

# TERRAIN MINERALS LTD

ACN 116 153 514

## Notice of Annual General Meeting

Annual General Meeting of Shareholders to be held at  
Suite 2, 28 Outram Street, West Perth, Western Australia on  
20 November 2020, commencing at 8 am (WST).

### Important

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

In accordance with subsection 5(f) of the *Corporations (Coronavirus Economic Response) Determination (No. 3) 2020*, the Company will not be dispatching physical copies of the Notice. For shareholders that the Company has email addresses on records, the Company will send a copy of this Notice and material relating to the Meeting or provide a link to where the Notice and other material can be viewed or downloaded by email. To the other Shareholders, the Company will send a letter or postcard setting out a URL for viewing or downloading the Notice and other material. Shareholders can access a copy of the Notice at the following link: [www.terrainminerals.com.au](http://www.terrainminerals.com.au).

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## NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that an annual general meeting of the shareholders of Terrain Minerals Ltd ACN 116 153 514 (**Company**) will be held at Suite 2, 28 Outram Street, West Perth, Western Australia on 20 November 2020, commencing at 8 am (WST). The Explanatory Statement that accompanies and forms part of this Notice describes in more detail the Resolutions to be considered.

### Business

#### Annual Report

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To receive and consider the Annual Report of the Company for the financial year ended 30 June 2020, which includes the Financial Report, the Directors' Report, the Remuneration Report and the Auditor's Report.

#### Resolution 1: Approval of Remuneration Report

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To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **advisory-only resolution**:

*"That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the financial year ended 30 June 2020 be adopted."*

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

##### Voting exclusion statement

The Company will disregard any votes cast on this Resolution:

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

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair of the meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
  - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### Resolution 2: Re-Election of Director – Trevor Bradley

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To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

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

##### Voting exclusion statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- Trevor Bradley; or
- an associate of that person.

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair of the meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- o the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
- o the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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

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To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **special resolution**:

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

#### **Voting exclusion statement**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity), and any associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair of the meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - o the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
  - o the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### Resolution 4: Approval of Grant of Options to Justin Virgin

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To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, in accordance with Section 208 of the Corporations Act, Listing Rule 10.11, and for all other purposes, approval be given for the issue of 8,000,000 Options to Justin Virgin (and/or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

#### **Voting exclusion statement**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of; Resolution 4 by Justin Virgin and his nominee and any other person who will obtain a material benefit as a result of the Resolution (except a benefit solely by reason of being a holder of ordinary securities in the entity), and any associate of those persons (as applicable).

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair of the meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - o the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
  - o the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### Resolution 5: Approval of Grant of Options to Trevor Bradley

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To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, in accordance with Section 208 of the Corporations Act, Listing Rule 10.11, and for all other purposes, approval be given for the issue of 4,000,000 Options to Trevor Bradley (and/or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting exclusion statement**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of; Resolution 5 by Trevor Bradley and his nominee and any other person who will obtain a material benefit as a result of the Resolution (except a benefit solely by reason of being a holder of ordinary securities in the entity), and any associate of those persons (as applicable).

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair of the meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - o the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
  - o the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## **Resolution 6: Approval of Grant of Options to Johannes Lin**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, in accordance with Section 208 of the Corporations Act, Listing Rule 10.11, and for all other purposes, approval be given for the issue of 4,000,000 Options to Johannes Lin (and/or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting exclusion statement**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of; Resolution 6 by Johannes Lin and his nominee and any other person who will obtain a material benefit as a result of the Resolution (except a benefit solely by reason of being a holder of ordinary securities in the entity), and any associate of those persons (as applicable).

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair of the meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - o the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
  - o the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## **Resolution 7: Ratification of Prior Issue of Shares Smokebush Farm-in Agreement**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 5,000,000 Shares under the Smokebush Farm-in Agreement on the terms and conditions set out in the Explanatory Statement.”*

**Voting exclusion statement**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who participated in the issue or an associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair of the meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - o the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
  - o the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## **Resolution 8: Amendment to the Constitution**

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

*“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, the Constitution of the Company be modified by making the amendments contained in the document tabled in this Notice in the form as signed by the Chairman of the Meeting for identification purposes.”*

**By order of the Board**



**Catherine Grant-Edwards**  
Joint Company Secretary  
*Terrain Minerals Ltd*

21 October 2020

## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of the shareholders of Terrain Minerals Ltd ACN 116 153 514 (**Company**) in connection with the Resolutions to be considered at the Annual General Meeting to be held at Suite 2, 28 Outram Street, West Perth, Western Australia on 20 November 2020, commencing at 8 am (WST).

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Annual General Meeting.

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

### Interpretation

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

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

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

### Voting exclusion statements

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

### Proxies

Please note that:

- a Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also speak at the Meeting;
- a proxy need not be a member of the Company;
- a Shareholder may appoint a body corporate or an individual as its proxy;
- a body corporate appointed as a Shareholder’s proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder’s proxy; and
- Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company’s representative. The authority may be sent to the Company or its share registry in advance of the Annual General Meeting or handed in at the Annual General Meeting when registering as a corporate representative.

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

If a Shareholder intends to appoint the Chair as their proxy for Resolution 1, Shareholders can direct the Chair how to vote by marking one of the boxes for Resolution 1 (for example, if the Shareholder wishes to vote ‘for’, ‘against’ or to ‘abstain’ from voting). If the Shareholder does not direct the Chair how to vote, then by submitting the Proxy Form, the

Shareholder will be expressly authorising the Chair to exercise the proxy in respect of Resolution 1 even though it is connected to the remuneration of members of the Key Management Personnel.

To vote by proxy, please complete and sign the enclosed Proxy Form. Please follow the instructions detailed on the Proxy Form to send it to the Company, so that it is received by no later than 8 am (WST) on 18 November 2020. Proxy Forms received later than this time will be invalid.

**Voting intentions of the Chair**

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

**Voting entitlements**

In accordance with Regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the register of Shareholders as at 5pm (WST) on 18 November 2020. Accordingly, transactions registered after this time will be disregarded in determining Shareholder's entitlement to attend and vote at the Annual General Meeting.

## **1. REGULATORY INFORMATION**

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### **1.1 Annual Report**

The Annual Report of the Company for the financial year ended 30 June 2020, which includes the Financial Report, the Directors' Report, the Remuneration Report and the Auditor's Report, will be laid before the Annual General Meeting.

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

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

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

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### **2.1 General**

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

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

Following consideration of the Remuneration Report for the financial year ended 30 June 2020, the Chair, in accordance with section 250SA of the Corporations Act, will give Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

### **2.2 Voting Consequences**

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

### **2.3 Previous Voting Results**

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, a Spill Resolution is not relevant for this Annual General Meeting.

The Directors encourage all Shareholders to vote on Resolution 1.

## **3. Resolution 2: Re-Election of Director – Trevor Bradley**

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### **3.1 Background**

In accordance with clauses 11.1.3 and 11.1.4 of the Constitution, at every annual general meeting, one third of the Directors excluding the Managing Director must retire from office and are eligible for re-election. Under

clause 11.1.5 of the Constitution, the Directors to retire are to be those who have been longest in office since their last election. Among the Directors, Trevor Bradley has been longest in office since his last election.

Listing Rule 14.4 states that no director is entitled to hold office without re-election past the third annual general meeting following the director's appointment or three years, whichever is longer. Trevor Bradley retires by rotation at this Annual General Meeting and, being eligible, offers himself for re-election.

### **3.2 Qualifications**

A summary of Mr Bradley's background and experience is set out below.

Mr Bradley is a geologist with over thirty years' experience in key technical, operational, and managerial aspects of exploration, development, and operation of both underground and open pit mineral projects in Australia, South East Asia, Central Asia and the Caribbean. His Qualifications include an Applied Science Degree with Honors (Geology) from UTS Sydney, a Masters of Law Degree with Distinction (Natural Resource Law and Policy) from the Centre for Energy, Petroleum, Mineral Law and Policy (CEPMLP) at the University of Dundee in the UK and a Graduate Diploma (Geographic Information Science) from Curtin University, Perth W.A.

Prior to entering private practice, Mr Bradley held senior technical and management positions with several large Australian and Canadian mining companies as well as Principal Consultant and managerial roles of two of Australia's leading multi-national mineral industry consulting companies.

Currently, Mr Bradley practices as an independent consultant who specialises in the provision of exploration targeting, mineral asset valuation, independent technical reports, and due diligence studies across a range of commodities for the purposes of investment decision, project finance and exchange listing requirements. Mr Bradley also specialises in assisting clients in his capacity as an independent expert in court matters, mediation and arbitration proceedings.

### **3.3 Directors Recommendation**

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

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

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### **4.1 Background**

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

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

If this Resolution is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If this Resolution is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A, and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

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

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

The Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a market capitalisation of approximately \$2.8 Million as at the date of this notice.

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

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

**(A x D) – E**

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

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

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

**D** is 10%.

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

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

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

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

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

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

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

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

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

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

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

(b) **Risk of economic and voting dilution**

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

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

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

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

The table also shows:

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

Variable 'A' in Listing Rule 7.1A.2		50% decrease in Market Price \$0.007	Current Market Price \$0.0014	100% increase in Market Price \$0.028
<b>Current Variable 'A'</b> <b>723,161,009</b>	<b>10% Voting Dilution</b>	72,316,101 Shares	72,316,101 Shares	72,316,101 Shares
	<b>Funds raised</b>	\$506,213	\$1,012,425	\$2,024,851
<b>50% increase in current Variable 'A'</b> <b>1,084,741,514</b>	<b>10% Voting Dilution</b>	108,474,151 Shares	108,474,151 Shares	108,474,151 Shares
	<b>Funds raised</b>	\$759,319	\$1,518,638	\$3,037,276
<b>100% increase in current Variable 'A'</b>	<b>10% Voting Dilution</b>	144,632,202 Shares	144,632,202 Shares	144,632,202 Shares

<b>1,446,322,018</b>				
	<b>Funds raised</b>	\$1,012,425	\$2,024,851	\$4,049,702

**Notes:**

1. Assumes the Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
2. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
3. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
4. The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
6. The market price used is \$0.014, being the closing price of Shares on 9 October 2020.

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

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

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

The Company may seek to use funds raised from the issue the Equity Securities under rule 7.1A for the acquisition of new assets or investments (including expenses associated with such acquisition) and general working capital.

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

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

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

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

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

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

The Company obtain Shareholder approval under Listing Rule 7.1A at its previous annual general meeting held on 20 November 2019 (**Previous Approval**).

During the 12 month period preceding the date of the Meeting, being on and from 25 November 2019, the Company has not issued any Equity Securities pursuant to the Previous Approval.

As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A. Accordingly, a voting exclusion statement is not included in this Notice .

**4.3 Directors' recommendations**

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

**5. Resolutions 4 to 6: Issue of Options to Related Parties**

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**5.1 Introduction**

The Company proposes to issue 16,000,000 Options to the Company's Directors for no cash consideration on the terms and conditions set out in Annexure A.

The proposed issue of Options requires Shareholder approval under both the Chapter 2E (section 208) of the Corporations Act and Listing Rule 10.11.

If approval is given under Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1. Shareholder approval of the Issue of the Options to Related Parties means that these issues will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

**5.2 Chapter 2E of Corporations Act**

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

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

The issue of Options to a Director requires the Company to obtain Shareholder approval because the Options constitute giving a financial benefit and as Directors, Justin Virgin, Trevor Bradley and Johannes Lin are related parties of the Company.

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

**5.3 Section 219 of the Corporations Act**

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

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

Justin Virgin, Trevor Bradley and Johannes Lin who are related party by virtue of being directors of the Company.

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

8,000,000 Options to Justin Virgin.

4,000,000 Options to Trevor Bradley.

4,000,000 Options to Johannes Lin.

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

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

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

- (i) the Options are considered by the Directors to provide a cost effective means of remunerating the Directors and aligning Directors interest with the interests of other security holders without depleting the cash reserve of the Company; and
- (ii) the number and terms of options to be issued are considered to be in line with the number issued to directors of similar companies.

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

The Directors, other than Justin Virgin, do not have a material personal interest in the outcome of Resolution 4. Justin Virgin, who stands to gain personally from the issue of the Options, declines to make any recommendation in relation to shareholders' consideration of resolution 4.

The Directors, other than Trevor Bradley, do not have a material personal interest in the outcome of Resolution 5. Trevor Bradley, who stands to gain personally from the issue of the Options, declines to make any recommendation in relation to shareholders' consideration of resolution 5.

The Directors, other than Johannes Lin, do not have a material personal interest in the outcome of Resolution 6. Johannes Lin, who stands to gain personally from the issue of the Options, declines to make any recommendation in relation to shareholders' consideration of resolution 6.

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

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

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

The total annual remuneration paid to Justin Virgin for the 2020 financial year was \$167,644 (a total of \$156,400 in cash and \$11,244 in equity) inclusive of superannuation entitlements. If the Options are issued, the total remuneration package of Justin Virgin will increase to \$260,296 for the current year, reflecting \$186,150 in cash inclusive of superannuation entitlements and \$75,146 in equity (based on a Black Scholes valuation of the Options).

The total annual remuneration paid Trevor Bradley for the 2020 financial year was \$38,472 (a total of \$32,850 in cash and \$5,622 in equity) inclusive of superannuation entitlements. If the Options are issued, the total remuneration package of Trevor Bradley will increase to \$79,548 for the current year, reflecting \$41,975 in cash inclusive of superannuation entitlements and \$37,573 in equity (based on a Black Scholes valuation of the Options).

The total annual remuneration paid Johannes Lin for the 2020 financial year was \$32,850 (a total of \$32,850 in cash and nil in equity) inclusive of superannuation entitlements. If the Options are issued, the total remuneration package of Johannes Lin will increase to \$70,423 for the current year, reflecting \$41,975 in cash inclusive of superannuation entitlements and \$37,573 in equity (based on a Black Scholes valuation of the Options).

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

Justin Virgin holds 23,794,686 Shares and 20,000,000 options to acquire shares in the Company.

Trevor Bradley holds nil Shares and 9,000,000 options to acquire shares in the Company.

Johannes Lin holds 43,862,771 Shares and 2,000,000 options to acquire shares in the Company.

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

The Company's issued share capital will not change as a result of the issue of the Options to the Related Parties.

If the Options granted to the Related Parties are exercised, a total of 16,000,000 Shares would be issued. This will increase the number of Shares on issue from 723,161,009 to 739,161,009 (assuming no other Shares issued or options exercised) with the effect that the shareholding of existing Shares would be diluted by an aggregate of approximately 2.16%.

**5.4 Listing Rule 10.11**

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

Resolution 4 seeks approval for the issue of 8,000,000 Options to the Director (and/or his nominee) for the purpose of satisfying the requirements of Listing Rule 10.11. As approval is being sought pursuant to Listing Rule 10.11, Listing Rule 7.2 Exception 14 provides that the Company is not required to seek approval under Listing Rule 7.1. By approving the grant of the Options under Listing Rule 10.11, the 8,000,000 Options will not be included in the 15% calculation of the Company's placement capacity pursuant to Listing Rule 7.1.

Resolution 5 seeks approval for the issue of 4,000,000 Options to the Director (and/or his nominee) for the purpose of satisfying the requirements of Listing Rule 10.11. As approval is being sought pursuant to Listing Rule 10.11, Listing Rule 7.2 Exception 14 provides that the Company is not required to seek approval under Listing Rule 7.1. By approving the grant of the Options under Listing Rule 10.11, the 4,000,000 Options will not be included in the 15% calculation of the Company's placement capacity pursuant to Listing Rule 7.1.

Resolution 6 seeks approval for the issue of 4,000,000 Options to the Director (and/or his nominee) for the purpose of satisfying the requirements of Listing Rule 10.11. As approval is being sought pursuant to Listing Rule 10.11, Listing Rule 7.2 Exception 14 provides that the Company is not required to seek approval under Listing Rule 7.1. By approving the grant of the Options under Listing Rule 10.11, the 4,000,000 Options will not be included in the 15% calculation of the Company's placement capacity pursuant to Listing Rule 7.1.

**5.5 Listing Rule 10.13**

For the purposes of Listing Rule 10.13, the following information is provided to Shareholders about the proposed issue:

(a) **Name of the persons**

The Options will be issued to Justin Virgin, Trevor Bradley and Johannes Lin, being Directors of the Company, or their nominees.

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

The maximum number of Options to be issued to Related Parties:

8,000,000 Options to Justin Virgin.

4,000,000 Options to Trevor Bradley.

4,000,000 Options to Johannes Lin.

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

The Options will be issued and allotted no later than one month after the Annual General Meeting (other than to the extent permitted by any waiver or modification of the Listing Rules).

(d) **Relationship**

Justin Virgin, Trevor Bradley and Johannes Lin are related parties of the Company and fall within the category set out in Listing Rule 10.11.1 by virtue of being a Director.

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

The Options will be issued for nil cash consideration.

(f) **Terms of the securities**

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

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

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

**5.6 Directors' recommendations**

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

The Directors (other than Trevor Bradley) recommend that Shareholders vote in favour of Resolution 5.

The Directors (other than Johannes Lin) recommend that Shareholders vote in favour of Resolution 6.

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**6. Resolution 7: Ratification of Prior Issue of Shares Smokebush Farm-In Agreement**

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**6.1 Background**

The Company announced on 2 December 2019 that it had entered into a farm in agreement for the Smokebush Gold Exploration Project located within the Yalgoo Mineral field of Western Australia. Under the terms of the farm-in agreement:

- the Company has the right to earn 80% of the project by committing to \$250,000 AUD expenditure over 2 years;
- the Company has issued the vendor 5,000,000 fully paid ordinary share in Terrain Minerals Limited (subject to 12-month escrow) (**Consideration Shares**);
- future Payments of up to \$500,000 in cash or shares based on milestones (**Future Considerations**);
- vendors 20% free carry until completion of feasibility study; and
- the vendor's 20% free carried interest will convert to a 1% NSR royalty if the vendor decides not to contribute. Terrain has first right of refusal to purchase the 20%.

**Future Considerations**

**First Contingent Payment**

- A. Upon Terrain defining an Indicated Resource (as that term is defined in the JORC Code) of gold grading at not less than 2 grams (Applicable Resources) per tonne within the Tenements, Terrain will, at its election:
- pay Watts-Butler the sum of \$1.00 for each ounce of gold contained within the Applicable Resource to a maximum of \$200,000; or
  - issue to Watts-Butler Shares to the value of \$1.00 for each ounce of gold contained within the Applicable Resource to a maximum value of Shares of \$200,000; or
  - pay and issue to Watts-Butler any combination of cash and Shares to the value of \$1.00 for each ounce of gold contained within the Applicable Resource to a maximum of value of \$200,000.

- B. If Terrain defines more than one Applicable Resource within the Tenements, it must make the payments described in clause A for each Applicable Resource, up to an aggregate maximum payment or issue to the value of \$200,000.

### **Second Contingent Payment**

- A. Upon Terrain making a decision to commence mining of a gold resource within the Tenements (Decision to Mine) Terrain will, at its election:
- pay Watts-Butler \$1.50 per ounce of gold which is described in the mine plan as recoverable gold to a maximum of \$300,000; or
  - issue to Watts-Butler Shares to the value of \$1.50 for each ounce of gold which is described in the mine plan as recoverable gold to a maximum value of Shares of \$300,000; or
  - pay and issue to Watts-Butler any combination of cash and Shares to the value of \$1.50 for each ounce of gold which is described in the mine plan as recoverable gold to a maximum of value of \$300,000.
- B. If Terrain makes more than one Decision to Mine within the Tenements, it must make the payments described in clause A with respect to each Decision to Mine, up to an aggregate maximum payment or issue to the value of \$300,000.

### **Valuation of Shares**

All Shares issued in accordance with this clause must be issued based on a volume weighted average price during the 5 trading days preceding the date Terrain notifies Watts-Butler that it has achieved the milestone giving rise to the issue of the Shares.

On 20 December 2019, the Company issued 5,000,000 Shares to the vendor of the Smokebush Gold Exploration Project using its placement capacity under Listing Rules 7.1.

The Company is seeking Shareholder approval to ratify the prior issue of 5,000,000 Consideration Shares under the Smokebush Farm-in Agreement to the vendors on in accordance with Listing Rule 7.4.

## **6.2 Listing Rule 7.4**

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company during the previous 12 months (without approval and which were not subject to an exception), exceed 15% of the number of shares on issue at the commencement of that 12-month period.

Listing Rule 7.4 provides that where a company ratifies a prior issue of securities, the issue will be treated as having been made with approval for the purpose of Listing Rule 7.1, thereby replenishing the Company's 15% capacity and enabling it to issue further securities up to that limit.

Resolution 7 proposes the ratification of the issue of 5,000,000 Shares for the purpose of satisfying the requirements of Listing Rule 7.4. If Resolution 7 is approved, the Shares will not be included in the Company's 15% calculation for the purposes of Listing Rule 7.1. If Resolution 7 is not passed, the Consideration Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Consideration Shares.

As required by Listing Rule 7.5, the following information is provided in relation to Resolution 7.

(a) **Number of securities issued**

5,000,000 Shares.

(b) **Price at which the securities were issued**

The Consideration Shares were issued for nil cash consideration.

(c) **Terms of the securities**

The Consideration Shares are subject to 12-month escrow from the date of issue, being 20 December 2019, and otherwise rank equally with all other issued share capital of the Company.

(d) **Name of the persons to whom the entity will issue the securities or the basis on which those persons were determined**

In accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that the Shares were issued to the vendors of the Smokebush Gold Exploration Project, none of whom were related parties or the Company. In addition, none of the recipients were issued more than 1% of the issued capital of the Company.

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

No funds were raised from the issue of the Consideration Shares as the Consideration Shares were issued as part consideration of the farm-in agreement for the Smokebush Gold Exploration Project as set out in Section 6.1.

### **6.3 Directors' recommendations**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 7.

## **7. Resolution 8 – Amendment of Constitution**

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### **7.1 General**

The Company is currently governed by its existing constitution which it has had in place since incorporation. Under section 136(2) of the Corporations Act, a company can modify its constitution or a provision of its constitution by special resolution. Accordingly, the Company seeks Shareholders approval to amend its Constitution by a special resolution of Shareholders as set out below.

A copy of the amended Constitution is available for review by Shareholders at the Company's website and at the office of the Company. Shareholders are invited to contact the Company if they have any queries or concerns.

### **7.2 Summary of material proposed changes**

#### **Restricted Securities (clause 3.9)**

Changes to the Listing Rules commenced on 1 December 2019 which require a listed entity's constitution to contain certain provisions regarding Restricted Securities if the entity has any Restricted Securities on issue. Although the Company does not presently have any Restricted Securities on issue and does not have any present intentions to undertake a transaction which would result in the issue of Restricted Securities, the Board considers it prudent to take this opportunity to update the Constitution to ensure it complies with the new requirements.

With effect from 1 December 2019, ASX applies a two-tier escrow regime where ASX can require certain more significant holders of Restricted Securities and their controllers to execute a formal escrow agreement in the form of an Appendix 9A of the Listing Rules. However, for less significant holdings, ASX will instead permit entities to rely on a provision in their constitution imposing appropriate escrow restrictions on the holders of restricted securities and to give a notice to the holders of Restricted Securities in the form to set out in an appendix to the Listing Rules, advising them of those restrictions.

The amendment to the Constitution is required to ensure compliance with the Listing Rules.

#### **Minimum Shareholding (clause 4)**

Clause 4 of the Constitution outlines how the Company can manage shareholdings which represent an “unmarketable parcel” of shares, being a shareholding that is less than \$500 based on the closing price of the Company’s Shares on ASX as at the relevant time.

The amended Constitution is in line with the requirements for dealing with “unmarketable parcels” outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 4 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

#### **Fee for registration of off market transfers (clause 7.2.1.4)**

On 24 January 2011, ASX amended ASX Listing Rule 8.14 with the effect that the Company may now charge a “reasonable fee” for registering paper-based transfers, sometimes referred to “off-market transfers”.

Clause 7.2.1.4 of the amended Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

#### **Dividends (clause 18)**

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (a) the company’s assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) the payment of the dividend is fair and reasonable to the company’s shareholders as a whole; and
- (c) the payment of the dividend does not materially prejudice the company’s ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

#### **Partial (proportional) takeover provisions (new clause 28)**

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder’s shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

## Information required by section 648G of the Corporations Act

### (a) Effect of proposed proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

### (b) Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

### (c) Knowledge of any acquisition proposals

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

### (d) Potential advantages and disadvantages of proportional takeover provisions

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (i) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (ii) assisting in preventing Shareholders from being locked in as a minority;
- (iii) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (iv) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include proportional takeover bids may be discouraged, lost opportunity to sell a portion of their Shares at a premium and the likelihood of a proportional takeover bid succeeding may be reduced.

## 7.3 Directors' Recommendation

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proposed amendments to the Constitution including the proportional takeover provisions and as a result consider that the proposed amendments to the Constitution are in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 8.

## DEFINITIONS

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

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

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

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

**Annual General Meeting** or **Meeting** means the annual general meeting of Shareholders to be held on 20 November 2020, at 8 am (WST).

**Annual Report** means the annual report of the Company for the financial year ended 30 June 2020.

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

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

**Auditor's Report** means the Directors' Report, the Financial Report and Auditor's Report, in respect of the financial year ended 30 June 2020.

**Board** means the board of Directors.

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

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

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

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

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

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

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

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

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

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

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

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

**Key Management Personnel** means the key management personnel of the Company as defined in Section 9 of the Corporations Act and Australian Accounting Standards Board accounting standard 124, being those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

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

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

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

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

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

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

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

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

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

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

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

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

## ANNEXURE A – TERMS AND CONDITIONS OF OPTIONS

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Terms of the Options, the subject of Resolutions 4, 5 and 6 is set out below.

**(a) Entitlement**

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

**(b) Exercise Price**

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

**(c) Expiry Date**

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

**(d) Exercise Period**

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

**(e) Notice of Exercise**

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

**(f) Exercise Date**

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

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

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case, no later than 20 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

**(b) Shares issued on exercise**

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

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

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

**(d) Reconstruction of capital**

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

**(e) Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

**(f) Change in exercise price**

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

**(g) Transferability**

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

## ANNEXURE B – VALUATION OF OPTIONS

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The Options to be issued to the Directors pursuant to Resolutions 4, 5 and 6 has been valued by internal management.

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

**Assumptions:**

Valuation date	9 October 2020
Market price of Shares	\$0.014
Exercise price	\$0.023
Expiry date (length of time from issue)	5 years
Risk free interest rate	0.21%
Volatility	100%
<b>Indicative value per Option</b>	<b>\$0.0094</b>
<b>Total Value of Options</b>	<b>\$150,291</b>
– Mr Justin Virgin	\$75,146
– Mr Trevor Bradley	\$37,573
– Mr Johannes Lin	\$37,573

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

TMX

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

## Need assistance?



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



**Online:**  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **8:00 AM (AWST) on Wednesday, 18 November 2020.**

# Proxy Form

## How to Vote on Items of Business

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

### APPOINTMENT OF PROXY

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

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

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

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

## SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

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

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

## PARTICIPATING IN THE MEETING

### Corporate Representative

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

## Lodge your Proxy Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**  
**SRN/HIN: I9999999999**  
**PIN: 99999**

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

### By Mail:

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

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



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

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

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



I 9999999999

I ND

## Proxy Form

Please mark  to indicate your directions

### Step 1 Appoint a Proxy to Vote on Your Behalf

XX

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

the Chairman of the Meeting **OR**

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Terrain Minerals Ltd to be held at Suite 2, 28 Outram Street, West Perth, WA 6005 on Friday, 20 November 2020 at 8:00 AM (AWST) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 1, 4, 5 and 6 (except where I/we have indicated a different voting intention in step 2) even though Items 1, 4, 5 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 1, 4, 5 and 6 by marking the appropriate box in step 2.

### Step 2 Items of Business

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

	For	Against	Abstain
1 Approval of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-Election of Director – Trevor Bradley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of Grant of Options to Justin Virgin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval of Grant of Options to Trevor Bradley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval of Grant of Options to Johannes Lin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Ratification of Prior Issue of Shares Smokebush Farm-in Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Amendment to the Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

### Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

**Update your communication details** (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

TMX

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Computershare

