



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

**PROSPECTUS**

For a renounceable Rights Issue to Eligible Shareholders of up to 115,510,741 New Shares at an issue price of \$0.02 per share on the basis of 1 New Share for every 2 Existing Shares held, to raise up to approximately \$2.3 million before issue costs.

This Prospectus includes the right for all Eligible Shareholders to apply for Top Up Shares existing on the Closing Date for the Issue. The allocation of the Top Up Shares will be at the Company and the Underwriter's discretion.

**Underwriter and Lead Manager to the Offer**

**Patersons Securities Limited**  
(ACN 008 896 311)

**Important Notice**

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

The New Shares offered by this Prospectus should be considered speculative.

**Shareholders who do not take up their Entitlement to subscribe for New Shares will have their shareholdings diluted.**

## IMPORTANT NOTES

This Prospectus is dated 15 November 2011 and a copy of this Prospectus was lodged with the ASIC on that date. 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 8 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 8.

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.

## Contents

- 1 Investment Highlights and Risks of Investment
- 2 Corporate Directory
- 3 Chairman's Letter
- 4 Details of the Offer
- 5 Purpose and Effect of the Offer
- 6 Action Required by Eligible Shareholders
- 7 Rights and Liabilities Attaching to New Shares
- 8 Risk Factors and Additional Disclosures

Glossary

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

Lodgement Date	15 November 2011
Rights Trading Commences	18 November 2011
Record date to determine Entitlements	24 November 2011
Opening Date and Prospectus dispatched with Application Form	30 November 2011
Closing Date for Acceptances	14 December 2011
Determination of Shortfall	16 December 2011
Allotment and issue of Securities, despatch of holding statements	22 December 2011
Trading of Securities expected to commence	23 December 2011

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## Section 1: Investment Highlights and Risks of Investment

### Investment Highlights

- Two drill ready targets – one for nickel, one for gold, both Western Australia
- Debt free company with minimum \$600,000 annual cash receipt until 2021 (deferred consideration following the sale of the Company's Bundarra assets, subject to the terms of the sale agreement)
- Diamond drill rig ready to commence drilling at Aztec Dome, Kambalda in early 2012
- Sole funding \$750,000 on gold exploration at Black Cat joint venture in the Eastern Goldfields to earn total 75% interest by 26 November 2013
- Following the Offer the Company will have cash supporting an exploration budget of approximately \$2.8 million for the next 12 months

### Key Risks of Investment

- Substantial expenditure will be incurred by the Company's exploration efforts at Aztec Dome and Black Cat without any guarantee that the funds raised will achieve the objectives of the Company's exploration strategy. Once the net funds of the Offer are exhausted together with the Company's existing available cash the Company will require either more equity or debt capital to further its exploration objectives and there is no guarantee that the funds will be made available to the Company on acceptable terms or at all. Any additional equity funds raised may be dilutive to Shareholders and any debt funds raised may restrict the Company's activities and autonomy in carrying out its strategies. The deferred consideration payable under the Bundarra project sale agreement may be deferred behind any project financier to the purchaser of the Bundarra project and interrupt the Company's ten year annual cash receipt of \$600,000 referred to elsewhere in this Prospectus.
  - The market price of New Shares may rise and fall in an unpredictable manner influenced by factors beyond the control of the Company within and outside Australia. There is no guarantee that Shareholders will receive any return on their investment in New Shares.
  - General risks such as rise and fall in commodity prices, reliance on key personnel within the Company and economic instability in markets throughout the world can affect the success or viability of an investment in the Company. Shareholders and potential investors must regard this investment as speculative and consider the detailed risks of investment set out in Section 8.
  - Shareholders not taking up their Entitlement will have their shareholdings diluted as a result of the underwriting arrangements for the Offer.
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## Section 2: Corporate Directory

### Directors

Richard J Sandner (Non-Executive Chairman)  
Jonathan Lim (Non-Executive Vice Chairman)  
Alan Coles (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 23, 18 Stirling Highway  
Nedlands, WA 6009

### Web Address

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

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## Section 3: Chairman's Letter

Dear Shareholder

The Directors are pleased to invite you to participate in a renounceable entitlements issue to raise up to approximately \$2.3 million before costs, to be used by the Company to conduct further exploration on its two exciting drill ready targets, one for nickel and one for gold. The Directors intend to participate by taking up their respective Entitlements. In addition one of the Directors, Jonathan Lim, is sub-underwriting the offer on terms disclosed in section 8 of this prospectus.

### Nickel (WA)

The Company plans to carry out diamond drilling at the Company's Aztec Dome nickel prospect near Kambalda, Western Australia, in order to define the stratigraphic sequence and base of the ultramafics and test two EM anomalies. Two 1000m in length diamond drill holes are planned, as structural exploration holes to intersect the base of the geological ultramafic sequence already intersected at the top of the sequence by previous drilling, and to define the stratigraphic sequence. In addition four diamond tail drill holes (totalling 800m of drilling) are positioned to explore a shallower, geophysical target, interpreted by the Directors based on Terrain's exploration work to date to be a possible nickel sulphide target. Following this diamond drilling, it is expected that downhole geophysics will be carried out to locate any nearby nickel targets.

The Company's exploration to date suggests that the Aztec Dome is developing geological characteristics similar to the Kambalda Dome 15 km west of Aztec Dome. The Kambalda Dome has been the largest nickel producing area in Australia supporting a number of mines and importantly a nickel smelter. Over a 1,000,000 tonnes of nickel have been extracted since its discovery in 1967, where the nickel sulphide ore deposits occur at the base of the ultramafics. They are up to 3m thick, 250m wide and often extend over a kilometre in length.

Investors should note that proximity of the Aztec Dome does not guarantee the same success achieved at the Kambalda Dome 15km to the west. Other risks of investment are highlighted in Sections 1 and 8.

### Gold (WA)

In February 2012 the Company plans to commence drilling on its Black Cat joint venture project in the Eastern Goldfields 70 km north of Leonora, Western Australia, to earn a 15% farmin interest in addition to its existing 60%. Drilling will commence on a target of a 1km soil anomaly situated at the Craig Extended prospect. Further drilling may take place on the Craig and Katalina prospects, where previous drilling results by third parties warrant a follow up drilling program by the Company on some interesting gold intercepts.

### Debt Free with annual \$600K income stream for further exploration

Following the sale of the Company's Bundarra assets in October 2011, Terrain is approaching a watershed moment in its journey. Terrain has recently become debt free and the \$6.7 million deferred consideration payable to the Company under the Bundarra sale agreement provides the Company with a minimum annual cash receipt of \$600,000 for ten years with the first instalment due in October 2013, plus an extra payment of A\$700,000 upon commencement of mining at Bundarra or October 2012, subject to the terms of the Bundarra sale described in detail in the Company's Notice of Meeting for the October 2011 general meeting convened to approve the sale. Your support of this rights issue is important to further enhance the Company's ability to conduct exploration and supplement the cash flow derived from the sale of Bundarra. The prospectus allows for eligible shareholders (other than Related Parties) to top up their entitlement by applying for additional Shares out of the Shortfall.

Yours faithfully



Dick Sandner  
Chairman

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## Section 4:Details of the Offer

### 4.1 The Offer

A renounceable Rights Issue to Eligible Shareholders of approximately 115,510,741 New Shares on the basis of 1 New Share for every 2 Existing Shares held as at the Record Date at an issue price of \$0.02 each to raise approximately \$2.3 million before the costs of the issue.

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.

The Company has 231,021,483 Existing Shares on issue and 90,420,606 Existing Options on issue. Following the Company's 2011 Annual General Meeting on 30 November 2011 and if Shareholders approve the issue to the Company's Managing Director Alan Coles of 1 million options to subscribe for Shares at 5 cents each by 30 November 2013 as part of his remuneration, the Company will have 91,420,606 Existing Options on issue following completion of the Offer and assuming no Existing Options are exercised by the Record Date.

To be entitled to participate in the Offer the holders of Existing Options must first exercise the Existing Options in accordance with the terms of the Existing Options to ensure that they are on the Company's Share Register at close of business on the Record Date. It is not possible to predict how many of the Existing Options will be exercised before the Record Date. If they are all exercised this Prospectus also offers to those former holders of Existing Options, 90,420,606 Contingent New Shares.

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.

### 4.2 Top Up Offer

Any Entitlement not taken up pursuant to the Offer will form the basis for the Top Up Offer. The Directors reserve the right to issue the Top Up Shares at their absolute discretion in conjunction with the Underwriter and may allot to an Applicant a scaled back, lesser number of Top Up Shares than the number for which the Applicant applies for on their Application Form, or reject an Application for Top Up Shares, or not proceed with the Top Up Offer.

Eligible Shareholders may apply for Top Up Shares by completing the Top Up Offer section of the Application Form accompanying this Prospectus and returning it to the Company together with their payment including the subscription price of the Top Up Shares. Refunds will be provided in respect of any Top Up Shares applied for but not allotted, pursuant to the requirements of the Corporations Act. It is possible if the Rights trading market is active that there will be no Top Up Shares available. Neither the Company nor the Underwriter can guarantee that any Eligible Shareholder will receive any of the Top Up Shares applied for.

The issue price of any Top Up Shares is \$0.02 which is the same 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 Top Up Offer without putting themselves or the Company in breach of the takeovers prohibition in section 606 of the Corporations Act 2001 (Cth).

### 4.3 Underwriting

The Offer is fully underwritten by Patersons Securities Limited subject to the terms of the Underwriting Agreement summarised in Section 8.

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#### **4.4 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.

#### **4.5 Rights Trading**

The Rights to the Shares are renounceable. Shareholders who do not wish to take up some or all of their Entitlement may sell or transfer all or part of their Entitlement on the ASX.

If you do not take up your Entitlement or sell it by the close of rights trading indicated in the Timetable, the Offer will lapse and the Entitlement will form part of the Shortfall to be dealt with by the Directors.

#### **4.6 Allotment and Application Money**

New Shares will be issued only after all Application Money has been received and ASX has granted permission for the New Shares to be quoted. Please refer to the Timetable for proposed dates. All Application Money received before New Shares are issued will be held in a special purpose account. After Application Money is refunded (if required) and New Shares 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 to be granted Official Quotation by ASX. If such an application is not made within these seven days, or Official Quotation of the New Shares is not granted by ASX within three months of the date of this Prospectus, then the Company will not allot or issue any New Shares 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 New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares. ASX takes no responsibility for the contents of this Prospectus.

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

This Prospectus does not constitute an offer of New Shares, and no action has been taken to register or qualify the New Shares, or the Offer, or otherwise to permit an offering of the New Shares, 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 to any person outside Australia (other than to Eligible Shareholders).

The Company has appointed Patersons Securities Limited as nominee to sell the Rights of Overseas Shareholders for the purposes of section 615 of the Corporations Act and to account to Overseas Shareholders for any net proceeds of sale of those Rights (after deducting the costs of sale and distribution of the proceeds to Overseas Shareholders).

Under section 615 of the Corporations Act the Company must appoint a nominee for foreign holders of the Company's securities who is approved by ASIC, the Company must transfer to the nominee the securities that would otherwise be issued to the foreign holders who accept the offer, or the right to acquire those securities, and the nominee must sell the securities, or those rights, and distribute to each of those foreign holders their proportion of the proceeds of the sale net of expenses.

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#### 4.8 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 10 November 2011
3.2 cents	2 cents	2.6 cents

#### 4.9 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 be despatched to Shareholders at the end of any calendar month in which the balance of their shareholding changes. Shareholders may request a statement at other times for which a charge may be made.

#### 4.10 Rights and Liabilities attaching to the New Shares

The New Shares (and any Contingent New Shares) will rank equally in respect of dividends and in all other respects as Existing Shares. A summary of the rights and liabilities attaching to the New Shares is set out in Section 7.

#### 4.11 Taxation Implications

The Directors consider that it is inappropriate to give Shareholders advice regarding the taxation consequences of acceptance of the Offer or sale of the Rights. The Company disclaims any responsibility or liability for any taxation consequences to Shareholders in relation to the Rights Issue. Shareholders are encouraged to consult their own accountants or tax advisers in connection with the taxation implications of acceptance of the Offer or sale of the Rights.

#### 4.12 Enquiries

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

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## Section 5: Purpose and Effect of the Offer

### 5.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$2.3 million. After the expenses of the Offer of approximately \$200,000, the proceeds from the Offer are planned to fund the exploration and drilling program detailed below. This includes the Company's existing cash reserves. It assumes no Existing Options are exercised before the Record Date. It does not include the annual income stream derived from the sale of Bundarra, the first instalment of which is expected to be received in October 2013.

Approximate use of proceeds of the Offer plus cash reserves	Breakdown	Total \$
cash on hand	500,000	
offer proceeds (before costs of issue)	2,300,000	
<b>Total funds available</b>		<b><u>2,800,000</u></b>
<b>Aztec Dome</b>		
exploration drilling	1,000,000	
Geophysics	400,000	
Geology	100,000	
follow up drilling	400,000	<b>1,900,000</b>
<b>Black Cat</b>		
exploration drilling	200,000	
follow up drilling	100,000	<b>\$300,000</b>
<b>Total</b>		<b>2,200,000</b>
<b>Working Capital</b>		<b>400,000</b>
<b>Costs of the Offer</b>		<b>200,000</b>
<b>Estimated Total</b>		<b><u>2,800,000</u></b>

### 5.2 The Effect of the Offer and Pro Forma Statement of Financial Position

The effect of the Offer (assuming it is fully subscribed and the Underwriting Agreement is fully performed and not terminated in accordance with its terms) will be that:

- (a) cash reserves will initially increase by up to approximately \$2,100,000 (after costs of the Issue), assuming no Existing Options are exercised prior to the Record Date; and
  - (b) the number of Shares on issue will increase from 231,021,483 by 115,510,741 to 346,532,224, assuming no Existing Options are exercised prior to the Record Date; and
  - (c) the number of Options on issue will remain unchanged unless any Existing Options are exercised before the Record Date.
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### 5.3 Effect of the Offer on control of the Company

As at the date of this Prospectus the Underwriter does not have any beneficial ownership in Existing Shares or Existing Options. As part of the underwriting arrangements the Underwriter has entered into sub-underwriting agreements with sub-underwriters so that the Offer is fully sub-underwritten and where a Shortfall occurs, the sub-underwriters will be the parties subscribing for the Shortfall. This means the Underwriter will not acquire Voting Power in the Company as a result of the Underwriting Agreement being implemented and fully performed. Patersons Securities Limited is an ASIC approved nominee for the purposes of section 615 of the Corporations Act thereby allowing the Underwriter and the sub-underwriters to rely on item 10 of section 611 of the Corporations Act. It is therefore possible that a sub-underwriter may subscribe for sufficient New Shares as part of the Shortfall that it has an effect on the control of the Company. It is however impossible to predict how likely that is, or to what extent there will be a change in control of the Company, because it is not known how large any Shortfall will be, and which sub-underwriters will acquire control of the Company in accordance with item 10 of section 611 of the Corporations Act as a result of performing their sub-underwriting obligations. Specific disclosures about a Director, Jonathan Lim, who is sub-underwriting up to 50% of the Offer are made in section 8.

### 5.4 Change in Capital Structure

A comparative table of changes in the capital structure of the Company as a consequence of the Offer is set out below. This table assumes that the Offer is fully subscribed or the Top Up Offer is fully subscribed or the Underwriting Agreement is fully performed and not terminated in accordance with its terms, and that no Existing Options are exercised before the Record Date, with the result that 115,510,741 New Shares and no Contingent New Shares are issued as a result of the Offer.

Shares	
231,021,483 Existing Shares	at date of Prospectus
115,510,741 New Shares	to be issued pursuant to this Prospectus
346,532,224 Shares	on issue after Offer is completed
Existing Options	
90,420,606 Existing Options at various exercise prices between \$0.046 and \$0.20	at date of Prospectus (various expiry dates 2012/2014)
1,000,000 Existing Options exercisable at \$0.05 to be granted to Alan Coles*	By 30 December 2011 (expiry date 30/11/13)
91,420,606 total Existing Options*	on issue after Offer*

\* assumes Shareholders approve grant of options to Alan Coles at 2011 AGM on 30 November 2011

### 5.5 Statement of Financial Position –unaudited as at 30 September 2011

The Statement of Financial Position as at 30 September 2011 (unaudited) and unaudited Pro Forma Statements of Financial Position as at 30 September 2011 (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	As at 30/09/11	Sale of Bundarra	Pro-forma post Bundarra Sale	Rights Issue	Pro-forma
<b>Assets</b>					
Cash at bank	201,198	434,000	635,198	2,100,000	2,735,198
Bonds	334,000	-334,000	0		0
Receivable – SMM	0	700,000	700,000		700,000
Debtors & Prepayments	62,701		62,701		62,701
<b>Total Current Assets</b>	<b>597,899</b>		<b>1,397,899</b>		<b>3,497,899</b>
<b>Fixed Assets</b>					
Office Equipment	4,952		4,952		4,952
Computer Equipment	7,945		7,945		7,945
Exploration Equipment	605		605		605
Receivable SRM – NPV		3,949,445	3,949,445		3,949,445
<b>Total Non-current Assets</b>	<b>13,502</b>		<b>3,962,947</b>		<b>3,962,947</b>
<b>Exploration Assets</b>					
Aztec Dome Project	1,116,597		1,116,597		1,116,597
Coogee Deposit	437,168		437,168		437,168
Bundarra	7,059,147	-6,970,330	88,817		88,817
Black Cat Project	896,945		896,945		896,945
Great Western Project	870,857	-870,857	0		0
Dodgers Well	261,208		261,208		261,208
<b>Total Exploration Assets</b>	<b>10,641,922</b>		<b>2,800,735</b>		<b>2,800,735</b>
<b>Total Assets</b>	<b>11,253,323</b>		<b>8,161,581</b>		<b>10,261,581</b>
<b>Liabilities</b>					
<b>Creditors &amp; Accruals</b>					
Trade Creditors	54,790		54,790		54,790
Accruals	10,000		10,000		10,000
Provision – Annual Leave	14,740		14,740		14,740
Convertible Note	1,500,000	1,500,000	0		0
<b>Total Liabilities</b>	<b>1,579,530</b>		<b>79,530</b>		<b>79,530</b>
<b>Net Assets</b>	<b>9,673,793</b>		<b>8,082,051</b>		<b>10,182,051</b>
<b>Equity</b>					
Contributed equity	17,657,403	-300,000	17,957,403	-2,300,000	20,257,403
Option reserve	1,242,479		1,242,479		1,242,479
Capital raising expenses	-1,370,007		-1,370,007	-200,000	-1,570,007
Retained Earnings	-7,856,082	1,891,742	-9,747,824		-9,747,824
<b>Total Equity</b>	<b>9,673,793</b>	<b>0</b>	<b>8,082,051</b>		<b>10,182,051</b>

## **5.5 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 Offer is fully subscribed and there have been no material movements in the assets and liabilities of the Company between 30 September 2011 and the close of Offer, other than the sale of the Bundarra assets and normal expected operating costs.

Shareholder approval is being sought at the AGM on 30 November 2011 for the approval of the issue of 1 million options to Mr Coles. The impact of these options have not been included in the pro-forma.

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## Section 6: Action Required by Eligible Shareholders

### 6.1 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 6.2);
- (b) subscribe for part of your Entitlement and allow the balance to lapse (refer to section 6.3);
- (c) not subscribe for or sell any of your Entitlement and allow it to lapse (refer to section 6.4);
- (d) apply for the Top Up Shares (refer to section 6.5);
- (e) sell all of your Entitlement on ASX (refer to section 6.6);
- (f) deal with all or part of your Entitlement other than on ASX (refer to section 6.7); and
- (g) subscribe for part of your Entitlement and sell the balance on ASX (refer to section 6.8).

### 6.2 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 copy of your deposit details and receipt number if you are depositing funds direct into the Company's share bank account, or a cheque made payable to "**Terrain Minerals Limited – Share Account**" and crossed "Not Negotiable", for the appropriate Application Money in Australian dollars calculated at \$0.02 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 deposit direct into the Company's share bank account or 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:
Terrain Minerals Ltd 230 Rokeby Road, Subiaco WA 6008	Terrain Minerals Ltd PO Box 1702, Subiaco WA 6904

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

### 6.3 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 copy of your deposit details and receipt number if you are depositing funds direct into the Company's share bank account, or a cheque for the appropriate Application Monies calculated at \$0.02 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. The balance of your Entitlement will lapse.

### 6.4 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. If you don't wish to subscribe for any of your Entitlement and allow it all to lapse, you are not obliged to do anything. You will receive no benefit out of the Offer, your Entitlement will become available as the basis

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for the Top Up Offer for other Eligible Shareholders to apply for in addition to their Entitlement and if they do not take it up, your Entitlement will become part of the Shortfall which the Underwriter is obliged to take up subject to the terms of the Underwriting Agreement. Your percentage shareholding in the Company will be diluted but the number of Existing Shares you hold will not be affected.

You will receive no benefit or New Shares.

If you wish to receive a benefit out of your Entitlements which may have some inherent value depending on the demand in the market for Entitlement, you need to take action to sell, (or “renounce”), your Entitlement, in the manner described below in section 6.6.

## **6.5 Top Up Offer**

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

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

The issue price of any Top Up Shares is \$0.02 being the price at which the New Shares have been offered to Eligible Shareholders pursuant to this Prospectus.

## **6.6 If you wish to sell all of your Entitlement on ASX**

Complete the section on back of the Application Form marked “Instructions to Broker” and lodge it with your preferred stockbroker. The Timetable indicates the dates within which stockbrokers are able to trade Entitlements on ASX. The Company accepts no responsibility for any failure by your stockbroker to carry out your instructions.

## **6.7 If you wish to deal with all or part of your Entitlement other than on ASX**

You need to complete a standard renunciation form (available from your stockbroker or the Company’s Share Registry and forward the form and the transferee’s cheque for the appropriate Application Monies calculated at \$0.02 per New Share they wish to subscribe for to the Company before the Offer closes.

## **6.8 If you wish to subscribe for part of your Entitlement and sell the balance on ASX**

You will need to complete the Application Form for the number of New Shares you wish to subscribe for by inserting the number of New Shares which is less than the number specified on your personalised Application Form. You will also need to complete the section on back of the Application Form marked “Instructions to Broker” for the balance of the Entitlement you are not taking up, and lodge it with your preferred stockbroker. Send your Application Form and your cheque for the New Shares you are subscribing to, to your stockbroker. Your stockbroker must ensure your Application Form and cheque reaches the Company before the Offer closes. The Timetable indicates the dates within which stockbrokers are able to trade Entitlements on ASX.

**If you have any queries concerning your Entitlement or what to do in response to this Offer, please contact:**

**Mr Ian Hobson, the Company Secretary**  
Tel: (08) 9381 5558 Fax: (08) 9381 5551

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

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## Section 7: Rights and Liabilities Attaching to New Shares

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.

### 7.1 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.
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## Section 8: Risk Factors and Additional Disclosures

### 8.1 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.

#### (a) Funding

Substantial expenditure will be incurred by the Company's exploration efforts at Aztec Dome and Black Cat without any guarantee that the funds raised will achieve the objectives of the Company's exploration strategy. Once the net funds of the Offer are exhausted together with the Company's existing available cash the Company will require either more equity or debt capital to further its exploration objectives and there is no guarantee that the funds will be made available to the Company on acceptable terms or at all. Any additional equity funds raised may be dilutive to Shareholders and any debt funds raised may restrict the Company's activities and autonomy in carrying out its strategies. The deferred consideration payable under the Bundarra project sale agreement may be deferred behind any project financier to the purchaser of the Bundarra project and interrupt the Company's ten year annual income stream of \$600,000 referred to elsewhere in this Prospectus.

#### (b) 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.

#### (c) 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.

#### (d) 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.

#### (e) 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.

#### (f) Commodity Price and Exchange Rate Risks

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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.

(g) 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.

(h) 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.

(i) 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.

(j) 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.

(k) 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.

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(l) 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.

(m) 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.

## 8.2 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:
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- (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 2011 audited financial statements:

<b>Date</b>	<b>Description of Announcement</b>
11/10/11	Part conversion of convertible note
17/10/11	Appendix 3B
17/10/11	Becoming a Substantial Shareholder
19/10/11	Results of Meeting
19/10/11	Section 708A Notice
24/10/11	Annual Report to Shareholders
24/10/11	Settlement of Bundarra Gold Assets
26/10/11	Notice of AGM/Proxy Form
31/10/11	Quarterly Cashflow Report
31/10/11	Quarterly Activities Report
1/11/11	Coogee Sale Termination
11/11/11	Trading Halt
15/11/11	Voluntary Suspension

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.

### **8.3 Material Contracts – Underwriting Agreement**

The Directors consider that the Underwriting Agreement dated 15 November 2011 described below is a contract which an investor would reasonably regard as material and which investors and their professional advisers would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of the Offer. The following is a summary only of the substantive terms.

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Pursuant to the lead manager's mandate and the Underwriting Agreement, the Underwriter will be entitled to an underwriting fee of approximately \$138,000 in addition to a corporate advisory fee of \$30,000, and an ongoing corporate fee of \$5,000 a month for the next six months following close of the Offer. The Underwriter will pay all sub-underwriting commissions out of its fees. The Underwriting Agreement provides that the Underwriter may terminate the Underwriting Agreement and be relieved of its obligations if the usual and appropriate termination events occur before the payment date in the Underwriting Agreement. If the Underwriter becomes aware of those events, including the following examples, occurring or, in the opinion of the Underwriter, there is a threat of any one or more of the events occurring, and the Underwriter holds the opinion, acting reasonably, that the event will have a material adverse effect on the Offer, the Underwriting Agreement may be terminated by the Underwriter. Events of termination include but are not limited to:

- (a) (S&P/ASX 200 Index fall) the S&P/ASX 200 Index is for three consecutive trading days prior to the allotment date more than 10% below the level of that Index at the close of normal trading on the business day before the date of signing the Underwriting Agreement;
- (b) (share price) the closing price of the Shares on ASX is for three consecutive trading days less than 2 cents;
- (c) (market conditions) any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or in other international financial markets;
- (d) (adverse change) any material adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company, including any change in the earnings, future prospects or forecasts of the Company or any change in the nature of the business conducted by the Company.

#### 8.4 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 New Shares 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.

The Directors' Voting Power and Option holdings at the date of this Prospectus are:

Name	Voting Power in Shares	Options
Richard Sandner	2,000,001	1,900,000
Jonathan Lim	34,150,202	1,500,000
Alan Coles	Nil	nil*
Paul Dickson	1,208,558	1,736,445

\* Following the Company's 2011 Annual General Meeting on 30 November 2011 and if Shareholders approve the issue to the Company's Managing Director Alan Coles of 1 million options to subscribe for Shares at 5

cents each by 30 November 2013 as part of his remuneration, the Company will grant to Alan Coles 1,000,000 Options.

Each of the Directors who are Eligible Shareholders has indicated that they intend to take up their Entitlement in full under the Offer. The figures shown in the table below assume there is no change in the number of Shares held by the relevant Directors between the date of this Prospectus and the Record Date.

In addition, Jonathan Lim has agreed to sub-underwrite up to 57,755,370 of the Shortfall for a sub-underwriting fee of 3.5% of the amount sub-underwritten. The terms of Mr Lim's sub-underwriting are similar to terms agreed by the Underwriter with other sub-underwriters other than their sub-underwriting fee which is lower than 3.5%. If only Mr Lim were to take up his entitlement and no other Eligible Shareholder subscribed for their Entitlement, then Mr Lim's Voting Power in the Company would increase from 34,150,202 Shares (14.8%) to 100,443,123 Shares representing 28.9% of the total number of Shares on issue following the Offer.

Name	Entitlement
Richard Sandner	1,000,000
Jonathan Lim	17,075,101
Alan Coles	nil
Paul Dickson	604,279

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, \$511,922 (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.

### 8.5 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 New Shares 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.

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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 she 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 \$7,000 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 within the last two years has received the amount of \$62,000 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.

Patersons Securities Limited (ACN 008 896 311) in its' capacity as Underwriter and Lead Manager to the Offer, 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. Patersons Securities Limited 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.

Patersons Securities Limited will receive a fee of approximately \$168,000 in addition to reimbursement of expenses incurred in providing the services. Within the last two years Patersons Securities Limited has received the amount of \$65,637 for the provision of services to the Company. The above amount is inclusive of GST. Under the terms of the mandate between the Company and Patersons Securities Limited after the close of the Offer the Company will pay to Patersons Securities Limited a corporate advisory fee of \$30,000 in monthly instalments of \$5,000.

## **8.6 Estimated Expenses of Issue**

The estimated expenses of the Issue are approximately \$200,000 excluding the ongoing corporate advisory fee of \$30,000 payable to Patersons Securities Limited.

## **8.7 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.

## **8.8 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.

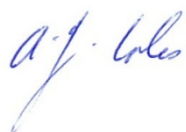
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The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your Shares in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised brokers, print service 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.

## **8.9 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.



**Alan Coles**

Managing Director

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## Glossary

**Application** means an application for New Shares or Top Up Shares pursuant to the Application Form.

**Application Form** means the entitlement and acceptance 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.

**Associates** is defined in the Corporations Act and includes people with whom a shareholder has a voting agreement or acts in concert in relation to Shares, or people who have control over how a Share is voted or disposed of.

**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.

**CHES** 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 an Overseas Shareholder.

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

**Existing Option** means an option to subscribe for a Share.

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

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

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

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

**Overseas Shareholders** means a Shareholder whose registered address is not situated in Australia or New Zealand.

**Offer or Rights Issue** means the offer of 1 New Share for every 2 Existing Shares held at the Record Date at an issue price of \$0.02 per New Share.

**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 Timetable.

**Relevant Interest** is defined in the Corporations Act and includes the ability to control voting decisions or financial control over an entity holding Shares, and is deemed to exist where a person holds more than 20% of an entity which holds Shares in the Company.

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

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

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

**Timetable** means the indicative timetable appearing on the inside front cover of this Prospectus.

**Underwriter** means Patersons Securities Limited pursuant to the Underwriting Agreement dated 11 November 2011.

**Voting Power** is defined in the Corporations Act and in summary means the Relevant Interest of a shareholder in Shares, plus the Relevant Interest of the shareholder's Associates in Shares.

**WST** means Western Standard Time

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