



ASX RELEASE

ABN: 45 116 153 514

11 November 2019

ASX: TMX

Execution of Option Agreement For the Sale of Great Western Gold Project

Terrain Minerals Limited (ASX: TMX) is pleased to announce that it has entered into an option agreement for the sale of its Great Western gold project (M37/54) with ASX listed Red5 Limited (ASX: RED) ("Red5") ("Option Agreement"). In the event that the option is exercised the total value of the sale will be \$2,500,000 which includes a \$300,000 cash non-refundable option fee.

Total Value of Completed Transaction \$2,500,000 (plus GST)

Under the terms of the Option Agreement Red5 will pay Terrain an option fee of \$300,000 plus GST. The Option Agreement gives Red5 the right to conduct due diligence drilling into the existing JORC resource, consisting of up to three reverse circulation holes and three diamond core holes during the option period, which ends on 8 April 2020. Terrain has the right to have a representative on-site during drilling and intends to take duplicate samples.

Under the terms of the Option Agreement and sale agreement up to 100 hectares can be annexed from graticular blocks 231 Q and R which are part of the Wild-viper E37/1214 project area, for the purpose for waste and ore storage. Terrain will retain the rest of the highly prospective Wild-viper gold project and intends to continue gold exploration.

On or before the option's expiry date Red5 can notify Terrain in writing of its intentions to purchase Great Western for the agreed value of \$2,200,000 dollars of freely tradable shares in Red5. The share price will be calculated on a 5-day VWAP prior to the completion date. The completion date will be the latter of 3 days after execution of the formal sale and purchase agreement for the Great Western gold project or, if Red5 is required to hold an EGM or issue a cleansing prospectus rather than issue a cleansing notice, the date of the EGM or the date of issue of the cleansing prospectus. A table of the possible calculation dates for the VWAP of the shares is set out in Appendix 2 hereto. In the event that Red5 has to hold an EGM or issue a cleansing prospectus it will pay penalty interest of 10% in cash for the period of the delay of the completion date.

If the option expires unexercised, Terrain will retain ownership of Great Western, and the \$300,000 cash option fee, as well as ownership of all of the related exploration data from the due diligence drill campaign at no cost.

The exploration data includes all mineral samples, reports from the drilling (including the cores), all minerals and metallogical results and all related expenditure. Any land disturbances caused by Red5 will be rehabilitated by Red5 to the extent legally required.

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The Board of Terrain believes that this is a great outcome and opportunity for both companies. The share payment allows Terrain to maintain exposure to the development of Great Western as well as exposure to Red5's WA based gold producing operations and more importantly exposure to the K.O.T.H project situated north of Leanora WA which the Board believes is an exciting and growing exploration project that is starting to show real potential of becoming a substantial standalone gold project.

Refer: Appendix 1 & 2 Other Relevant Information.

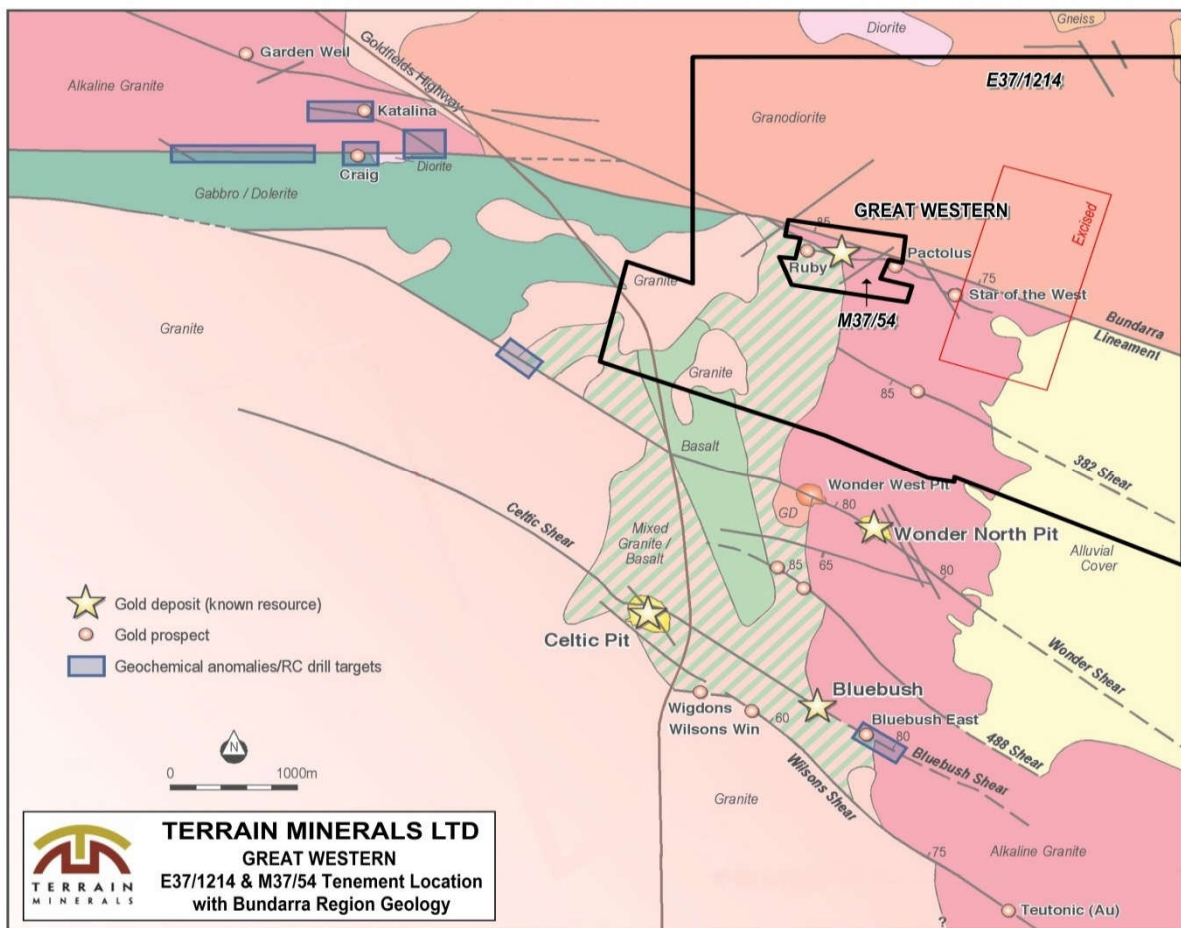


Diagram 1. Great Western Tenements M37/54 and Wild-viper E37/1214 and other adjacent deposits within this highly prospective area.



Note: For additional information refer to ASX announcement: **27/03/2017** - JORC 2012 Resource Upgrade at Great Western

Justin Virgin

Executive Director

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ABOUT TERRAIN MINERALS LIMITED:

Terrain Minerals Limited (ASX:TMX) is a minerals exploration company with a Western Australian based asset portfolio consisting of:

- **Great Western** – Option Agreement executed with Red5 Limited (ASX:RED) (includes a \$300,000 non-refundable option fee). Option period is for 5 months and allows for Red5 to conduct due diligence drilling. If exercised Terrain will receive \$2,200,000 worth of Red5 shares issued at a 5-day VWAP. If not exercised all expenditure and data will become the property of Terrain. Refer to the first page of this announcement for further details.
- **Wild-Viper** Exploration continues to increase Terrain knowledge of this highly prospective gold exploration property. A six-hole RC drill program and trenching has been recently conducted at different locations and further follow up work on newly identified areas will continue into the next field season.
- **Red Mulga** Red Mulga project is situated ~170km NNE of Geraldton in the Yilgarn Craton, Western Australia's Murchison region located on Yallalong station. An RC drill program as conducted in 2018 which identified the presence of mineralisation. Desk top studies continue.
- **Project Review:** Terrain Minerals is currently searching and has been assessing potential projects: Gold, Copper, Nickel and industrial minerals in Australia, Africa, North & South America and Asia, other regions are also being considered. Several jurisdictions of interest have now been identified. All economic commodities are being considered as indicated in previous Quarterly reports. A field trip to South America was conducted by Terrain to assess a historic mining opportunity. Currently several WA based gold project are begin reviewed.

Compliance Statement:

The Company notes that within the announcement all the information is referenced directly to the relevant original ASX market releases of that technical data.

Terrain would like to confirm to readers that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and, in the case of the estimates of mineral resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

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Disclaimer:

Information included in this release constitutes forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue” and “guidance” or other similar words, and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the company’s actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate environmental conditions including extreme weather conditions, staffing and litigation.

Forward looking statements are based on the company and its management’s assumptions made in good faith relating to the financial, market, regulatory and other relevant environments that exist and effect the company’s business operations in the future. Readers are cautioned not to place undue reliance on forward looking statements.

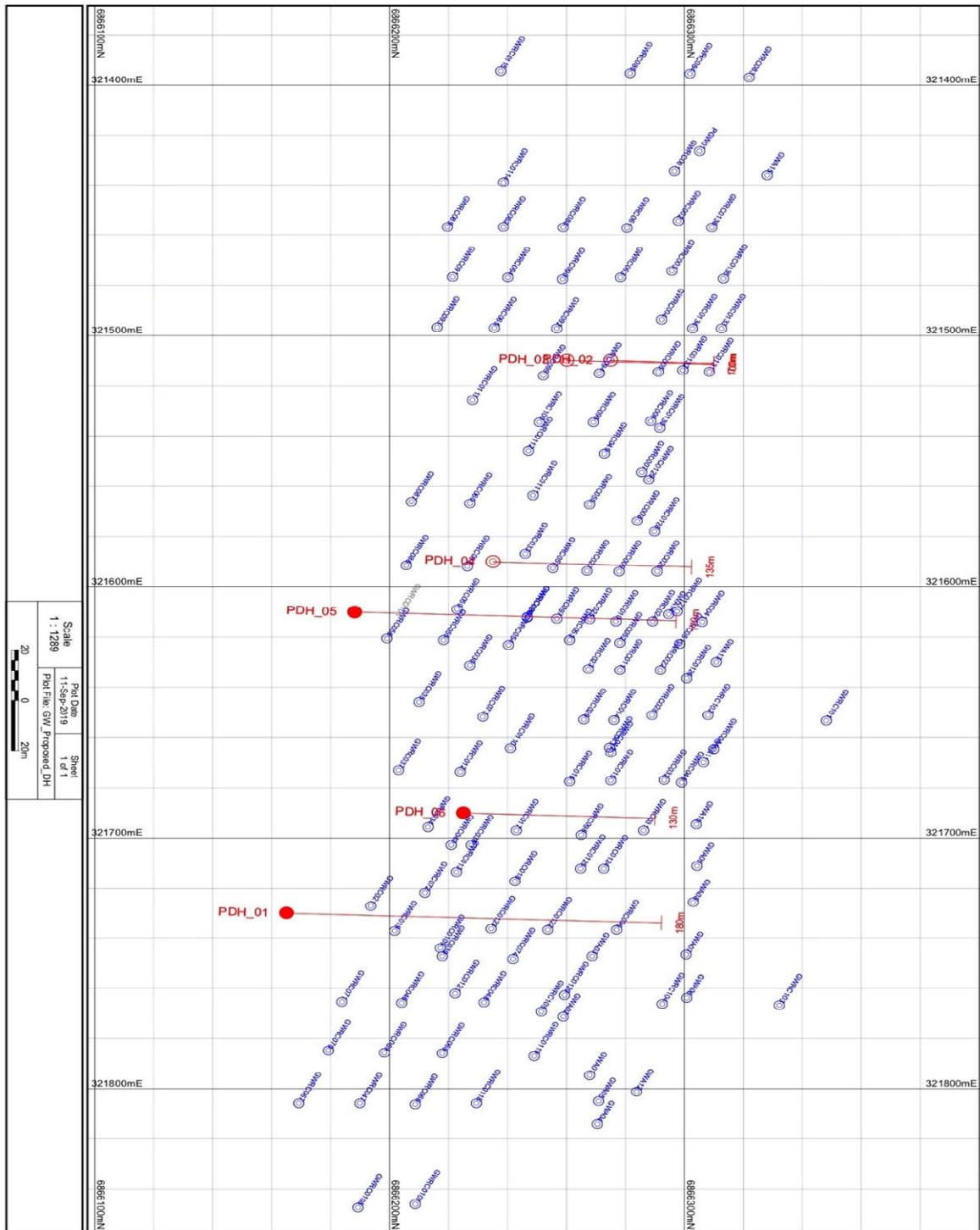
Forward looking statements are only current and relevant for the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward-looking statements or advise of any change in events, conditions or circumstances on which such statement is based.

Competent Person Statement:

The information in this report that relates to Exploration Results is based on information compiled by Mr. T Bradley, who is a Member of the Australian Institute of Geoscientists and a Non-Executive Director of Terrain Minerals Limited. Mr Bradley has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr. Bradley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



Schedule 2 – Drill Plan – Due diligence drilling, red lines are indicative of their location



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Appendix 2

Share Issue explanation & Extract from Option Agreement

	Scenario	VWAP Calculation Date	Completion Date	Comment
1.	Red 5 have capacity under LR7.1 and are able to cleanse shares	5 trading days immediately prior but not including the Completion Date	3 business days after the SPA Execution Date	Most likely outcome.
2.	Red 5 don't have capacity under LR7.1 but are able to cleanse shares	5 trading days immediately prior but not including the date on which Red 5 obtains shareholder approval to issue the Consideration Shares	Up to 2 months after the Execution Date as set out in the notice.	10% interest on the full outstanding amount of \$2,200,000 will be calculated daily and paid to Terrain in cash.
3.	Red 5 have capacity under LR7.1 but are unable to cleanse shares	5 trading days immediately prior to but not including the Completion Date	Up to 2 months after the Execution Date as set out in the notice.	10% interest on the full outstanding amount of \$2,200,000 will be calculated daily and paid to Terrain in cash.
4.	Red 5 don't have capacity under LR7.1 and are unable to cleanse shares	5 trading days immediately prior but not including the date on which Red 5 obtains shareholder approval to issue the Consideration Shares in accordance with clause 4.1(c). See below of explanation.	Up to 2 months after the Execution Date as set out in the notice.	10% interest on the full outstanding amount of \$2,200,000 will be calculated daily and paid to Terrain in cash.



4. Completion (abstract from Sale Agreement)

4. Completion

4.1 Place and time

- (a) Completion must be effected at 10.00am on the Completion Date at the Purchaser's offices or such other time and/or place as agreed in writing between the Parties.
- (b) The Completion Date may be extended by up to two (2) months after the Execution Date if required by the Purchaser providing a notice before the Completion Date to the Vendor that Red 5 is unable to issue a Cleansing Statement and will issue a Cleansing Prospectus in accordance with clause 4.3(b).
- (c) The Parties agree that if Red 5 does not have sufficient capacity under Listing Rule 7.1 to issue the Consideration Shares at Completion:
 - (1) Red 5 shall immediately notify the Vendor and as soon as possible call an extraordinary general meeting of its shareholders to approve the issue of the Consideration Shares;
 - (2) Completion will be delayed by and be conditional on such approval;
 - (3) the Purchaser covenants that it will procure Red 5 to seek necessary shareholder approval as soon as possible but in any event not later than two (2) months after the Execution Date; and
 - (4) Completion will occur two (2) Business Days after such shareholder approval has been obtained.
- (d) In the event that Red 5 issues a notice under clause 4.1(b) or is required to issue a notice under clause 4(c)(1), the Purchaser shall pay interest on the sum of \$2,200,000 at 10% per annum calculated based upon the number of days from the date when Completion would have occurred if a notice under clause 4.1(b) or 4.1(c)(1) (as relevant) was not issued until the date the Consideration Shares are actually issued to the Vendor divided by 360. The interest payable shall be payable at Completion in immediately available funds by electronic bank transfer to the Vendor's nominated bank account.
- (e) For clarity, the Purchaser cannot issue both a notice under clause 4.1(b) and clause 4.1(c). If required, Red 5 must seek both shareholder approval and prepare to issue a Cleansing Statement or Cleansing Prospectus within the two month timeframe.

End.