



4 December 2014

ABN: 45 116 153 514

ASX: TMX

## Agreement Signed & First Payment Received Settlement for the SR Mining Royalty

SR Mining (SRM) which is 71.9% owned by ASX listed Bligh Resources Limited (Bligh) have signed a legal agreement with Terrain Minerals Limited (Terrain) to remove and fully indemnify Terrain from any further claims relating to the Tenement Sales Agreements (TSA) and Inter Creditors Deed (ICD). Terrain will release all parties from their obligations once all contractual obligations have been fulfilled.

### Background

Terrain sold this tenement group to SRM and have received \$2,000,000 in cash to date, not including the new royalty settlement. Terrain already had the relevant transfer forms to transfer Great Western (GW) back in any default situation with SRM. The transfer process has been actioned as to the process described in the TSA and ICD under a default event.

Terrain notes that in a default situation under the abovementioned agreements Terrain would have been entitled to GW and the \$600,000 in unpaid royalty, but the royalty would rank as second class creditor behind \$1,000,000~ of first ranking debt. It was the Boards opinion, after looking closely at the quality of the SRM tenements excluding GW, that Terrain would be in a better position by renegotiating and being removed from the TSA and ICD agreements.

Terrain has always viewed GW as the most valuable holding of the package sold to SRM and is excited to have a small but open at depth high grade and potential near term mining asset back in house. An internal review process has begun and the market will be informed in relation to Terrain's intentions relating to GW in due course.

All parties have agreed to a change in the Binding Term sheet relating to issuing of 4,000,000 fully paid ordinary Bligh shares with a 14 month Convertible Note with a conversion price of 5 cents. The additional 400,000 shares were in lieu of interest on the Convertible Note which has a value of \$200,000 at 5 cents. This change was requested by Bligh due to possible legal issue relating to achieving shareholder approval to have a PUT option in place. All parties have agreed to have a Convertible Note instead that achieves the same outcome.

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**Conditions of the Convertible Note:**

- \$200,000 face value;
- Issue date 28 November 2014;
- Redemption date 28 November 2015 to cash;
- Expiry date 28 January 2016 – automatically converts to cash;
- The note may be converted in whole or in part at any time from the Issue Date to the Expiry Date into shares at 0.05 cents (4,000,000 shares in total); and
- No interest - but 400,000 Fully Paid Ordinary shares issued up front in lieu, with no restrictions.

This is a default settlement and has been agreed to by all parties so to avoid SRM being put into administration.

SRM and Bligh have settled their Royalty obligations with Terrain for the following:

- Immediate Return of Tenement M37/54 Great Western and all relating data;
- Cash consideration of \$165,000 plus GST at settlement – Now received;
- 400,000 Fully Paid Ordinary Bligh shares with no escrow – Now received;
- Convertible note details above - \$200,000 face value or convertible a 0.05 cents per share; and
- All parties release each other of all contractual obligations and any future claims relating to the TSA, Inter Creditor Deed or other related agreements to this transaction once all obligations have been fulfilled.

The Board of Terrain is pleased to be able to move away and forward from these agreements, taking in account the current difficulties facing commodities prices and the resources sector in general.

**Justin Virgin**  
**Executive Director**