



***Notice of General Meeting  
and Explanatory Statement***

***Terrain Minerals Limited  
ABN 45 116 153 514***

General Meeting to be held at Suite 4, Level 1 Adams House, 230 Rokeby Road,  
Subiaco, Western Australia  
on 27 June 2011 at 2pm (WST)

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

## **Corporate Directory**

<b>Directors</b>	Richard J Sandner (Non-Executive Chairman) Jonathan Lim (Non-Executive Vice Chairman) Chris Tomich (Managing Director) Paul Dickson (Non-Executive Director)
<b>Company Secretary</b>	Ian Hobson
<b>Principal &amp; Registered Office</b>	Suite 4, Level 1 Adams House 230 Rokeby Road Subiaco WA 6008 Telephone: (08) 9381 5558 Facsimile: (08) 9381 5551 Email: <a href="mailto:terrain@terrainminerals.com.au">terrain@terrainminerals.com.au</a>
<b>Share Registry</b>	Computershare Investor Services Pty Limited Level 2, Reserve Bank Building 45 St Georges Terrace Perth WA 6000 Telephone: (08) 9323 2000 Facsimile: (08) 9323 2033
<b>Auditor</b>	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008
<b>Legal Adviser</b>	Hilary Macdonald, Corporate & Resources Lawyer Suite 29, 18 Stirling Highway Nedlands WA 6009
<b>Bankers</b>	National Australia Bank 1232 Hay Street West Perth WA 6005
<b>ASX Codes</b>	TMX TMXOA
<b>Website</b>	<a href="http://www.terrainminerals.com.au">www.terrainminerals.com.au</a>

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## **Notice of General Meeting**

A General Meeting of Terrain Minerals Limited will be held at Suite 4, Level 1 Adams House, 230 Rokeby Road, Subiaco, Western Australia on 27 June 2011 at 2pm (WST). The Explanatory Statement which forms part of this Notice of General Meeting describes the various matters to be considered. Shareholders are asked to refer to the Glossary at the end of the Explanatory Statement which contains definitions of the terminology used in this Notice of General Meeting and the Explanatory Statement.

### **Special Business:**

**Resolution 1:** Approval for the change in conversion terms of convertible notes previously issued to Zulu Capital Limited

“That the Shareholders approve by ordinary resolution the terms of conversion of convertible notes previously issued to Zulu Capital Limited, which upon conversion in accordance with the proposed new terms will result in the issue of up to 65,217,391 Shares and up to 65,217,391 Options exercisable at 5 cents each by 31 December 2012 to Zulu Capital Limited at a conversion price of \$0.023 each for the purposes of Listing Rule 7.1 and for all other purposes, on the terms set out in the Explanatory Statement.”

### **Voting exclusions:**

For the purposes of Resolution 1, under Listing Rule 7.1 the Company will disregard any votes cast by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any of their associates.

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

### **Proxies:**

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

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

### **Snap-shot time:**

The Company may specify a time, not more than 48 hours before the meeting, at which a “snap-shot” of shareholders will be taken for the purposes of determining shareholder entitlements to vote at the meeting. The Directors have determined that all shares of the Company that are quoted on ASX at 5pm WST on 25 June 2011 shall be taken to be held by the persons registered as holding the shares at that time, for the purposes of determining voting entitlements at the General Meeting.

### **Corporate Representative**

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

**Signed in accordance with a resolution of the Directors dated 23 May 2011**

**Ian Hobson**

Company Secretary  
Dated 23 May 2011

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## ***Explanatory Statement***

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

### ***Resolution 1: New Conversion Terms for Convertible Notes held by Zulu Capital Limited***

Shareholders are being asked to approve Resolution 1 for the purposes of Listing Rule 7.1 and for all other purposes in relation to a proposed alteration to the conversion terms for the convertible notes which were issued to Zulu Capital Limited on 29 November 2010 following Shareholder approval for the issue of the Convertible Notes at the Company's AGM on 29 November 2010. Resolution 1 is necessary in order to comply with specific requirements of Listing Rule 7.1 which provides generally that a company may not issue securities equal to more than 15% of the Company's issued share capital in any 12 months without obtaining shareholder approval. Resolution 1 is necessary in accordance with this principle.

Zulu Capital Limited is a private company incorporated under the laws of Hong Kong and managed by experienced individuals investing in various businesses including the exploration industry in Western Australia. The Company entered into a Convertible Note Deed with Zulu Capital Limited dated 20 October 2010 under which the Company was entitled to borrow \$1,500,000 (less an arranger fee of \$97,500 which was deducted from the advance by Zulu Capital Limited) for the purpose of short term funding of its mining and processing costs for its Celtic pit ore, between October 2010 and January 2011. The advance was conditional on the execution of a toll treatment agreement by the Company with Agnew Gold Mining Company Pty Ltd ("**Gold Fields**"), which occurred on 12 October 2010. The loan was repayable within 6 months, that is by 20 April 2011, unless extended by another 6 months at the request of the Company and at the discretion of Zulu Capital Limited and is subject to interest at 12% per annum. The advance was fully drawn on 1 November 2010.

By a Supplementary Agreement to the Convertible Note Deed dated 2 May 2011, Zulu Capital Limited and the Company have agreed that the maturity date, (ie. the repayment date for the loan) is now extended to 2 January 2012 or the date when the Company completes its divestment of M37/54, whichever occurs first, as foreshadowed in the Company's ASX announcement on 17 February 2011.

The loan is currently secured by a fixed charge over mining lease M37/54. This security is not affected by the proposed alteration to the terms of conversion of the convertible notes.

### ***Current conversion terms***

Shareholder approval was obtained on 29 November 2010 for the issue of securities comprising convertible notes, and the conversion of those securities, in order to allow Zulu Capital Limited the right to convert the debt of \$1,500,000 to equity in multiples of \$250,000 during the 6 month term at a conversion price of \$0.038 per Share. The Shares were to be issued upon the same terms as the existing Shares on issue the terms of which are already in the public domain. In addition, upon any conversion of the convertible notes, Zulu Capital Limited was entitled to the grant of one Option for every Share issued upon such conversion. The Options are to be issued for no consideration at an exercise price of 8 cents on or before 31 December 2012. The Options are otherwise to be issued on the terms set out in Annexure A. There are no vesting conditions. The total number of Shares and Options which Shareholders approved to be issued upon conversion of all the convertible notes was 39,473,684 Shares and 39,473,684 Options.

### ***Proposed new conversion terms***

Shareholder approval is now sought to allow Zulu Capital Limited the right to convert the debt of \$1,500,000 to equity in multiples of \$250,000 during the 6 month term at a lower conversion price of \$0.023 per Share. The Shares will be issued upon the same terms as the existing Shares on issue, the terms of which are already in the public domain. In addition, upon any conversion of the convertible notes, Zulu Capital Limited will be entitled to the grant of one Option for every Share issued upon such conversion. The Options will be issued for no consideration at a lower exercise price than currently approved, at an exercise price of 5 cents on or before

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31 December 2012. The Options are otherwise to be issued on the terms set out in Annexure A. There are no vesting conditions. The total number of Shares and Options upon conversion of all the convertible notes for which Shareholder approval is now sought, is 65,217,391 Shares and 65,217,391 Options. This is an additional 25,743,707 Shares and 25,743,707 Options to the number approved by Shareholders on 29 November 2010. Further, if the Options are exercised at the proposed new exercise price, this means an additional 65,217,391 Shares would be issued upon exercise compared to the number of Shares that would be issued upon exercise of the 39,473,684 Options which the current conversion terms mean Zulu Capital would be entitled to upon conversion of all the convertible notes on issue.

Shareholder approval is not currently being sought for the exercise of the Options under section 611 of the Corporations Act for the increase in Zulu's voting power in the Company under the takeovers regime in chapter 6 of the Corporations Act which would result if the Options are exercised, or if all the Shares are issued upon conversion of the convertible notes.

Zulu has agreed not to exercise its rights under the convertible note agreement where doing so will increase Zulu's voting power in the Company in excess of 20% in breach of chapter 6 of the Corporations Act.

Shareholder approval is not necessary for the exercise of the Options under the Listing Rules if Resolution 1 is passed.

No funds will be raised on the issue of Shares following any conversion of the convertible notes.

If the convertible notes are converted to equity resulting in the issue of up to 65,217,391 Options, any exercise of the Options will generate funds of up to approximately \$3,260,870 which the Company intends to use for exploration and working capital, although Shareholder approval is not being sought for the exercise of the Options under section 611 of the Corporations Act, as mentioned above.

If Shareholders do not approve the proposed new terms of conversion of the convertible notes, the existing terms of conversion will remain in place, and it is likely that Company will be required to repay the loan out of the proceeds of sale of its gold assets as announced to ASX on 17 February 2011, because it is less likely that Zulu Capital Limited will elect to convert the convertible notes to equity, in view of the current trading price of the Company's Shares. The Board's rationale for seeking the change to the terms of conversion is to preserve the Company's cash where possible and improve the likelihood that the convertible notes will be converted to Shares, taking into account the Company's recent trading price and capital raising history which reduced the likelihood of conversion of the convertible notes at the conversion price of \$0.038 per Share, being higher than the last capital raising subscription price of \$0.023.

There is no change to the amount of the principal debt that must be repaid at maturity if the convertible notes are not converted, but the significantly extended maturity date allows the Company time to divest M37/54 raise the cash required to repay the advance should the convertible notes not be converted. The Board regards the feasibility for Zulu Capital Limited to convert its convertible notes to equity as an important flexibility and opportunity for the Company to preserve cashflow. The Board therefore recommends that Shareholders approve Resolution 1.

The impact on the Company's issued securities should Zulu Capital Ltd convert all of the debt to equity pursuant to the new terms of conversion in Resolution 1 is summarised as follows:

<b>Number of Securities</b>	<b>Shares</b>	<b>% held by Zulu</b>	<b>Options*</b>	<b>% held by Zulu</b>
As at date of this Notice of Meeting	217,978,005	Nil	59,139,130	Nil
Pursuant to Resolution 1	65,217,391	100%	65,217,391	100%
<b>Potential securities on issue**</b>	<b>283,195,396</b>	<b>23%</b>	<b>124,356,521</b>	<b>52%</b>

\*Exercisable at 5 cents expiring 31 December 2012

\*\*Assumes no further Shares will be issued before completion of sale of M37/54

ASX compliance information in relation to Resolution 1:

Date of issue: The convertible notes have already been issued.

Number of Securities to be issued to whom: If the convertible securities are converted at the proposed new conversion price of \$0.023 each, it will result in the allotment and issue to Zulu Capital Limited of 65,217,391 Shares on the same terms as the existing Shares on issue, the terms of which are already in the public domain, and 65,217,391 Options exercisable at \$0.05 expiring 31 December 2012 and otherwise on the terms in Annexure A, and not to any Related Parties

Issue Price: nil

Use of Funds: No funds will be raised upon the issue of Shares upon any conversion of the Convertible Notes. Shareholder approval is not being sought for the exercise of the Options issued upon any conversion of the Convertible Notes under section 611 of the Corporations Act, and therefore there no funds will be raised by the exercise of the Options until if and when shareholder approval is obtained under section 611 of the Corporations Act for the exercise of the Options.

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## **Glossary**

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

<b><i>Annexure</i></b>	an annexure to this Explanatory Statement
<b><i>ASX</i></b>	ASX Limited
<b><i>Board</i></b>	the board of Directors
<b><i>Company</i></b>	Terrain Minerals Limited
<b><i>Constitution</i></b>	constitution of the Company
<b><i>Corporations Act</i></b>	Corporations Act 2001 (Cth)
<b><i>Director</i></b>	Director of the Company.
<b><i>Listing Rules</i></b>	the ASX Listing Rules
<b><i>Meeting</i></b>	The General Meeting of the Company convened by this Notice of General Meeting
<b><i>Option</i></b>	an option to subscribe for a Share
<b><i>Related Party</i></b>	Is defined in the Corporations Act
<b><i>Share</i></b>	A fully paid ordinary share in the capital of the Company
<b><i>Shareholder</i></b>	A shareholder of the Company

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## **ANNEXURE A - Terms of Options**

- (a) Each Option entitles the holder, on exercise, to one Share in the Company.
  - (b) Shares issued on exercise of Options will rank equally with other Shares of the Company.
  - (c) An Option may only be exercised after that Option has vested, after any conditions associated with the exercise of the Option are satisfied and before its expiry date. The Board may determine the vesting period. On the grant of an Option the Board may in its absolute discretion impose other conditions on the exercise of an Option.
  - (d) The expiry date of an Option is 31 December 2012.
  - (e) An Option will lapse immediately upon the first to occur of its expiry date or the Board determining that holder acting fraudulently or dishonestly in relation to the Company.
  - (f) If a change of control event happens in relation to the Company, the Board may declare an Option to be free of any conditions of exercise. Options which are so declared may be exercised at any time on or before they lapse.
  - (g) Options may not be transferred other than to a nominee of the holder. Quotation of Options on ASX will not be sought. However, the Company will apply to ASX for official quotation of Shares issued on the exercise of Options.
  - (h) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that the record date for determining entitlements to any such issue will be at least 9 Business Days after the issue is announced.
  - (i) If the Company makes an issue of Shares to Shareholders by way of capitalisation of profits or reserves ("**Bonus Issue**"), each Optionholder holding any Options which have not expired at the time of the record date for determining entitlements to the Bonus Issue shall be entitled to have issued to him upon exercise of any of those Options, the number of Shares which would have been issued under the Bonus Issue ("**Bonus Shares**") to a person registered as holding the same number of Shares as that number of Shares to which the Optionholder may subscribe for, pursuant to the exercise of those Options immediately before the record date determining entitlements under the Bonus Issue (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise).
  - (j) In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any Options, the number of Options to which each Optionholder is entitled or the exercise price of his or her Options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the Listing Rules.
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Shareholder Details

Name of shareholder: .....

Address of shareholder: .....

Appointment of Proxy

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

The Chairman of the Meeting (mark with 'X')

OR

(Write in this box the name of the person you are appointing if this person is someone other than the Chairman of the Meeting.)

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to attend and act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Terrain Minerals Ltd to be held at Suite 4, Level 1 Adams House, 230 Rokeby Road, Subiaco, Western Australia on 27 June 2011 at 2pm (WST) and at any adjournment of that meeting.

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



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

Resolution. 1 Approve change to conversion terms For Against Abstain\*

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

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

Individual or Shareholder 1

Shareholder 2

Shareholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

## **How to complete the Proxy Form**

### **Your Name and Address**

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

### **Appointment of a Proxy**

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

### **Votes on Resolutions**

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

### **Appointment of a Second Proxy**

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company Secretary Ian Hobson on 08 9388 8290 or you may photocopy this form. To appoint a second proxy you must on each Proxy Form state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

### **Signing Instructions**

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

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the shareholders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place. If a representative of the corporation is to attend the meeting a "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate is included in the Notice of General Meeting and may also be obtained from the Company's share registry.

### **Lodgement of a Proxy**

***This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the meeting. i.e. no later than 2pm (WST) 25 June 2011.*** Any Proxy Form received after that time will not be valid for the scheduled meeting. This Proxy Form (and any Power of Attorney and/or second Proxy Form) may be sent or delivered to the Company's registered office at Suite 4, Level 1 Adams House, 230 Rokeby Road Subiaco WA 6008, PO Box 1702 Subiaco WA 6904 or sent by facsimile to the registered office on 08 9381 5551.

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**Appointment of Corporate Representative** (Section 250D of the Corporations Act 2001)

**Shareholder Details**

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

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

the Company has appointed:

.....  
Insert name of corporate representative

in accordance with the provisions of section 250D of the Corporations Act 2001, to act as the body corporate representative of that company at [the meeting of the members of Terrain Minerals Limited to be held on [\*] 2011 and at any adjournments of that meeting][all meetings of the members of Terrain Minerals Ltd].

DATED ..... 2011

**Please sign here**

Executed by the Company )  
in accordance with its constituent documents )

..... )  
..... )  
Signed by authorised representative Signed by authorised representative

..... )  
..... )  
Name of authorised representative (print) Name of authorised representative (print)

..... )  
..... )  
Position of authorised representative (print) Position of authorised representative (print)

**Instructions for Completion**

1. Insert name of appointor Company and the name or position of the appointee (eg "John Smith" or "each director of the Company").
2. Execute the Certificate following the procedure required by your Constitution or other constituent documents ensuring that if the appointor company is a sole director company, that this is stated, otherwise that two officers sign on behalf of the appointor company, otherwise the appointment is invalid and votes cast will not count.
3. Print the name and position (eg director) of each company officer who signs this Certificate on behalf of the company.
4. Insert the date of execution where indicated.
5. Send or deliver the Certificate to the registered office at Suite 4, Level 1 Adams House, 230 Rokeby Road, Subiaco WA 6008; PO Box 1702 Subiaco WA 6904 or fax the Certificate to the registered office at 08 9381 5551, or present it to the Company before the Meeting commences.

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