

# **TERRAIN MINERALS LTD**

**ACN 116 153 514**

## **Notice of Annual General Meeting**

**Annual General Meeting of Shareholders to be held at  
Suite 2, 28 Outram Street, West Perth, Western Australia on  
Thursday 22 November 2018, commencing at 8 am (WST).**

### **Important**

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their professional adviser prior to voting.

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# NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that an annual general meeting of the shareholders of Terrain Minerals Ltd ACN 116 153 514 (**Company**) will be held at Suite 2, 28 Outram Street, West Perth, Western Australia on Thursday 22 November 2018, commencing at 8 am (WST). The Explanatory Statement that accompanies and forms part of this Notice describes in more detail the Resolutions to be considered.

## Business

### Annual Report

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To receive and consider the Annual Report of the Company for the financial year ended 30 June 2018, which includes the Financial Report, the Directors' Report, the Remuneration Report and the Auditor's Report.

### Resolution 1: Approval of Remuneration Report

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To consider and, if thought fit, to pass the following Resolution as an **advisory only resolution**:

*"That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the financial year ended 30 June 2018 be adopted."*

**Note:** The votes on this Resolution are advisory only and do not bind the Directors or the Company.

#### Voting exclusion statement

The Company will disregard any votes cast on this Resolution:

- by or on behalf of a member of Key Management Personnel as disclosed in the Remuneration Report;
- by or on behalf of a Closely Related Party of a member of Key Management Personnel; and
- as a proxy by a member of Key Management Personnel or a Closely Related Party,

unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the Proxy Form or by the Chair pursuant to an express authorisation to exercise the proxy.

### Resolution 2: Re-Election of Director – Paul Dickson

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To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

*"That, for all purposes, Paul Dickson, who retires by rotation in accordance with clause 11.1.3 of the Constitution and Listing Rule 14.4 and who is eligible and offers himself for re-election, be re-elected as a Director."*

### Resolution 3: Approval of 10% Placement Facility

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To consider and, if thought fit, to pass the following Resolution as a **special resolution**:

*"That, for the purposes of Listing Rule 7.1A, and for all other purposes, approval be given for the issue of Equity Securities totaling up to 10% of the issued capital of the Company under and in accordance with Listing Rule 7.1A, on the terms and conditions set out in the Explanatory Statement."*

#### Voting exclusion statement

The Company will disregard any votes cast on this Resolution by any person who may participate in an issue under the 10% Placement Facility and a person who might obtain a benefit (except a benefit solely in the capacity of a Shareholder) if the Resolution is passed, and any associate of those persons.

However, the Company need not disregard a vote if:

it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

it is cast by the Chair 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.

## **Resolution 4: Approval of Grant of Options to Trevor Bradley**

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To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

*"That, for the purposes of Section 208 of the Corporations Act, Listing Rule 10.11, and for all other purposes, approval be given for the issue of 3,000,000 Options to Trevor Bradley (and/or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting exclusion statement**

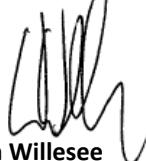
The Company will disregard any votes cast on this Resolution by:

- Trevor Bradley and/or his nominees; or
- an associate of Trevor Bradley and/or his nominees; or
- any 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.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the Chair 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.

**By order of the Board**



**Winton Willessee**  
Joint Company Secretary  
*Terrain Minerals Ltd*

2 October 2018

## **EXPLANATORY STATEMENT**

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This Explanatory Statement has been prepared for the information of the shareholders of Terrain Minerals Ltd ACN 116 153 514 (**Company**) in connection with the Resolutions to be considered at the Annual General Meeting to be held at Suite 2, 28 Outram Street, West Perth, Western Australia on Thursday 22 November 2018, commencing at 8 am (WST).

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 in the accompanying Notice of Annual General Meeting.

This Notice and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their professional adviser prior to voting.

### **Interpretation**

Capitalised terms used in this Notice and Explanatory Statement have the meaning given to them in the Definitions section.

References to “\$” and “A\$” in this Notice and Explanatory Statement are references to Australian currency unless otherwise stated.

References to time in this Notice and Explanatory Statement relate to the time in Perth, Western Australia.

### **Voting exclusion statements**

Certain voting restrictions apply to the Resolutions as detailed beneath the applicable Resolutions in the Notice.

### **Proxies**

Please note that:

- a Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also speak at the Meeting;
- a proxy need not be a member of the Company;
- a Shareholder may appoint a body corporate or an individual as its proxy;
- a body corporate appointed as a Shareholder’s proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder’s proxy; and
- Shareholders 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. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate 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 or its share registry in advance of the Annual General Meeting or handed in at the Annual General Meeting when registering as a corporate representative.

Members of the Key Management Personnel will not be able to vote as proxy on Resolutions 1 unless the Shareholder directs them how to vote or, in the case of the Chair, unless the Shareholder expressly authorises him to do so. If a Shareholder intends to appoint a member of the Key Management Personnel (other than the Chair) as their proxy, the Shareholder should ensure that they direct the member of Key Management Personnel how to vote on Resolutions 1.

If a Shareholder intends to appoint the Chair as their proxy for Resolution 1, Shareholders can direct the Chair how to vote by marking one of the boxes for Resolutions 1 (for example, if the Shareholder wishes to vote ‘for’, ‘against’ or to ‘abstain’ from voting). If the Shareholder does not direct the Chair how to vote, then by submitting the Proxy Form, the Shareholder will be expressly authorising the Chair to exercise the proxy in respect of Resolution 1 even though it is connected to the remuneration of members of the Key Management Personnel.

To vote by proxy, please complete and sign the enclosed Proxy Form. Please follow the instructions detailed on the Proxy Form to send it to the Company, so that it is received by no later than 8 am (WST) on 13<sup>th</sup> November 2018. Proxy Forms received later than this time will be invalid.

**Voting intentions of the Chair**

The Chair intends to vote all available proxies in favour of all Resolutions.

**Voting entitlements**

In accordance with Regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the register of Shareholders as at 5pm (WST) on 20<sup>th</sup> November 2018. Accordingly, transactions registered after this time will be disregarded in determining Shareholder's entitlement to attend and vote at the Annual General Meeting.

## **1. REGULATORY INFORMATION**

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### **1.1 Annual Report**

The Annual Report of the Company for the financial year ended 30 June 2018, which includes the Financial Report, the Directors' Report, the Remuneration Report and the Auditor's Report, will be laid before the Annual General Meeting.

There is no requirement for Shareholders to approve the Annual Report. However, the Chair will allow a reasonable opportunity for Shareholders to ask questions or make comments about the Annual Report and the management of the Company.

A representative of the Company's auditor, BDO Audit (WA) Pty Ltd, is anticipated to be in attendance to respond to any questions raised of the auditor or on the Auditor's Report in accordance with section 250T of the Corporations Act.

## **2. Resolution 1: Approval of Remuneration Report**

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Section 249L(2) of the Corporations Act requires a company to inform Shareholders that a resolution on the Remuneration Report will be put at the Annual General Meeting. Section 250R(2) of the Corporations Act requires a resolution that the Remuneration Report adopted be put to a vote. Resolution 1 seeks this approval.

In accordance with section 250R(3) of the Corporations Act, Shareholders should note that Resolution 1 is an "advisory only" resolution which does not bind the Directors or the Company. However, the Directors take the discussion at the Meeting and the outcome of the vote into account when considering the Company's remuneration practices.

Following consideration of the Remuneration Report for the financial year ended 30 June 2018, the Chair, in accordance with section 250SA of the Corporations Act, will give Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

If at least 25% of the votes cast on a resolution for the adoption of a Remuneration Report are voted against at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution proposing that another general meeting be held within 90 days, at which all of the Company's Directors (other than the Managing Director) would go up for re-election.

At the Company's previous annual general meeting there weren't any votes cast against the remuneration report considered at that annual general meeting. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

The Directors encourage all Shareholders to vote on Resolution 1.

## **3. Resolution 2: Re-Election of Director – Paul Dickson**

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### **3.1 Background**

In accordance with clauses 11.1.3 and 11.1.4 of the Constitution, at every annual general meeting, one third of the Directors excluding the Managing Director must retire from office and are eligible for re-election. Under clause 11.1.5 of the Constitution, the Directors to retire are to be those who have been longest in office since their last election. Among the Directors, Paul Dickson has been longest in office since his last election.

Listing Rule 14.4 states that no director is entitled to hold office without re-election past the third annual general meeting following the director's appointment or three years, whichever is longer. Paul Dickson retires by rotation at this Annual General Meeting and, being eligible, offers himself for re-election. Brief background information on Paul Dickson is set out below:

#### **PAUL DICKSON**

Mr Dickson has over twenty nine years' experience in the Securities and Finance Industries since 1988, with an initial three years in banking followed by approximately thirteen years in stock broking with the majority of his

career spent at tier one firm Ord Minnett Ltd. In the past nine years as a corporate advisor, with the majority of his time as a principal and co-founder of Paradigm Capital, Paul has originated IPO's and equity placements across the industrial and mining sectors for listed entities and been involved in seed capital raisings, and sub-underwritings during this time. Paul was recently appointed a director of Private Equity firm Proserpine Capital and has recently joined Merchant Bank Henslow as a principal.

Other than Mr Paul Dickson who does not make any recommendation in relation to his own re-election, the Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

#### **4. Resolution 3: Approval of 10% Placement Facility**

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##### **4.1 Background**

Resolution 3 is a special resolution which seeks Shareholders' approval for the issue of Equity Securities totalling up to 10% of the issued capital of the Company under and in accordance with Listing Rule 7.1A.

As Resolution 3 is a special resolution, at least 75% of the votes cast on Resolution 3 must be cast in favour of the Resolution in order for it to be passed.

##### **4.2 Listing Rule 7.1A**

Listing Rule 7.1A enables eligible entities to issue Equity Securities totalling up to 10% of its issued share capital through placements over a 12 month period after the entity's annual general meeting (**10% Placement Facility**). An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less.

The Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a market capitalisation of approximately \$3.22 Million as at the date of this notice.

The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1. The actual number of Equity Securities that the Company will have the capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to formula below).

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting under Listing Rule 7.1A may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

**A** is the number of fully paid shares on issue 12 months before the date of issue or agreement:

- (a) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (b) plus the number of partly paid shares that became fully paid in the 12 months;
- (c) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 or 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (d) less the number of fully paid shares cancelled in the 12 months.

**Note:** 'A' has the same meaning as in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

**D** is 10%.

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. As at the date of this Notice, the only quoted Equity Securities that the Company has on issue are its Shares and Options.

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- the date on which the price at which the Equity Securities are to be issued is agreed; or
- if the Equity Securities are not issued within 5 Trading Days of the date in the paragraph above, the date on which the Equity Securities are issued.

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- the date that is 12 months after the date of the annual general meeting at which the approval is obtained; and
- the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking) (**10% Placement Period**).

#### **Specific information required by Listing Rule 7.3A**

For the purposes of Listing Rule 7.3A, the following information is provided to Shareholders in relation to Resolution 3:

(a) **Minimum price at which the securities may be issued**

The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(b) **Risk of dilution**

If Resolution 3 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the table below. There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the number of ordinary securities for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A.2.

The table also shows:

- (i) two examples where variable 'A' has increased, by 50% and 100%. Variable 'A' is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future general meeting; and
- (ii) two examples where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

| Variable 'A' in Listing Rule 7.1A.2                                  | 50% decrease in Market Price<br>\$0.0025         | Current Market Price<br>\$0.005 | 100% increase in Market Price<br>\$0.010 |
|--|--|---------------------------------|--|
| <b>Current Variable 'A'</b><br><b>643,732,009</b>                    | <b>10% Voting Dilution</b><br>64,373,200 Shares  | 64,373,200 Shares               | 64,373,200 Shares                        |
|  | <b>Funds raised</b><br>\$160,933                 | \$321,866                       | \$643,732                                |
| <b>50% increase in current Variable 'A'</b><br><b>965,598,014</b>    | <b>10% Voting Dilution</b><br>96,559,801 Shares  | 96,559,801 Shares               | 96,559,801 Shares                        |
|  | <b>Funds raised</b><br>\$241,400                 | \$482,799                       | \$965,598                                |
| <b>100% increase in current Variable 'A'</b><br><b>1,287,464,018</b> | <b>10% Voting Dilution</b><br>128,746,402 Shares | 128,746,402 Shares              | 128,746,402 Shares                       |
|  | <b>Funds raised</b><br>\$321,866                 | \$643,732                       | \$1,287,464                              |

**Notes:**

1. Assumes the Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
2. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
3. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
4. The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
6. The market price used is \$0.005, being the closing price of Shares on 28 September 2018.

**(c) Date by which the securities may be issued**

The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 3 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities of the Company) or Listing Rule 11.2 (disposal of the main undertaking of the Company).

**(d) Purposes for which the securities may be issued**

The Company may seek to issue the Equity Securities for the following purposes:

- (i) non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- (ii) cash consideration. In such circumstances, the Company intends to use the funds raised for acquisition of new assets or investments (including expenses associated with such acquisition) and general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities under rule 7.1A.

**(e) Allocation policy for issues of securities**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of recipients of Equity Securities will be determined on a case-by-case basis having regard to factors including, but not limited to, the following:

- (i) the purpose of the issue;
- (ii) the methods of raising funds that are available to the Company including, but not limited to, rights issues or other issues in which existing security holders can participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the financial situation and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Recipients of Equity Securities under the 10% Placement Facility have not been determined at the date of this Notice but are likely to be investors which are sophisticated or professional investors (or both) for the purposes of section 708 of the Corporations Act.

**(f) Details of previous issues of securities**

During the 12 months preceding the date of the Annual General Meeting, the Company has issued 128,699,785 shares and 6,000,000 options, representing approximately 24% of the total number of Equity Securities on issue at the commencement of that period.

Details of all issues of Equity Securities during that period are as follows:

| <b>Date of issue</b>     | 18 December 2017    |
|--------------------------|---------------------|
| <b>Number issued</b>     | 39,930,556          |
| <b>Class of security</b> | Shares              |
| <b>Summary of terms</b>  | Fully Paid Ordinary |

|  |  |
|--|--|
| <b>Persons who received securities</b> | Sophisticated Investors participating in a Placement   |
| <b>Issue price</b>                     | Average of \$0.007513 per share<br>(14,930,556 shares at \$0.0072 and 25,000,000 shares at \$0.0075) |
| <b>Discount to market price</b>        | 6.1% (Shares closed at \$0.008 on 18 December 2017)  |
| <b>Total cash consideration</b>        | \$300,000  |
| <b>Amount of cash spent</b>            | \$300,000  |
| <b>Use of cash</b>                     | To advance the Company's gold projects, seek additional projects, and for working capital.           |
| <b>Intended use of remaining cash</b>  | N/A  |

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|--|--|
| <b>Date of issue</b>                   | 2 May 2018   |
| <b>Number issued</b>                   | 88,769,229   |
| <b>Class of security</b>               | Shares   |
| <b>Summary of terms</b>                | Fully Paid Ordinary  |
| <b>Persons who received securities</b> | Qualifying sophisticated investors   |
| <b>Issue price</b>                     | \$0.0065   |
| <b>Discount to market price</b>        | 7.1% (Shares closed at \$0.007 on 30 April 2018)   |
| <b>Total cash consideration</b>        | \$577,000  |
| <b>Amount of cash spent</b>            | \$312,000  |
| <b>Use of cash</b>                     | To advance the Company's gold projects, seek additional projects, and for working capital. |
| <b>Intended use of remaining cash</b>  | To advance the Company's gold projects, seek additional projects, and for working capital. |

|                      |                  |
|----------------------|------------------|
| <b>Date of issue</b> | 18 December 2017 |
| <b>Number issued</b> | 6,000,000        |

|  |  |
|--|--|
| <b>Class of security</b>                   | Unlisted Options   |
| <b>Summary of terms</b>                    | Price \$0.0175, Expiry 18 December 2022.   |
| <b>Persons who received securities</b>     | Issued pursuant to Resolutions 4 and 5 approved by shareholders at the AGM held on 29 November 2017.                       |
| <b>Issue price</b>                         | Nil  |
| <b>Discount to market price (at grant)</b> | Based on a Black and Scholes valuation the options were valued at \$0.0051 on the date of grant being 18 December 2017     |
| <b>Current value of options</b>            | Based on a Black and Scholes valuation the options are valued at \$0.0039 on the date of this Notice                       |
| <b>Total cash consideration</b>            | Nil  |
| <b>Amount of cash spent</b>                | Nil  |
| <b>Use of cash</b>                         | N/A  |
| <b>Intended use of remaining cash</b>      | N/A  |
| <b>Non-cash consideration</b>              | Nil  |
| <b>Current value of options</b>            | Based on the Black and Scholes valuation noted above the total current value of the 6,000,000 options granted is \$23,400. |

#### **Directors' recommendations**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

### **5. Resolutions 4: Approval of Grant of Options to Trevor Bradley**

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#### **5.1 Background**

The Board proposes, subject to obtaining Shareholder approval, to allot and issue a total of 3,000,000 Options to Trevor Bradley who is a non-executive director of the Company (or his nominee) for no cash consideration on the terms and conditions set out in Annexure A.

The proposed issue of Options to Trevor Bradley (or his nominee) requires Shareholder approval under both the Corporations Act and Listing Rules.

Resolution 4 seeks Shareholder approval for the grant of 3,000,000 Options to Trevor Bradley (or his nominee).

#### **5.2 Chapter 2E of Corporations Act**

Section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party of the public company, the public company must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval, unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The issue of Options to a Director requires the Company to obtain Shareholder approval because the Options constitute giving a financial benefit and as Director, Trevor Bradley is a related party of the Company.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act do not apply in the current circumstances.

### **5.3 Section 219 of the Corporations Act**

In accordance with Section 219 of the Corporations Act, the following information is provided to Shareholders to allow them to assess the proposed issue of Options to Trevor Bradley.

**(a) The related party to whom the financial benefit will be given**

Trevor Bradley who is a related party by virtue of being a director of the Company.

**(b) The nature of the financial benefits**

3,000,000 Options. The terms of the Options are set out in Annexure A.

**(c) Director's recommendation and reason**

The Directors, who do not have a material personal interest in the outcome of Resolution 4, recommend that Shareholders vote in favour of Resolution 4 for the following reasons:

(i) the Options are considered by the Directors to provide a cost effective means of remunerating Mr Bradley and aligning Mr Bradley's interest with the interests of other security holders without depleting the cash reserve of the Company; and

(ii) the number and terms of options to be issued are considered to be in line with the number issued to directors of similar companies.

**(d) Director 's interest in the outcome of the resolution**

The Directors, other than Trevor Bradley, do not have a material personal interest in the outcome of Resolution 4.

Trevor Bradley, who stands to gain personally from the issue of the Options, declines to make any recommendation in relation to shareholders' consideration of the resolution.

**(e) Value attributed to the proposed issue of Director Options**

The value of the Options and the pricing methodology is set out in Annexure B.

**(f) Disclosure of a relevant director's total remuneration package**

The total annual remuneration paid to Trevor Bradley for the 2018 financial year was \$57,269 (a total of \$32,850 in cash and \$24,419 in equity) inclusive of superannuation entitlements and for the current year is estimated at \$32,850 in cash inclusive of superannuation entitlements.

**(g) Related Party's existing interest in the Company**

Trevor Bradley holds 4,000,000 options to acquire shares in the Company.

**(h) Dilution effect if the transaction on existing members' interests**

The share capital of the Company consists only of fully paid ordinary shares. There are currently 643,732,009 Shares and 52,600,000 options on issue in the Company. Should the 3,000,000 Options proposed to be issued in this Resolution be exercised in full, existing members' interests will be diluted by 0.4% based on the number of Shares on issue as at the date of this Notice (assuming no other options are exercised).

The Company's shares have a 12 month price range of a high of \$0.013 and a low of \$0.004 with the last sale price being \$0.005 on 28 September 2018.

The estimated cost to the Company of the issue of the Options, based on the valuation set out in Annexure B, is \$9,000.

Except as stated in this Explanatory Memorandum the Directors do not consider that, from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences, for the Company or benefits foregone by granting the Options pursuant to the Resolution to Trevor Bradley and/or his nominee upon the terms proposed, except as otherwise disclosed in this Explanatory Statement.

Neither the Company nor the Directors are aware of any undisclosed information that would be reasonably required by Shareholders to make a decision in relation to the potential financial benefits contemplated by the Resolution.

#### **5.4 Listing Rule 10.11**

Listing Rule 10.11 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company to a related party of the company. Trevor Bradley is a Director of the Company and therefore is a related party of the Company.

Resolution 4 seeks approval for the issue of 3,000,000 Options to the Director (and/or his nominee) for the purpose of satisfying the requirements of Listing Rule 10.11. As approval is being sought pursuant to Listing Rule 10.11, Listing Rule 7.2 Exception 14 provides that the Company is not required to seek approval under Listing Rule 7.1. By approving the grant of the Options under Listing Rule 10.11, the 3,000,000 Options will not be included in the 15% calculation of the Company's placement capacity pursuant to Listing Rule 7.1.

#### **5.5 Listing Rule 10.13**

For the purposes of Listing Rule 10.13, the following information is provided to Shareholders in relation to Resolution 4:

**(a) Name of the persons**

Trevor Bradley and/or his nominees.

**(b) Maximum number of securities to be issued**

3,000,000 Options.

**(c) Date by which the entity will issue the securities**

It is anticipated that the Options will be issued and allotted within 7 days of the Annual General Meeting. In any event, however, no Options will be issued to Trevor Bradley (and/or his nominees) later than one month after the Annual General Meeting (other than to the extent permitted by any waiver or modification of the Listing Rules).

**(d) Relationship**

Trevor Bradley is a related party of the Company by virtue of him being a Director of the Company.

**(e) Issue price of the securities**

The Options will be issued for nil cash consideration.

(f) **Terms of the securities**

The terms of the Options are set out in Annexure A.

(g) **Intended use of the funds raised**

No funds will be raised from the issue of the 3,000,000 Options. In the event of exercise of the Options, funds raised will be used towards the working capital of the Company.

**5.6 Directors' recommendations**

The Directors (other than Trevor Bradley) recommend that Shareholders vote in favour of Resolution 4.

## **DEFINITIONS**

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In this Notice and Explanatory Statement, the following terms have the following meanings:

**10% Placement Facility** has the meaning given in Section 7.2.

**10% Placement Period** has the meaning given in Section 7.2.

**Annexure** means an annexure to this Explanatory Statement.

**Annual General Meeting or Meeting** means the annual general meeting of Shareholders to be held on 22 November 2018, at 8 am (WST).

**Annual Report** means the annual report of the Company for the financial year ended 30 June 2018.

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

**ASX** means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.

**Auditor's Report** means the Directors' Report, the Financial Report and Auditor's Report, in respect of the financial year ended 30 June 2018.

**Board** means the board of Directors.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chairperson of the Meeting.

**Closely Related Party** means a closely related party of a member of Key Management Personnel as defined in Section 9 of the Corporations Act, being:

- a spouse or child of the member;
- a child of that member's spouse;
- a dependent of that member or of that member's spouse;
- anyone else who is one of that member's family and may be expected to influence that member, or be influenced by that member, in that member's dealings with the Company;
- a company that is controlled by that member; or
- any other person prescribed by the regulations.

**Company** means Terrain Minerals Ltd ACN 116 153 514.

**Constitution** means the constitution of the Company.

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

**Director** means a director of the Company.

**Directors' Report** means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company.

**Equity Securities** has the meaning given in the Listing Rules.

**Explanatory Statement** means the explanatory statement incorporated in the Notice.

**Financial Report** means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company.

**Key Management Personnel** means the key management personnel of the Company as defined in Section 9 of the Corporations Act and Australian Accounting Standards Board accounting standard 124, being those persons having

authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

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

**Notice of Annual General Meeting or Notice** means the notice of general meeting incorporating the Explanatory Statement.

**Option** means an option to acquire a Share.

**Proxy Form** means the proxy form attached to this Notice.

**Remuneration Report** means the section of the Annual Report entitled 'Remuneration Report'.

**Resolution** means a resolution contained in the Notice.

**Section** means a section contained in the Explanatory Statement.

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

**Shareholder** means a holder of one or more Shares.

**Trading Day** has the meaning given in the Listing Rules.

**VWAP** means volume weighted average market price.

**WST** means Western Standard Time, being the time in Perth, Western Australia.

## **ANNEXURE A – TERMS AND CONDITIONS OF OPTIONS**

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Terms of the Options, the subject of Resolution 4 is set out below.

**(a) Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

**(b) Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be the amount that is 170% of the 10 day VWAP prior to the date of the Meeting rounded to the nearest 100<sup>th</sup> of a cent (**Exercise Price**)

**(c) Expiry Date**

Each Option will expire at 5.00pm (WST) 5 years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

**(d) Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

**(e) Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

**(f) Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

**(g) Timing of issue of Shares on exercise**

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,
  - but in any case no later than 20 Business Days after the Exercise Date, the Company will:
  - (iii) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
  - (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
  - (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the

Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

**(h) Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

**(i) Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

**(j) Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

**(k) Participation in new issues**

There are no participation 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 without exercising the Options.

**(l) Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

**(m) Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

## **ANNEXURE B – VALUATION OF OPTIONS**

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The Options to be issued to the Directors pursuant to Resolution 4 has been valued by internal management.

Using the Black & Scholes option model and based on the assumptions set out below, the Options ascribed the following value:

**Assumptions:**

|  |                   |
|--|-------------------|
| <i>Valuation date</i>  | 28 September 2018 |
| <i>Market price of Shares</i>                                | \$0.005           |
| <i>Exercise price</i>  | \$0.0134          |
| <i>Expiry date (length of time from issue)</i>               | 5 years           |
| <i>Risk free interest rate</i>                               | 1.5%              |
| <i>Volatility</i>  | 100%              |
| <br><b><i>Indicative value per Option</i></b>                | <br>\$0.003       |
| <br><b><i>Total Value of Mr Trevor Bradley's Options</i></b> | <br>\$9,000       |

Note: The valuation noted above is not necessarily the market price that the Options could be traded at and is not automatically the market price for taxation purposes.

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TERRAIN  
MINERALS

ABN 45 116 153 514



TMX

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

### Lodge your vote:



#### Online:

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



#### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

### For all enquiries call:

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

## Proxy Form

XX



### Vote and view the annual report online

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.



### Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

**For your vote to be effective it must be received by 8:00am (WST) Tuesday, 20 November 2018**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, 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 sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form ➔**

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

## Proxy Form

Please mark  to indicate your directions

### STEP 1 ➤ Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Terrain Minerals Ltd hereby appoint

the Chairman  
of the Meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to 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, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Terrain Minerals Ltd to be held at Suite 2, 28 Outram Street, West Perth, Western Australia on Thursday, 22 November 2018 at 8:00am (WST) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 4 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 4 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 4 by marking the appropriate box in step 2 below.

### STEP 2 ➤ Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

For      Against      Abstain

Resolution 1 Approval of Remuneration Report

|                          |                          |                          |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|--------------------------|--------------------------|--------------------------|

Resolution 2 Re-Election of Director – Paul Dickson

|                          |                          |                          |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|--------------------------|--------------------------|--------------------------|

Resolution 3 Approval of 10% Placement Facility

|                          |                          |                          |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|--------------------------|--------------------------|--------------------------|

Resolution 4 Approval of Grant of Options to Trevor Bradley

|                          |                          |                          |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|--------------------------|--------------------------|--------------------------|

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

### SIGN ➤ Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

Contact  
Name

Contact  
Daytime  
Telephone

/ / Date / /