
| Options  |  |
| 51,624,132 listed Options exercisable at \$0.25 each                             | at date of Prospectus (expire 31 July 2010)            |
| 10,570,000 unlisted Options at various exercise prices between \$0.10 and \$0.30 | at date of Prospectus (various expiry dates 2011/2014) |
| 45,833,333 New Options   | to be issued pursuant to this Prospectus               |
| 20,000,000 Options to be issued to Greenday                                      | To be issued pursuant to the Greenday mandate          |
| 128,027,465 total Options  | on issue after Rights Issue and Shortfall Offer        |

\*This figure does not include 5,500,000 Shares which the Company has agreed to allot to a Singaporean consultancy firm for past services, which have not yet been allotted. Refer to paragraph 8.2 for further information.



## Section 5: Action Required by Eligible Shareholders

### 5.1 What you may do

The number of New Shares you are entitled to is shown on the Application Form accompanying your copy of the Prospectus. If you are an Eligible Shareholder, you may;

- (a) subscribe for all of your Entitlement (refer to section 5.2);
- (b) subscribe for part of your Entitlement and allow the balance to lapse (refer to section 5.3);
- (c) not subscribe for any of your Entitlement and allow it to lapse (refer to section 5.4); or
- (d) apply for the Shortfall Shares (refer to section 5.5).

### 5.2 If you wish to subscribe for all of your Entitlement

If you wish to subscribe for all of your Entitlement, complete the accompanying Application Form in accordance with the instructions set out in that form. The Application Form sets out the number of New Shares you are entitled to. The completed Application Form must be accompanied by a cheque made payable to **"Terrain Minerals Limited – Share Account"** and crossed "Not Negotiable" for the appropriate Application Money in Australian dollars calculated at \$0.038 per New Share, and received by the Company at either of the following addresses by no later than 5.00 pm (WST) on the Closing Date. The Company will present the cheque on or around the day of receipt of the Application Form. If a cheque is not honoured upon its first presentation, the Directors reserve the right to reject the relevant Application Form.

If the amount of your cheque(s) for Application Money (or the amount for which those cheque(s) clear in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Application Form, you may be taken to have applied for such lower number of New Shares as your cleared Application Money will pay for (and to have specified that number of New Shares in your Application Form) or your Application may be rejected.

| Street Address:  | Postal Address:  |
|--|--|
| <b>Terrain Minerals Ltd</b><br><b>230 Rokeby Road, Subiaco WA 6008</b> | <b>Terrain Minerals Ltd</b><br><b>PO Box 1702, Subiaco WA 6904</b> |

**Please make cheques payable to "Terrain Minerals Limited – Share Account".**

### 5.3 If you wish to subscribe for part of your Entitlement and allow the balance to lapse

If you wish to subscribe for part of your Entitlement and allow the balance to lapse, complete the accompanying Application Form stating the number of New Shares you wish to subscribe for in accordance with the instructions set out on the Application Form. The completed Application must be accompanied by a cheque for the appropriate Application Monies calculated at \$0.038 per New Share you wish to accept, and received by Terrain Minerals Ltd by no later than 5.00 pm (WST) on the Closing Date.

### 5.4 Entitlements not subscribed for

If you are a Shareholder and do not wish to accept all (or part) of your Entitlement, you are not obliged to do anything. You will receive no benefit or New Shares and your Entitlement will become available to Eligible Shareholders as Shortfall Shares to be applied for under the Shortfall Offer.

If you wish to receive a benefit, you must take action to accept your Entitlement in accordance with the instructions above and on the back of the accompanying Application Form.

The number of Existing Shares you hold as at the Record Date and the rights attached to those Existing Shares will not be affected if you choose not to accept any of your Entitlement.

## **5.5 Shortfall Offer**

Any Entitlement not taken up pursuant to the Offer will form the Shortfall for the purposes of the Shortfall Offer. The Directors reserve the right to issue Shortfall Shares at their absolute discretion. Accordingly, Eligible Shareholders who may wish to subscribe for Shortfall Shares are invited to complete the Shortfall section of the Application Form accompanying the Prospectus and return it to the Company together with a cheque for the value of the Shortfall Shares. A single cheque should be used for the Application Money for your Entitlement and the number of Shortfall Shares which you wish to subscribe for.

The Directors reserve the right to allot to an Applicant a lesser number of Shortfall Shares than the number, for which the Applicant applies for on their Shortfall Application Form, or to reject an application, or to not proceed with placing the Shortfall.

The offer of any Shortfall Shares is a separate offer made pursuant to this Prospectus and will remain open for up to three (3) months following the Closing Date. The issue price of any Shortfall Shares is \$0.038 being the price at which the New Shares have been offered to Eligible Shareholders pursuant to this Prospectus.

**If you have any queries concerning your entitlement or allocation, please contact:**

**Mr Ian Hobson, the Company Secretary**

**Tel: (08) 9381 5558 Fax: (08) 9381 5551**

**or contact your stockbroker or professional adviser.**

## **Section 6: Rights and Liabilities Attaching to Securities**

The following is a summary of the more significant rights and liabilities attaching to New Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

### **6.1 Rights Attaching to New Shares**

The New Shares to be issued pursuant to this Prospectus are ordinary shares and will as from their allotment rank equally in all respects with all Existing Shares.

The rights attaching to the New Shares arise from a combination of the Company's Constitution, the Corporations Act, the ASX Listing Rules and general law. A copy of the Company's Constitution is available for inspection free of charge during business hours at its registered office.

A summary of the rights attaching to the New Shares is set out below.

- (a) Subject to the Constitution of the Company and any rights or restrictions at the time being attached to a class of Shares, at a general meeting of the Company every Shareholder present in person, or by proxy, attorney or representative has one vote on a show of hands, and upon a poll, one vote for each Share held by the Shareholder. In the case of an equality of votes, the chairperson has a casting vote.
- (b) Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of Shares, the Company may pay dividends as the Directors resolve but only out of profits of the Company. The Directors may determine the method and time for payment of the dividend.
- (c) Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of Shares, on a winding up of the Company any surplus must be divided among the shareholders of the Company.
- (d) Generally, Shares are freely transferable, subject to satisfying the requirements of the ASX Listing Rules, ASTC Rules and the Corporations Act. The Directors may decline to register any transfer of Shares but only where permitted to do so by the Corporations Act, the ASX Listing Rules, the ASTC Rules, or under the Company's Constitution.
- (e) Subject to the Corporations Act, the ASX Listing Rules, the ASTC Rules and any rights attached to a class of shares, the Company (under the control of the Directors) may allot and issue shares and grant options over shares, on any terms, at any time and for any consideration, as the Directors resolve.
- (f) Subject to the Corporations Act, the ASX Listing Rules, the ASTC Rules and the terms of issue of shares in a particular class, the Company may vary or cancel rights attached to shares in that class by either special resolution passed at a general meeting of the holders of the shares in that class, or with the written consent of the holders of at least 75% of the votes in that class.
- (g) 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 Company's Constitution, the Corporations Act and the ASX Listing Rules.

### **6.2 Rights Attaching to New Options**

- (a) Each Option shall entitle the Option holder, when exercised, to one fully paid ordinary share in the Company ("Share").
- (b) The Options are exercisable wholly or in part at any time prior to 5.00 pm (WST) on 31 December 2012 ("Expiry Date"). Options not exercised by that date shall lapse.

- (c) Each Option may be exercised by notice in writing to the Company, together with the payment for the number of Shares in respect of which the Options are exercised, at any time before the Expiry Date. Any notice of exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.
- (d) The Option exercise price is \$0.08 per Option.
- (e) An Option does not confer the right to a change in exercise price or a change in the number of the underlying Shares over which the Option can be exercised.
- (f) Shares issued upon exercise of the Options will be issued following receipt of all the relevant documents and payments and will rank equally in all respect with the then issued Shares.
- (g) The Company will apply for quotation on ASX of the Options.
- (h) The Company will apply for quotation on ASX of all Shares issued upon exercise of the Options.
- (i) Subject to the Corporations Act, the Constitution and the Listing Rules, the Options are freely transferable.
- (j) There are no participating rights or entitlements inherent in the Options and Option holders will not be entitled to participate in new issues of securities offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 Business Days after the issue is announced so as to give Option holders the opportunity to exercise their Options before the date for determining entitlements to participate in any issue.
- (k) If at any time the issued capital of the Company is reorganised, the rights of an Option holder are to be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.



## **Section 7: Risk Factors**

### **7.1 General**

An investment in the Company is not risk free and investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for New Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Shares. The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### **7.2 Economic Risks**

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

### **7.3 Market conditions**

The market price of New Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

### **7.4 Security Investments**

Applicants should be aware that there are risks associated with any New Shares investment. Securities listed on the stock market, and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the New Shares and the New Options regardless of the Company's performance. Mineral exploration and mining are speculative operations that may be hampered by circumstances beyond the control of the Company. Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management. Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

### **7.5 Exploration and Evaluation Risks**

The success of the Company depends on the delineation of economically minable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities. Exploration on the Company's existing exploration and mining tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the exploration and mining tenements.

### **7.6 Commodity Price and Exchange Rate Risks**

To the extent the Company is involved in mineral production the revenue derived through the sale of commodities may expose the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors. Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

### **7.7 Environmental Risks**

The operations and proposed activities of the Company are subject to State and Federal laws and regulation concerning the environment. As with most exploration projects and mining operations, the Company's

activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company attempts to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

#### **7.8 Native Title and Title Risks**

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments. It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest; there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be affected. The Directors closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

#### **7.9 Joint Venture Parties, Agents and Contractors**

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

#### **7.10 Future Capital Requirements**

The Company's activities will require substantial expenditure. There can be no guarantees that the funds raised through the Offer will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Offer there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to shareholders and any debt financing if available may involve restrictive covenants, which limit the Company's operations and business strategy. The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

#### **7.11 Potential Acquisitions**

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

#### **7.12 Resource Estimations**

Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. Despite employing qualified professionals to prepare resource estimates, such estimates may nevertheless prove to be inaccurate. Furthermore, resource estimates may change over time as new information becomes available. Should the company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

#### **7.13 Reliance on Key Personnel**

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

## **Section 8: Additional Disclosures and Information**

### **8.1 Appointment of Corporate Adviser**

On 30 March 2010 the Company entered into a mandate with Greenday Corporate Pty Ltd (ABN 67 124 560 667) whereby Greenday agrees to assist the Company to place any Shortfall Shares with sophisticated investors. If all the Shortfall Shares are placed, Greenday will receive 20,000,000 Options on similar terms to the New Options and a success fee of \$50,000. Also, in relation to any Shortfall Shares which Greenday or its associates subscribe for, Greenday is entitled to a fee equal to 6.5% of the gross Shortfall Shares subscribed for by Greenday or its associates. The mandate engages Greenday for other corporate advisory services in return for other standard commercial fees which are not material to the Rights Issue and therefore not required to be disclosed in the Prospectus.

### **8.2 Agreement to allot Shares**

The Company has agreed to allot 5,500,000 Shares to an independent Singaporean consultancy firm as consideration for provision of past services to the Company.

### **8.3 Non binding agreement to sell Coogee**

On 8 March 2010 the Company entered into a non legally binding option agreement to dispose of the Company's Coogee project to a proposed purchaser subject to a number of conditions which include the purchaser's admission to ASX in due course. The proposed purchase price comprises shares in the purchasing entity and cash payments. Negotiations in relation to a draft sale agreement are ongoing and the Directors are reasonably confident that the negotiations will result in the grant of a legally binding option by the Company to sell the Coogee project subject to conditions with which the Board will be satisfied. Whether the purchaser exercises such an option to acquire the Coogee project is outside the Board's control and therefore there is no certainty that the Coogee project will be acquired by the proposed purchaser even if a legally binding option or conditional sale agreement is entered into shortly.

### **8.4 Extension of Exploration Licence 26/97, Coogee project**

One of the Company's key tenements is due to expire on 12 April 2010. The usual and appropriate steps have been undertaken to ensure that an application is lodged by the Company to have the term extended in accordance with the provisions of the Mining Act 1978 (WA). The Board expect the extension will be granted for a one or two year term pursuant to the Mining Act Regulations, because the necessary grounds are considered by the Board to have been satisfied, namely, exploration is being actively undertaken on the exploration licence, and the current and cumulative expenditures are well in excess of the statutory requirements. The Company was successful in securing an exemption from mandatory reduction on 22 December 2009, on different grounds. If the Company is unsuccessful in its proposed extension application, the Board intend to ensure that all the opportunities open to the Company under the Mining Act 1978 (WA) are pursued in order to maintain title to the exploration licence on this ground.

### **8.5 Celtic Project – mining proposal**

The Company has received notification that the Celtic pit mining proposal has been approved by the Department of Mines and Petroleum as a result of all outstanding heritage issues now having been resolved. The Company is conducting negotiations with interested parties in order to secure a toll treatment agreement. The Board are pleased with the progress of these negotiations to date.

### **8.6 Continuous Disclosure Obligations**

The Company is a "disclosing entity" (as defined in section 111 AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's New Shares. The New Shares which will be issued pursuant to this Prospectus are in the same

class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus. This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of Shares in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus, and in relation to an offer of options to acquire continuously quoted securities of the Company. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the New Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of New Shares in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest. Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX. Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2) (a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the financial statements of the Company for the financial year ended 30 June 2009 being the last financial statements for a financial year of the Company lodged with the ASIC before the issue of this Prospectus;
  - (ii) the half year financial report of the Company for the half-year ended 31 December 2009, being the half year financial report of the Company lodged with the ASIC after lodgement of the financial statements referred to in paragraph (i) above; and
  - (iii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours. The Company has lodged the following announcements with ASX since the lodgement of the 2009 audited financial statements:

| <b>Date</b> | <b>Description of Announcement</b>                          |
|-------------|---|
| 04/03/2010  | Half Year Accounts  |
| 03/03/2010  | Aztec Dome – Geochemistry Supports Repeat Kambalda Sequence |
| 26/02/2010  | Drilling Confirms Prospectivity of Aztec Dome Project       |



|            |   |
|------------|---|
| 17/02/2010 | Mine Scoping Study – Significant Potential Cash Surplus |
| 29/01/2010 | Quarterly Activities Report                             |
| 29/01/2010 | Quarterly Cashflow Report                               |
| 14/01/2010 | Aztec Dome Drilling Update                              |
| 05/01/2010 | Change of Director's Interest Notice                    |
| 05/01/2010 | Section 708A Notice                                     |
| 05/01/2010 | Appendix 3b   |
| 30/12/2009 | Change of Director's Interest Notice                    |
| 23/12/2009 | Section 708A Notice                                     |
| 23/12/2009 | Appendix 3b   |
| 15/12/2009 | Change of Director's Interest Notice                    |
| 15/12/2009 | Change of Director's Interest Notice                    |
| 15/12/2009 | Change of Director's Interest                           |
| 15/12/2009 | Change of Director's Interest                           |
| 15/12/2009 | Section 708A Notice                                     |
| 15/12/2009 | Appendix 3b   |
| 14/12/2009 | 60% Interest earned in Black cat Gold JV                |
| 11/12/2009 | Appendix 3b   |
| 03/12/2009 | Change of Director's Interest Notice                    |
| 01/12/2009 | AGM Presentation  |
| 30/11/2009 | Results of AGM  |
| 27/11/2009 | Drilling to Commence on Aztec Dome                      |
| 23/11/2009 | Change of Director's Interest Notice                    |
| 20/11/2009 | Final Director's Interest Notice                        |
| 18/11/2009 | Director Resignation                                    |
| 30/10/2009 | Notice of Annual General Meeting/Proxy Form             |
| 30/10/2009 | Quarterly Cashflow Report                               |
| 30/10/2009 | Quarterly Activities Report                             |

|            |                                       |
|------------|---------------------------------------|
| 23/10/2009 | Appendix 3b                           |
| 22/10/2009 | Placement                             |
| 16/10/2009 | Appendix 3B                           |
| 02/10/2009 | Change of Address and Contact Details |

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

## 8.7 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Issue of New Shares pursuant to this Prospectus; or
- (c) the Issue of Securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or Issue of Securities pursuant to this Prospectus.

Directors' direct and indirect interests in securities of the Company at the date of this Prospectus are:

| Name            | Shares     | Options   |
|-----------------|------------|-----------|
| Richard Sandner | 1,200,000  | 1,000,000 |
| Jonathan Lim    | 28,150,202 | 1,000,000 |
| Keith Wells     | 3,421,535  | 5,775,000 |
| Paul Dickson    | 735,668    | 1,051,000 |

The Constitution of the Company provides that the Directors may be paid for their services as Directors. Non-executive directors may only be paid a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Non-executive Directors and in default of agreement then in equal shares.

In the two years preceding lodgement of this Prospectus, \$747,968 (excluding GST where applicable) has been paid by the Company by way of remuneration for services provided by all Directors, companies associated with the Directors or their associates in their capacity as Directors, employees, consultants or advisers. Directors, companies associated with the Directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

## 8.8 Interests and Consents of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, all persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation of or

distribution of this Prospectus do not have, and have not had in the two years before the date of this Prospectus, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the offer of New Shares pursuant to this Prospectus; or
- the offer of Securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any of those persons for services provided by those persons in connection with the formation or promotion of the Company or the offer of New Shares pursuant to this Prospectus.

Hilary Macdonald in her capacity as solicitor to the Company, has given (and has not before the date of this document withdrawn) her consent to be named in this document in the form and context in which it is named. Hilary Macdonald has not:

- authorised or caused the issue of this Prospectus;
- made, or purported to have made, any statement in this Prospectus or on which a statement in this Prospectus is based except as set out in this section; or
- assumed responsibility for any part of this Prospectus except as set out in this section and to the maximum extent permitted by law, expressly disclaims responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Hilary Macdonald is entitled to be paid \$5,000 for advice and assistance in relation to certain aspects of this Prospectus, assisting the Company in relation to its due diligence regime and enquiries and in relation to application for quotation of the Securities on ASX. Hilary Macdonald was appointed as solicitor to the company in September 2009 and up to 31 March 2010 has received the amount of \$8,706 for the provision of professional legal services to the Company. The above amount is inclusive of GST.

References to Computershare Investor Services Pty Ltd as share register to the Company and BDO Kendalls Audit & Assurance (WA) Pty Ltd as auditor to the Company appear for information purposes only and neither Computershare Investor Services Pty Limited nor BDO Kendalls Audit & Assurance (WA) Pty Ltd have been involved in or authorised or caused the issue of this Prospectus.

Greenday Corporate Pty Ltd (ABN 67 124 560 667) in its' capacity as corporate advisers to the Company, has given (and has not before the date of this document withdrawn) its consent to be named in this document in the form and context in which it is named. Greenday Corporate Pty Ltd has not:

- authorised or caused the issue of this Prospectus;
- made, or purported to have made, any statement in this Prospectus or on which a statement in this Prospectus is based except as set out in this section; or
- assumed responsibility for any part of this Prospectus except as set out in this section and to the maximum extent permitted by law, expressly disclaims responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Greenday Corporate Pty Ltd will receive 20,000,000 Options on similar terms to the New Options for its services as corporate advisers if all the Shortfall Shares are placed, and a success fee of \$50,000. In relation to any Shortfall Shares which Greenday or its associates subscribe for, Greenday is entitled to a fee equal to 6.5% of the gross Shortfall Shares subscribed for by Greenday or its associates. Greenday is also entitled to reimbursement of expenses incurred in providing the services.

### **8.9 Estimated Expenses of Issue**

The estimated expenses of the Issue are approximately \$32,000 not including the fee payable to Greenday Corporate Pty Ltd which depends entirely on the number of Shortfall Shares placed, with a minimum cash fee of nil and a maximum fee of \$221,000. The Company has for budgeting purposes for this Rights Issue, allowed for the total costs of the Issue to be \$200,000.

### **8.10 Litigation**

As at the date of this Prospectus, the Company is not involved in any material legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

### **8.11 Privacy Act**


If you complete an application for New Shares, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your Securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised brokers, print service providers, mail houses and the Company share registry. You can access, correct and update the personal information that we hold about you. Please contact the Company or its registry if you wish to do so at the relevant contact numbers set out in this Prospectus. Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules. You should note that if you do not provide the information required on the application for New Shares, the Company may not be able to accept or process your application.

### **8.12 Directors' Consent**

Each Director has consented to the lodgement of this Prospectus with the ASIC.

Signed on behalf of the Directors pursuant to a resolution of the Board.

A handwritten signature in black ink, appearing to read 'Keith Wells', with a stylized flourish at the end.

**Keith Wells**

Managing Director



## Section 9: Glossary

**Application** means an application for New Shares or Shortfall Shares, and New Options pursuant to the Application Form.

**Application Form** means the Application form attached to or accompanying this Prospectus.

**Application Money** means the money received from Eligible Shareholders in respect of their Application.

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

**ASTC** means ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532).

**ASX** means ASX Limited (ABN 51 008 624 691).

**Business Day** means a day on which trading takes place on the stock market of ASX.

**CHESS** means ASX Clearing House Electronic Sub-registry System.

**Closing Date** means 5pm WST on the date stated in the indicative timetable at the front of the Prospectus.

**Company or Terrain** means Terrain Minerals Limited (ACN 116 153 514).

**Constitution** means the Company's Constitution as at the date of this Prospectus.

**Corporations Act** means the Corporations Act 2001 (Commonwealth).

**Director** means directors of the Company at the date of this Prospectus.

**Dollar or \$** means Australian dollars.

**Eligible Shareholders** means a Shareholder as at the Record Date other than a Non-qualifying Foreign Shareholder.

**Entitlement or Right** means a Shareholder's entitlement to subscribe for New Shares offered by this Prospectus.

**Existing Share** means a fully paid ordinary share in the capital of the Company.

**Greenday** means Greenday Corporate Pty Ltd (ABN 67 124 560 667).

**Issue** means the issue of New Shares under this Prospectus.

**Listing Rules or ASX Listing Rules** means the Listing Rules of the ASX.

**New Options** means a free attaching listed option to subscribe for Shares.

**New Shares** means a fully paid ordinary share in the capital of the Company to be issued under this Prospectus.

**Non-qualifying Foreign Shareholders** means a Shareholder whose registered address is not situated in Australia or New Zealand.

**Offer or Rights Issue** means the offer of two New Shares for every three Existing Shares held at the Record Date at an issue price of \$0.038 per New Share with one New Option for every two New Shares allotted.

**Official Quotation** means official quotation on ASX.

**Prospectus** means the prospectus constituted by this document.

**Record Date** means 5pm WST on the date stated in the indicative timetable at the front of the Prospectus.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means the holder of a Share.

**Shortfall Shares and Shortfall** means New Shares for which valid Applications have not been received by the Closing Date.

**WST** means Western Standard Time

Use a black pen.  
Print in CAPITAL letters  
inside the grey areas.

|   |   |   |
|---|---|---|
| A | B | C |
| 1 | 2 | 3 |

For your security keep your SRN/HIN confidential.

## Entitlement and Acceptance Form (including Additional Securities)

This personalised form can only be used in relation to the securityholding represented by the SRN or HIN printed above. This is an important document and requires your immediate attention. If you are in doubt about how to deal with this document, please consult your financial or other professional adviser.

### Non-Renounceable Entitlement Issue closing 5pm WST on 17 May 2010

Non-Renounceable Entitlement Issue of 2 New Shares for every 3 Shares registered and entitled to participate at the record date at an issue price of A\$0.038 per New Share with a free attaching New Option on the basis of 1 New Option for every 2 New Shares allotted.

Receipt of the slip below by 5pm WST on 17 May 2010 with your payment, utilising the payment options detailed overleaf will constitute acceptance in accordance with the terms and conditions of the Prospectus dated 31 March 2010.

I/We enclose my/our payment for the amount shown below being payment of A\$0.038 per New Share. I/We hereby authorise you to register me/us as the holder(s) of the Shares allotted to me/us, and I/we agree to be bound by the Constitution of the Company.

| Securityholder Entitlement details                                      |  |
|---|--|
| Subregister   |  |
| Existing Shares entitled to participate at Record Date on 14 April 2010 |  |
| Entitlement to New Shares on a 2 for 3 basis                            |  |
| Amount payable on full acceptance at A\$0.038 per New Share             |  |
| Entitlement Number  |  |

T M X

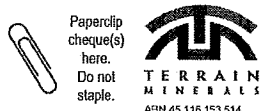
2 N R B

See back of form for completion guidelines

▼ PLEASE DETACH HERE ▼

Please see overleaf for Payment Options

|      |      |
|------|------|
| Ent: | Pay: |
|------|------|



|  |   |  |
|--|---|--|
| <b>B</b> Number of New Shares applied for  | <b>C</b> Number of Shortfall Shares applied for | <b>D</b> Amount enclosed at A\$0.038 per New Share |
|  |   | A\$  |
| <b>E</b> Payment Details – Please note that funds are unable to be directly debited from your bank account |   |  |
| Drawer   | Cheque number                                   | BSB number   |
|  |   |  |
| Account number   |   | Cheque amount                                      |
|  |   | A\$  |
| Make your cheque or bank draft payable to Terrain Minerals Limited – Share Account                         |   |  |
| <b>F</b> Contact Details   |   |  |
| Please provide your contact details in case we need to speak to you about this slip                        |   |  |
| Name of contact person   | Contact person's daytime telephone number       |  |
|  | ( )   |  |

# How to complete the Entitlement and Acceptance Form (including Additional Securities)

Please note that photocopies of this form will not be accepted. These instructions are cross-referenced to each section of the Entitlement and Acceptance Form.

**A** Details of your Entitlement based on your Securityholding at 5pm WST on 14 April 2010 are shown in box A on the front of this Entitlement Form.

## **B** New Securities Applied for

You can apply to accept either all or part of your Entitlement. Enter in box B the number of New Shares you wish to accept from your Entitlement.

Please ensure you complete Section B on the bottom of the form.

## **C** Additional Securities Applied for

Enter the number of Shortfall Shares you wish to apply for (if any).

No Eligible Securityholder is assured of receiving any Shortfall Shares applied for in excess of their Entitlement and any amount by which applications from Eligible Securityholders exceed their Entitlements may be scaled back at Terrain Minerals Limited's discretion, in such manner as Terrain Minerals Limited considers is reasonable in the circumstances.

Please ensure you complete Section C on the bottom of the form.

## **D** Acceptance Monies

Enter the total amount of acceptance monies payable. To calculate this amount, multiply the total number of New Shares applied for in box B, and if applicable, box C, by A\$0.038.

Please ensure you complete Section D on the bottom of the form.

## **E** Payment Details

You can apply for shares by utilising the payment options detailed below. Please note that funds are unable to be directly debited from your bank account.

By making your payment using either electronic means or by cheque, bank draft or money order, you confirm that you:

- agree to all of the terms and conditions as detailed in the Prospectus dated 31 March 2010

Your cheque, money order or bank draft must be made in Australian currency and drawn on an Australian branch of a financial institution. Such payment must be made payable to Terrain Minerals Limited – Share Account and crossed "Not Negotiable". Payments not properly drawn may be rejected.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Acceptance form being rejected. Paperclip (do not staple) your cheque(s) to the form where indicated. Cash will not be accepted. Receipt of payment will not be forwarded.

## **F** Contact Details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding the slip below.

The directors reserve the right to make amendments to this form where appropriate.

## Lodgement of Acceptance

If you are paying by cheque, bank draft or money order, the slip below must be received by Terrain Minerals Limited by no later than 5pm WST on 17 May 2010. You should allow sufficient time for this to occur.

## Privacy Statement

Personal information is collected on this form by CIS, as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail [privacy@computershare.com.au](mailto:privacy@computershare.com.au)

If you have any enquiries concerning this form or your entitlement, please contact Terrain Minerals Limited on 08 9381 5558.

CHESS holders must contact their Controlling Participant to notify a change of address.



Terrain Minerals Limited  
PO Box 1702  
Subiaco WA 6904

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