



## Notice of Annual General Meeting and Explanatory Statement

Terrain Minerals Limited  
ABN 45 116 153 514

Annual General Meeting to be held at Suite 4, Level 1 Adams House, 230 Rokeby  
Road, Subiaco, Western Australia  
on Thursday, 22 November 2012 at 10am (WST)

This Notice of Annual 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.

For those members who have elected to receive a printed copy of the Annual Report, the 2012 Annual Report  
accompanies this Notice of Annual General Meeting. The 2012 Annual Report is also available on the  
Company's website

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

## Corporate Directory

<b>Directors</b>	Richard J Sandner (Non-Executive Chairman) Jonathan Lim (Non-Executive Vice Chairman) Alan Coles (Managing Director) Paul Dickson (Non-Executive Director) Justin Virgin (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 23, 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>

## **Notice of Annual General Meeting**

The Annual General Meeting of Terrain Minerals Limited will be held at Suite 4, Level 1 Adams House, 230 Rokeby Road, Subiaco, Western Australia on Thursday 22 November 2012 at 10am (WST). The Explanatory Statement which forms part of this Notice of Annual 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 Annual General Meeting and the Explanatory Statement.

### **Ordinary Business:**

#### **Financial Statements and Reports for the year ended 30 June 2012**

To receive and consider the Annual Financial Report, together with the Directors' and Auditor's Reports for the year ending 30 June 2012.

#### **Resolution 1: Adoption of Remuneration Report (non binding resolution)**

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

"That for all purposes Shareholders approve and adopt the Remuneration Report set out in the Directors' Report for the year ending 30 June 2012."

#### **Voting exclusions:**

For the purposes of Resolution 1 in accordance with sections 250R and 250BD of the Corporations Act 2001, the Company will disregard any votes cast on Resolution 1 by or on behalf of any key management personnel, details of whose remuneration are included in the Remuneration Report ("KMP") and a closely related party of a KMP. However, the Company need not disregard a vote if it is cast by a KMP or a closely related party of a KMP person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a chairperson of the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

The Company's KMP's are set out in the Remuneration Report. Generally speaking, they are people having authority and responsibility for planning, controlling and directing the Company's activities in a direct or indirect manner. Key management personnel include the Directors, and senior executives of the Company.

A closely related party of key management personnel generally speaking means a spouse, child, or dependent of the key management personnel, or a child or dependent of the spouse of the key management personnel. It includes anyone else who is a member of the key management personnel's family who would influence or may be expected to influence the key management personnel in relation to his or her dealings with the Company. It also includes any company which is controlled by the key management personnel, and includes any other people prescribed as closely related parties by ASIC in the regulations to the Corporations Act (none are prescribed at this time).

KMP's and their closely related parties will commit an offence under the Corporations Act if they vote in relation to Resolution 1 in breach of the voting restrictions.

#### **Resolution 2: Election of Richard Sandner as a Director**

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

"That for all purposes Richard Sandner who retires and offers himself for re-election, is re-elected as a Director."

**Resolution 3: Election of Jonathan Lim as a Director**

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

“That for all purposes Jonathan Lim who retires and offers himself for re-election, is re-elected as a Director.”

**Resolution 4: Election of Justin Virgin as a Director**

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

“That for all purposes Justin Virgin who was appointed to the Board since the last annual general meeting of the Company, is re-elected as a Director.”

**Special Business:**

**Resolution 5: Approval of 10% Placement Facility**

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

“That for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities equivalent to an additional 10% of the issued capital of the Company at the time of the issue and calculated in accordance with the formula in Listing Rule 7.1A.2, on the terms set out in the Explanatory Statement.”

**Voting exclusions:**

For the purposes of Resolution 5 the Company will disregard any votes cast by any person who may participate in the 10% Placement Facility 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.

**Resolution 6: Approval of Issue of Shares to the value of \$30,000 to Alan Coles**

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

“That for all purposes the Shareholders approve the issue of Shares to the value of \$30,000 to Alan Coles as part of his remuneration as Managing Director, for the purposes of Listing Rule 10.11 and for all other purposes, on the terms set out in the Explanatory Statement.

**Voting exclusions:**

For the purposes of Resolution 6 under the ASX Listing Rules the Company will disregard any votes cast by any person who may participate in the proposed issue namely Alan Coles, 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.

For the purposes of Resolution 6 in accordance with sections 250R and 250BD of the Corporations Act 2001, the Company will disregard any votes cast on resolution 6 by or on behalf of any KMP and a closely related party of a KMP. However, the Company need not disregard a vote if it is cast by a KMP or a closely related party of a KMP person as proxy for a person who is entitled to vote, in accordance with the directions on the

proxy form, or it is cast by a chairperson of the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

The Company's KMP's are set out in the Remuneration Report. Generally speaking they are people having authority and responsibility for planning, controlling and directing the Company's activities in a direct or indirect manner. Key management personnel include the Directors, and senior executives of the Company.

A closely related party of key management personnel generally speaking means a spouse, child, or dependent of the key management personnel, or a child or dependent of the spouse of the key management personnel. It includes anyone else who is a member of the key management personnel's family who would influence or may be expected to influence the key management personnel in relation to his or her dealings with the Company. It also includes any company which is controlled by the key management personnel, and includes any other people prescribed as closely related parties by ASIC in the regulations to the Corporations Act (none are prescribed at this time).

KMP's and their closely related parties will commit an offence under the Corporations Act if they vote in relation to Resolution 6 in breach of the voting restrictions.

#### **Proxies:**

Please note that:

- (a) a member of the Company entitled to attend and vote at the Annual General 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 20 November 2012 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 Annual 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 15 October 2012**



**Ian Hobson**

Company Secretary

Dated 16 October 2012

## 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 Annual General Meeting. Shareholders are asked to refer to the Glossary at the end of the Explanatory Statement which contains definitions of the terminology used.

### Financial Statements and Reports

The Annual Financial Report, Directors' Report and Auditor's Report for the Company for the year ending 30 June 2012 will be laid before the Meeting. There is no requirement for Shareholders to approve these reports. However, the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments about those reports and the management of the Company. Shareholders will also be given a reasonable opportunity to ask the Auditor questions about the conduct of the statutory audit and the preparation and content of the Auditor's report. In addition to taking questions at the Meeting, written questions may be submitted either to the Managing Director no later than close of business on 16 November 2012, marked for the attention of the Chairman in relation to the management of the Company, or marked for the attention of the Company's auditor in relation to one or more of the following issues:

- the preparation and content of the Auditor's Report,
- the conduct of the audit accounting policies adopted by the Company in relation to the preparation of the financial statements, and
- the independence of the auditor in relation to the conduct of the audit.

### Resolution 1: Adoption of Remuneration Report

The Remuneration Report of the Company for the financial year ending 30 June 2012 is set out in the Director's Report on pages 20 to 24 of the Company's Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the executive and non-executive Directors and executive employees of the Company. A reasonable opportunity will be given for the discussion of the Remuneration Report at the meeting. Shareholders should note that the vote on this Resolution is advisory only and does not bind the Company or the Directors. However Shareholders are reminded that a "two strikes" process will apply to the results of voting in relation to Resolution 1. This means that if the resolution proposing adoption of the Remuneration Report receives a "no" vote of over 25% of votes cast by those attending in person or by proxy and permitted to vote at two successive annual general meetings, then at the second AGM, an extra resolution must be put to the meeting proposing that another general meeting should be held within 90 days of the second AGM. A simple majority of over 50% of the votes cast at the second AGM is required to pass this extra resolution. If the resolution is passed, within 90 days another general meeting must be held at which all the Directors, except the Managing Director and any new Directors appointed since the date of the second AGM, will be required to resign and offer themselves for re-election. These provisions are colloquially referred to as the "two strikes rule" and the "spill resolution" to be put to the "spill meeting".

If at the spill meeting, the resolutions are all passed against re-electing the relevant Directors, the legislation includes a mechanism to ensure the Board continues with the statutory required minimum of 3 Directors. After the managing director, the remaining two positions will be filled by the Directors whose re-election resolutions at the spill meeting received the highest percentage of votes in favour of re-election. If the number of votes is the same for two Directors, the Managing Director and any other Director whose re-election has been confirmed at this spill meeting, can choose who is to become the third Director, with such appointment to be confirmed by shareholders at the next occurring AGM.

At the Company's 2011 Annual General Meeting, there were 5,943,659 votes cast in favour of the 2011 Remuneration Report and 85,000 votes cast against the 2011 Remuneration Report, which is less than 25% of the votes cast at the meeting and therefore the two strikes process was not invoked at the 2011 Annual General Meeting.

**The Chairman intends to vote all available proxies in favour of Resolution 1.**

**Resolution 2: Election of Richard Sandner as a Director**

In accordance with Listing Rule 14.4 and the Constitution, at every Annual General Meeting, one third of the Directors excluding the Managing Director under clause 11.1.4 of the Constitution, and excluding any Directors appointed to fill a casual vacancy, under clause 11.4.2 of the Constitution, must retire from office and are eligible for re-election. The Directors to retire are to be those who have been in office for 3 years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement. Accordingly, the Company's non-executive Chairman Richard Sandner retires and offers himself for re-election.

Information on his experience is set out on page 15 of the Company's 2012 Annual Report.

**The Chairman intends to vote all available proxies in favour of Resolution 2.**

**Resolution 3: Election of Jonathan Lim as a Director**

In accordance with Listing Rule 14.4 and the Constitution, at every Annual General Meeting, one third of the Directors excluding the Managing Director under clause 11.1.4 of the Constitution, and excluding any Directors appointed to fill a casual vacancy, under clause 11.4.2 of the Constitution, must retire from office and are eligible for re-election. The Directors to retire are to be those who have been in office for 3 years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement. Accordingly, the Company's non-executive Vice-Chairman Jonathan Lim retires and offers himself for re-election.

Information on his experience is set out on page 15 of the Company's 2012 Annual Report.

**The Chairman intends to vote all available proxies in favour of Resolution 3.**

**Resolution 4: Election of Justin Virgin as a Director**

In accordance with the Constitution, any Director appointed by the Board, either to fill a casual vacancy or as an addition to the Board, must retire at the next Annual General Meeting following his appointment. The retiring Director is eligible for re-election at that Annual General Meeting. Accordingly Justin Virgin who was appointed by the Board as a Director on 31 July 2012, retires and offers himself for re-election as a non-executive director.

Information on his experience is set out on page 17 of the Company's 2012 Annual Report.

**The Chairman intends to vote all available proxies in favour of Resolution 4.**

**Resolution 5: Approve 10% Placement Facility**

Listing Rule 7.1 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. With effect on 1 August 2012, ASX introduced new Listing Rule 7.1A to enhance the ability of companies with a small to

medium capitalisation to access venture capital, supplementing their 15% capacity to issue securities under Listing Rule 7.1 without shareholder approval.

Eligible companies, which are those outside the S&P/ASX 300 and with a market capitalisation of \$300 million or less, are permitted to issue Equity Securities in order to raise an additional 10% of their share capital provided that shareholders must give prior approval by way of a special resolution, where at least 75% of shareholders present at the general meeting and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative), vote in favour of the resolution, excluding any shareholders who may participate in the 10% placement facility ("**Special Placement Facility**").

The Company is an eligible entity and the Board wishes to implement the new provisions to improve its capital raising ability should it be required in the year following the AGM, to acquire new projects or to supplement its working capital. If the Special Placement Facility is not used within the 12 months following the AGM it will lapse and the Company would have to rely on Listing Rule 7.1 alone for the issue of securities within the 15% capacity without shareholder approval. The Special Placement Facility may lapse before the 12 month period expires, if certain transactions are approved by shareholders under Listing Rule 11, in relation to which further information is provided below.

If and when the Company does utilise the Special Placement Facility within the 12 months following the AGM, assuming Resolution 5 is passed, the Company will be required to give ASX details of who the allottees are and how many Equity Securities they each received. In addition the Company will be required to release by way of ASX announcement the information set out in Listing Rule 3.10.5A, namely:

- (a) details about the dilution to the existing Shareholders caused by the issue of Equity Securities under the Special Placement Facility;
- (b) if cash is raised, an explanation why a pro rata issue or other type of issue allowing existing shareholders to participate was not adopted instead of or as well as using the Special Placement Facility;
- (c) details about any underwriting and underwriting fees paid, and
- (d) details about any other fees or costs incurred in connection with the issue of Equity Securities under the Special Placement Facility.

Any Equity Securities issued under the Special Placement Facility must be in the same class as an existing quoted class of Equity Security of the Company. The Company currently has two classes of Equity Securities on issue, namely

- (a) 346,532,224 fully paid ordinary shares; and
- (b) 18,237,998 listed options expiring 31 December 2012 exercisable at \$0.08 each, and 72,682,608 unlisted options expiring on various expiry dates between 31 December 2012 and 30 November 2014 at various exercise prices between \$0.046 and \$0.20.

Accordingly the Company has capacity to issue 51,979,833 Equity Securities under its 15% capacity under Listing Rule 7.1, and in addition if Resolution 5 is passed, the Company will have the capacity to issue a further 34,653,222 Equity Securities under the Special Placement Facility.

The precise number of Equity Securities which may be issued under the Special Placement Facility will be calculated at the time of issue in accordance with the formula set out in Listing Rule 7.1A.2:

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

where:

- A** is the number of shares on issue 12 months before the date of issue or agreement:
- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
  - (B) plus the number of partly paid shares that became fully paid in the 12 months;
  - (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
  - (D) less the number of fully paid shares cancelled in the 12 months.

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

**D** is 10%

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

**The following disclosures are made for the purposes of Listing Rule 7.3A:**

**Minimum issue price:**

The minimum issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the volume weighted average price for securities in that class calculated over the 15 Trading Days [on which trades in those securities were recorded](#) immediately before:

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

Where the Equity Securities are issued for non cash consideration the Company will release to the market a valuation of the non cash consideration in order to demonstrate that the issue price complies with Listing Rule 7.1A3(b).

**Risk of economic and voting dilution:**

If Resolution 5 is approved by Shareholders, and if the Company issues Equity Securities pursuant to the Special Placement Facility, there is a risk that:

- (a) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the AGM; and
- (b) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date; and

- (c) the Equity Securities may be issued as part of or all of the consideration for the acquisition of a new asset,

which may impact on the amount of capital raised by the issue of the Equity Securities.

If Resolution 5 is approved by Shareholders, and if the Company issues Equity Securities pursuant to the Special Placement Facility, the Shareholders' voting power in the Company will be diluted. The table below illustrates different possible dilution scenarios for Shareholders, if Shares are issued. (The table ignores the exercise of any existing options and does not address the possible issue of options under the Special Placement Facility). The table below assumes a current issue price of \$0.009 (which is close to the closing share price as at the day before the date of this Notice of Meeting), and shows the effect on the three different scenarios below if a 50% increase in that price occurs, and a 50% decrease in that price occurs. All partial numbers over 0.5 have been rounded up. The three different scenarios in the table below show variable "A" (as referred to in the formula in Listing Rule 7.1A.2) as:

Scenario 1: the number of fully paid ordinary shares on issue, at the three different assumed issue prices;

Scenario 2: an increase of 50% of the current number of fully paid ordinary shares on issue, at the three different assumed issue prices; and

Scenario 3: double the current number of fully paid ordinary shares on issue (this is possible if for example the Company conducts a capital raising within the next 12 months by way of an entitlements issue to shareholders, where shareholder approval is not required under Listing Rule 7.2, or it could occur with shareholder approval under Listing Rule 7.1 being obtained during the next 12 months following the AGM), at the three different assumed issue prices.

Scenarios		Possible issue of shares		
		50% decrease in assumed current issue price - \$0.0045	assumed current issue price - \$0.009	50% increase in assumed current issue price - \$0.018
Scenario 1 346,532,224 Shares	Dilution caused by use of entire Special Placement Facility	34,653,222 shares	34,653,222 shares	34,653,222 shares
	Funds raised	\$155,939	\$311,879	\$623,758
Scenario 2 519,798,336 Shares	Dilution caused by use of entire Special Placement Facility	51,979,834 shares	51,979,834 shares	51,979,834 shares
	Funds raised	\$233,909	\$467,819	\$935,637
Scenario 3 693,064,448 Shares	Dilution caused by use of entire Special Placement Facility	69,306,444 shares	69,306,444 shares	69,306,444 shares
	Funds raised	\$311,879	\$623,758	\$1,247,516

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the Special Placement Facility.
- (ii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iii) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Special Placement Facility, based on that Shareholder's holding at the date of the Meeting.
- (iv) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (v) The issue of Equity Securities under the Special Placement Facility consists only of Shares. If the issue of Equity Securities includes Listed Options, it is assumed that those Listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (vi) The issue price is \$0.009, being the closing price of the Shares on ASX on 15 October 2012.

**Period within which the Special Placement Facility can be implemented:**

The Equity Securities may be issued under the Special Placement Facility, if Resolution 5 is approved, within the period commencing on the date of the AGM at which the approval is obtained and expiring on the first to occur of:

- (a) the date that is 12 months after the date of the AGM at which the approval is obtained; or
- (b) the date the shareholders approve a transaction under Listing Rules 11.1.2 (significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking).

**Purpose for which the Special Placement Facility may be implemented:**

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

- (a) for cash consideration, in which case the Company intends to use the funds raised for ongoing exploration expenditure on its existing projects, having regard to the results obtained from its existing exploration activities, and to provide additional working capital for exploration on the Company's current projects; and
- (b) for non-cash consideration, for the acquisition of new projects. The Company will provide a valuation for any such non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon the issue of any Equity Securities under the Special Placement Facility.

**Allocation policy when the Special Placement Facility may be implemented:**

No allottees have been determined for the purposes of the Special Placement Facility. Shareholder approval is being sought without a specific issue in mind. Allottees could include existing Shareholders or vendors of new projects for which Equity Securities are issued as part or full consideration, as contemplated in paragraph (b) above. No related parties or their associates will become allottees should the Special Placement Facility be

utilised. Generally speaking the Company's allocation policy will depend on market conditions at the time of implementation of the Special Placement Facility and the following factors will also be taken into account:

- (a) the financial requirements of the Company's projects and its general working capital requirements;
- (b) the effect on change of control of the Company;
- (c) the dilutionary effect on existing shareholders;
- (d) the time constraints involved in alternative capital raising routes such as entitlements issues; and
- (e) the advice of the Company's advisers.

#### **Prior Approvals under Listing Rule 7.1A:**

No approval has been sought or obtained under Listing Rule 7.1A before this AGM because the ability to do so commenced on 1 August 2012 when Listing Rule 7.1A took effect.

#### **Voting Exclusions:**

A voting exclusion statement is included in the Notice of Meeting. As at the date of the Notice of Meeting, the Company has not discussed or offered participation in an issue of Equity Securities and as a result, no existing Shareholder will be excluded from voting in relation to Resolution 5.

**The Chairman intends to vote all available proxies in favour of Resolution 5.**

#### **Resolution 6: Approval of Issue of Shares to the value of \$30,000 to Alan Coles**

The Company seeks shareholder approval for the issue of Shares to the Company's Managing Director Alan Coles, in order to comply with the requirements of Listing Rule 10.11 and to honour the contractual obligations entered into by the Company upon engagement of Mr Coles as Managing Director. His contract of employment ("Employment Contract") provides that subject to shareholder approval, Mr Coles will be allotted Shares to the value of \$30,000 every six months from the commencement date of the Employment Contract, 9 November 2011, to a total value of \$120,000 of Shares.

The price per Share will be determined by the volume weighted average price of Shares in the previous 5 business days to the six monthly anniversary date of the contract. For the purposes of Resolution 6, this means that the price per Share (and therefore the total number of Shares to be issued to Mr Coles under Resolution 6) will be calculated by reference to the 5 day volume weighted average price of Shares prior to 9 May 2012.

The Shares must be allotted within 3 months of each six month anniversary of the commencement date of the Employment Contract. If a general meeting is not called to approve the issue of the Shares, or if Shareholders do not approve the issue of the Shares in general meeting, \$30,000 cash will be payable to Mr Coles in lieu of each tranche of Shares.

No Shares have been allotted to Mr Coles under the Employment Contract to date. Resolution 6 seeks approval to allot one tranche of Shares to a total value of \$30,000, in order to discharge the obligation on the Company to allot Shares in May 2012. Mr Coles has agreed to waive his right to receive cash of \$30,000 in lieu of the Shares that were due to be allotted in May 2012, provided Shareholder approval is sought at the 2012 AGM.

If Shareholders do not approve Resolution 6, the Company will be obliged to pay Mr Coles cash of \$30,000 in lieu of the Shares to the value of \$30,000.

Listing Rules 7.1 and 7.4 provide 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. Listing

Rule 10.11 provides that a company must not issue equity securities to a related party of the Company, such as a director or an entity controlled by a director or a person who has reasonable grounds to believe that he will become a related party at any time in the future, without the company obtaining shareholder approval by ordinary resolution. Section 228 of the Corporations Act defines what a related party is for the purposes of this rule. It includes a Director; a person reasonably believed to become a Director at any time in the future, and a company controlled by a Director. Alan Coles is therefore a related party of the Company. Where shareholder approval is obtained under Listing Rule 10.11, it is not also required under Listing Rule 7.1

Shareholder approval will enable the Company to disregard the issue of the Shares to Mr Coles for the purposes of calculating the Company's 15% existing capacity under Listing Rule 7.1 in the next 12 months. The Directors (excluding Mr Coles) recommend that the Shareholders vote in favour of Resolution 6 in order to provide maximum flexibility to the Company for future capital raising in the following 12 month period.

**The following disclosures are made for the purpose of Listing Rule 10.11**

Shares to the value of \$30,000, calculated by reference to the volume weighted average price of Shares in the previous 5 business days to 9 May 2012 will be issued to Alan Coles, a Director, on a date which is no later than 1 month after the date of the Annual General Meeting. This means that 2,500,000 Shares will be issued at an issue price of \$0.012 (being the 5 day VWAP prior to 9 May 2012), comprising a total value of \$30,000. No funds will be raised by the issue of the Shares under Resolution 6 because they are being issued in consideration of Mr Coles' services as managing director of the Company.

The Shares will rank equally with the existing fully paid ordinary shares on issue in the Company, the terms of which are in the public domain.

A voting exclusion statement is included in the Notice of Meeting in relation to Resolution 6.

**The following disclosures are made for the purpose of Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties of the Company. As a Director, Mr Coles is a related party of the Company and the proposed issue of Shares (or payment of cash in lieu of Shares) constitutes the provision of a financial benefit. The Directors (excluding Mr Coles) consider that the Shares the subject of Resolution 6 form part of his reasonable remuneration and accordingly Shareholder approval is not being sought under the related party regime in Chapter 2E of the Corporations Act, because the reasonable remuneration exception in section 211 of the Corporations Act is considered to apply.

The Board (excluding Mr Coles) believes that the approval of Resolution 6 is beneficial for the Company particularly because it allows the Company to conserve cashflow in the method of remunerating its Managing Director. The Board (excluding Mr Coles) recommends that Shareholders vote in favour of Resolution 6 because it allows the Company to retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months.

**The Chairman intends to vote all available proxies in favour of Resolution 6.**

## Glossary

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

<b>ASX</b>	ASX Limited
<b>Board</b>	the board of Directors
<b>Company</b>	Terrain Minerals Limited
<b>Constitution</b>	constitution of the Company
<b>Corporations Act</b>	Corporations Act 2001 (Cth)
<b>Director</b>	Director of the Company.
<b>Equity Securities</b>	has the meaning given in ASX Listing Rule 9
<b>Listing Rules</b>	the ASX Listing Rules
<b>Meeting or Annual General Meeting</b>	The 2012 Annual General Meeting of the Company
<b>Share</b>	A fully paid ordinary share in the capital of the Company
<b>Shareholder</b>	A shareholder of the Company
<b>Special Placement Facility</b>	The placement facility the subject of Resolution 5, pursuant to Listing Rule 7.1A
<b>Trading Day</b>	means a day determined by ASX to be a trading day in accordance with the Listing Rules
<b>VWAP</b>	Volume weighted average price of Shares

Shareholder Details

Shareholder Name:.....

Shareholder Address: .....

Contact Telephone No: .....

**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 Annual General Meeting of Terrain Minerals Ltd to be held at Suite 4, Level 1 Adams House, 230 Rokeby Road, Subiaco, Western Australia on Thursday 22 November 2012 at 10am (WST) and at any adjournment of that meeting.




**IMPORTANT:** The Chairman of the Meeting intends to vote undirected proxies in favour of resolution 1. If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, unless you indicate otherwise by ticking either the "for", "against" or "abstain" box in relation to Resolution 1, you will be authorising the Chairman to vote in accordance with the Chairman's voting intentions on Resolution 1 even if Resolution 1 is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel.

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

		For	Against	Abstain*
Resolution. 1	Adoption of Remuneration Report (advisory only)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution. 2	Election of Richard Sandner as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution. 3	Election of Jonathan Lim as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution. 4	Election of Justin Virgin as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution. 5	Approve 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution. 6	Approve issue of Shares to Alan Coles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\*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 Annual 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) 20 November 2012.** 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.

**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 22 November 2012 and at any adjournments of that meeting][all meetings of the members of Terrain Minerals Ltd].

DATED ..... 2012

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**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)

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**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.