

ASX Announcement



23 April 2020

ABN: 45 116 153 514

ASX: TMX

Quarterly Activities Report: March 2020

Terrain Minerals Limited (ASX: TMX) is pleased to provide the following update on its activities for the March quarter;

HIGHLIGHTS:

- **Great Western – Sale Successfully Completed (April 2020)**
 - 11,542,498 shares issued at 19.06c (**\$2.2 million**) in Red5 Ltd issued as final tranche of consideration (total consideration being \$2,500,000 in cash and shares excluding GST).
 - Approximately **\$1.2 million** in cash received from the sale of 5,500,000 of those Red5 Ltd shares
 - Terrain has retained 6,042,498 of its shares in Red5 Ltd. Valued at market close on the 14th April 2020 at 22.5c (**\$1.36 million**)
 - **Cash balance (\$1.7 million)**, plus investment of Red5 Ltd shares (\$1.36 million) **Total combined value: \$3.06 million** (all values as of 14th April 2020)

- **Wild-Viper - Gold Exploration Program Underway**
 - Strategic land holding surrounding Great Western Gold Project (owned 100% Red5 Ltd) and adjacent to Saracen's (ASX: SAR) Bundarra gold deposits
 - Large soil sampling program underway over three highly prospective areas

- **Smokebush – Gold Exploration Project**
 - Maiden Mapping & Sampling site visit completed
 - Drilling applications for Wildflower, T16 & T16W granted
 - Flora & Fauna survey required for Monza & T13 – Consultant appointed
 - Drilling program designed, pending regulatory & final board approval

- **Corporate Update**
 - Project review process continues

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Great Western - Sale Successfully Completed

Sale completed in the following Quarter - April 2020

On 2 April 2020, Terrain received official notification from Red5 Ltd (ASX:RED) that it had exercised its option to purchase the Great Western gold project, and received the consideration for the exercise on 9th April 2020.

The second tranche payment of \$2,200,000 in Red5 Ltd shares calculated on a five-day VWAP of 19.06c has been received. Terrain was issued 11,542,498 fully paid ordinary shares.

A total of 5,500,000 shares have been sold, realising approximately \$1.2 million in cash.

Terrain has retained 6,042,498 shares and intends to hold these for investment purposes for the time being.

Value break down after the Transaction (as of market close on 14th April 2020):

- **Total: \$1.36 million** being the market value of 6,042,498 Red5 Ltd shares at 22.5c
- **Cash balance \$1.7 million** including current cash reserves and including the cash from the sale of 5.5 million Red5 Ltd shares
- **Total combined value: \$3.06 million** (Cash & tradable shares) as of 14th April 2020

Terrain Maintains the strategic land holding around Great Western deposit known as Wild-viper (refer to Diagram 1).

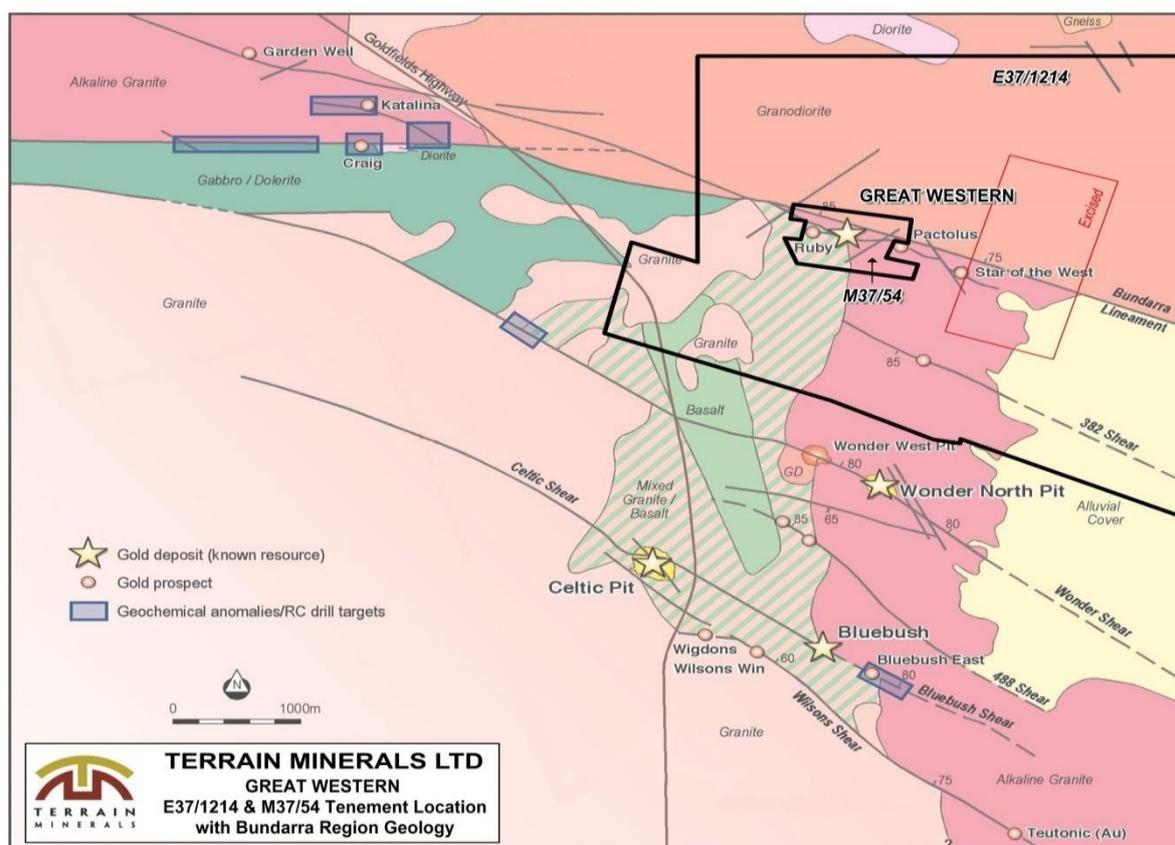


Diagram 1. Great Western Project M37/54 within the Wild-viper project area E37/1214. The Wild-viper tenement areas was not included in the sale agreement with Red5 Ltd.

Note: For additional information refer to ASX announcement:

- 11/11/2019 - Execution of Option Agreement for the Sale of Great Western Gold Project.

Wild-viper - Gold Exploration Program Underway

A comprehensive soil sampling program over this strategic land holding that surrounds the Great Western Gold Project (now owned 100% Red5 Ltd) and adjacent to Saracen's (ASX: SAR) Bundarra gold deposits has now commenced.

Wild-viper Gold Exploration activities will continue subject to any further Covid-19 travel restrictions being implemented.

The three key target areas as seen below (refer to Diagram 2) were identified from past studies and field observations during previous programs at Wild-viper and Great Western. The soil sampling program will be taken over grid lines of 200m by 50m over each area, subject to the geologist's discretion to local ground conditions.

The aim of the program is to identify possible in-soil gold anomalies, that highlight potential drill targets. If successful, Terrain intends to fast track the works over these targets, with an aim of conducting a first pass drill campaign later this year.

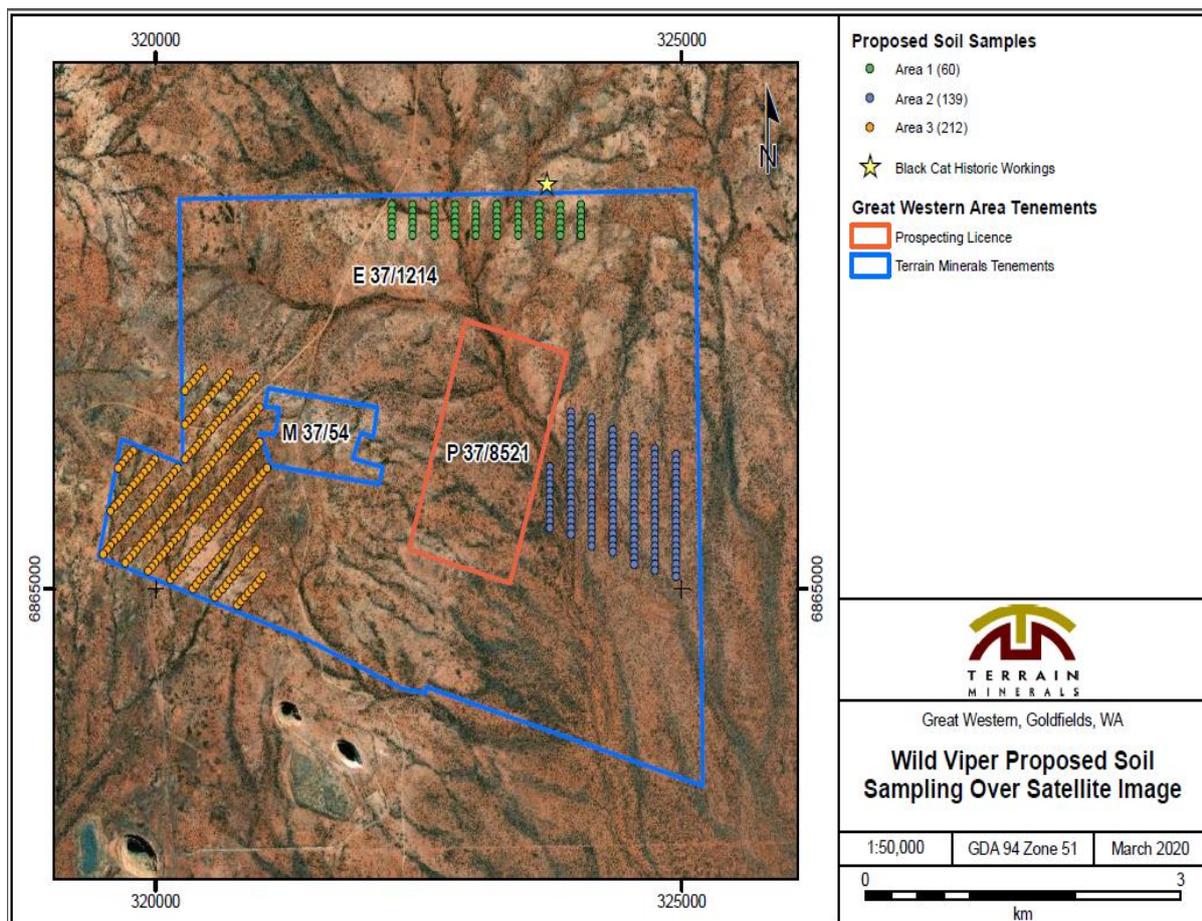


Diagram 2. Proposed soils program over Wild-viper. Due to ground condition some of the proposed grid lines may not be receptive to soil sampling so is subject to the geologist's discretion. Terrain estimates between the three target areas that up to ~500 samples could be collected and tested.

Note: For additional information refer to ASX announcement:

30 March 2020 - Wild-viper Gold Project Sampling Program Underway & Great Western Sale Update

Smokebush – New Gold Exploration Project

Terrain was very pleased with the findings from the maiden site visit to the Smokebush Project. The observations and results from sampling activities have confirmed that the area is highly prospective for gold exploration.

In January 2020 Terrain's geologists conducted an eight-day site visit, to gain a firsthand understanding of the local geology and any possible logistical challenges that may be encountered during the set up for a first stage drill program. The other key reason for the site visit was to validate historic data, including drill collar locations.

The Terrain geological team has successfully highlighted three high priority drill targets, along with two other areas that warrant further work and drill testing. The team also uncovered extensive historic underground mine working at the Monza Target (refer to pictures 1 & 2).

Terrain has commenced the planning for an RC and aircore drill program at the Smokebush gold project to test these high priority target areas.

The best rock chip samples over the priority targets include (refer to Diagram 3):

Monza: 3.1 g/t Au, & 0.61g/t Au & 0.37g/t Au

Target 13: 11.1g/t Au with 0.27% Pb and, 17.2 g/t Au with 2.3% Pb

Wildflower: 1.2 g/t Au

Other areas of interest include Targets T16 & T16W, which are both located in the southern area of the tenement package that also show potential. A drill program has been designed to test all five targets, the program is currently being reviewed and adjusted accordingly to ensure that drilling will test key areas and will be within budget.

The Program of Works (POW) has been approved for drilling at Wildflower, T16 & T16W. During this process Terrain received notification that a Flora & Fauna survey is required for both areas around Monza & T13. Terrain has appointed a consultant to conduct the flora, vegetation and fauna habitat survey, with ground works expected to be carried out in mid May 2020. Once the survey report has been received, it will be submitted along with a new POW application.

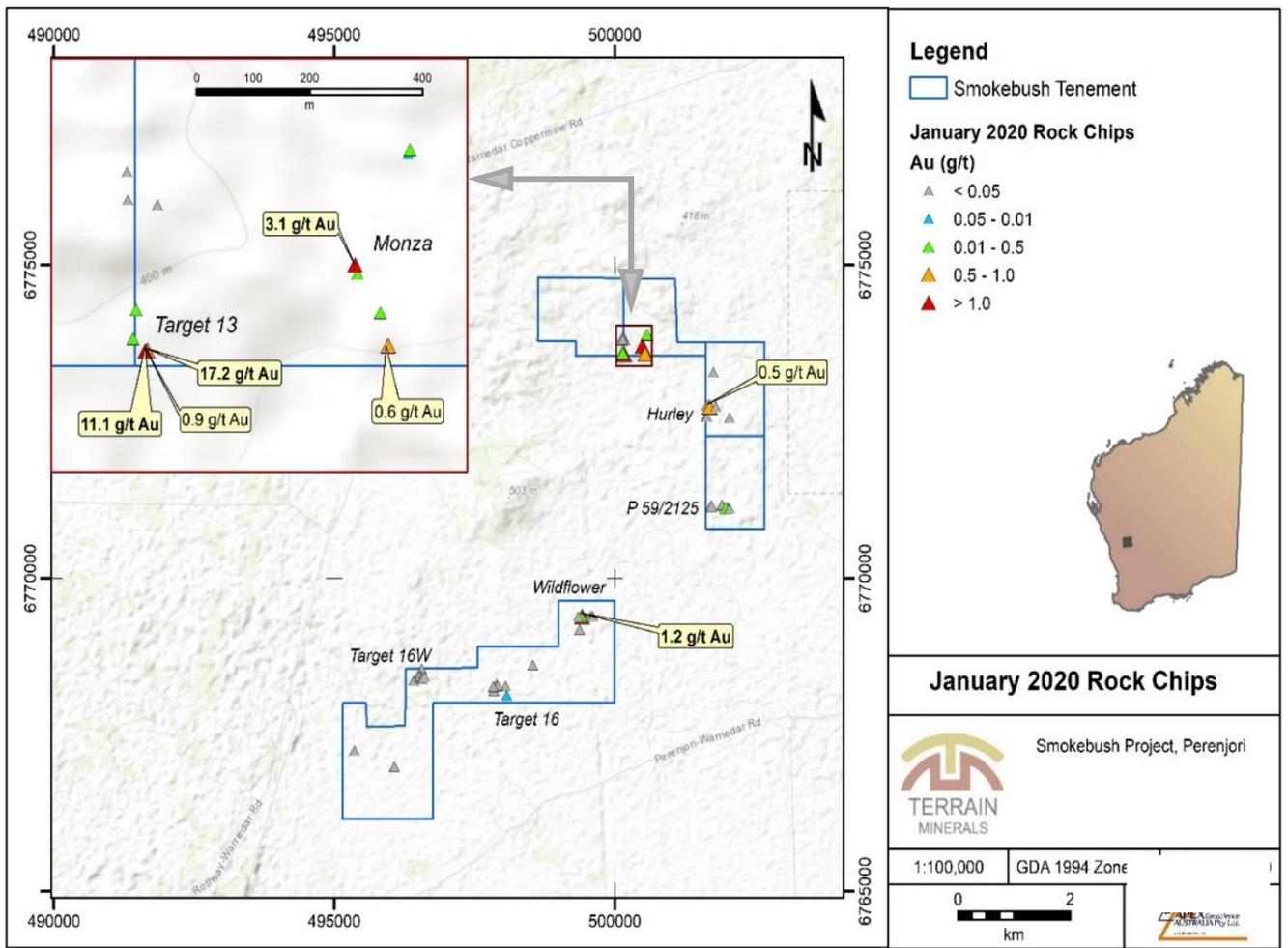


Diagram 3: Sample Locations & Results from January 2020 Site Visit

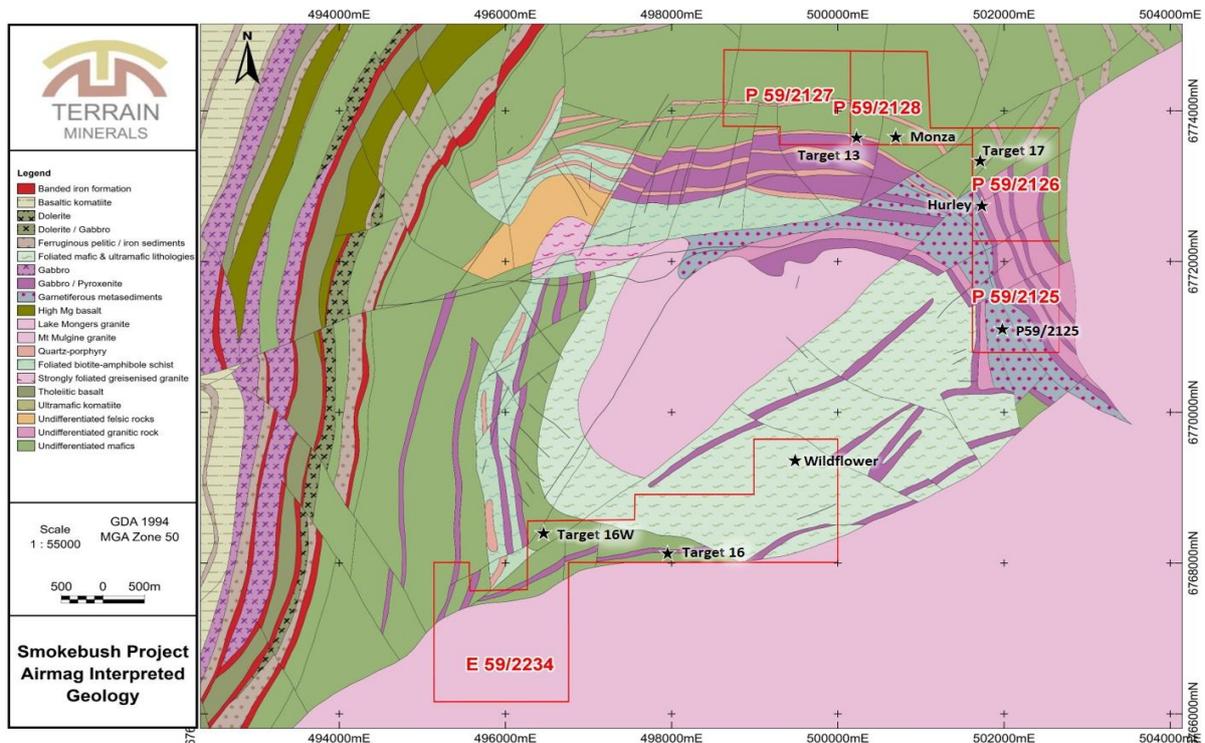


Diagram 4: Interpreted Geology Mt Mulgine with the Smokebush tenements in red outlines

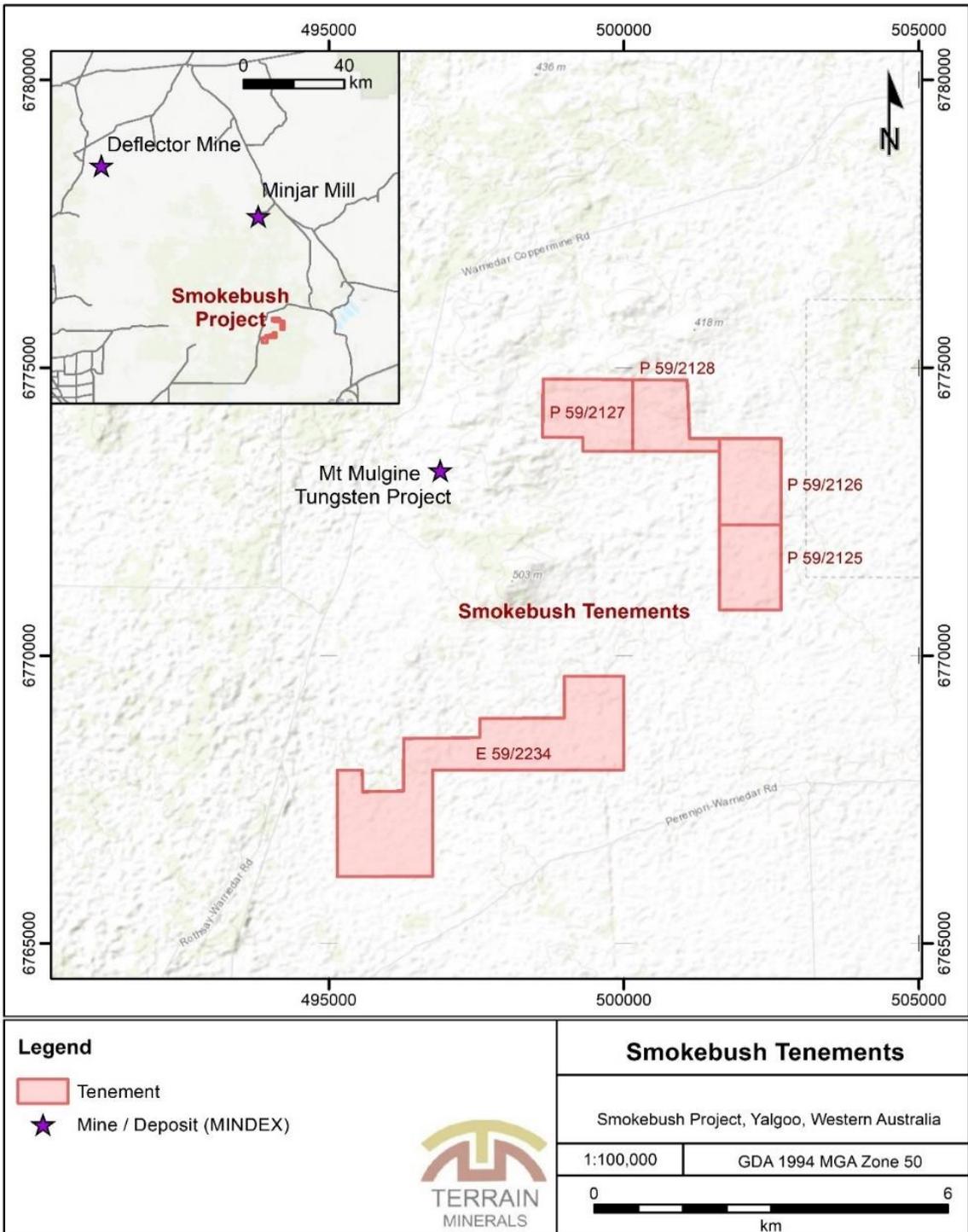


Diagram 5: SmokeBush Project Location (Tenements outlines in Red)

Monza & Target 13 Targets (Priority Targets)

The Monza and Target 13 targets occur within two distinct gold soil geochemical anomalies >19 ppb in the southwestern corner of P59/2128. Combined these two soil anomalies cover an area of 500 x 500 m. There are a number of >2 g/t Au rock chips that form a "bullseye" within the geochemical anomaly (peaking at 10.37g/t Au). The soil anomalies have had 11 angled RC drill holes completed (drilled towards the west and Southwest). It is believed that this drilling may not have effectively tested these geochemical anomalies.



Picture 1: Historic shafts at Monza



Picture 2: Further Historic workings at Monza

Wildflower Target (Priority Target)

Wildflower comprises a 1.0 km x 500 m gold in soil anomaly (>19ppb Au) located in the north-eastern part of E45/2234 (Diagram 6). The target has had limited drilling completed to date with 35 RAB holes (mostly less than 5m depth) and one angled RC hole (drilled towards the west) completed. Significant results (>0.5g/t Au) include 5m @ 1.0g/t from 100m in hole MMRC001 and 15m @ 1.49g/t from 10 m in hole MM110. Those results were collected with five metre composite samples.

The current level of drilling was completed on 270m line spacing, which is considered to be wide spaced and has not adequately tested the widespread gold anomaly (peaking at 226 ppb Au). Given that the above-mentioned gold anomalism intersected in the limited drilling is open at depth and along strike further drilling is required to delineate the extents of this gold mineralisation.



Picture 3: Surface expression of white cherty vein material in situ at Wildflower



Picture 4: Subcrop of vein material in potential structure at Wildflower

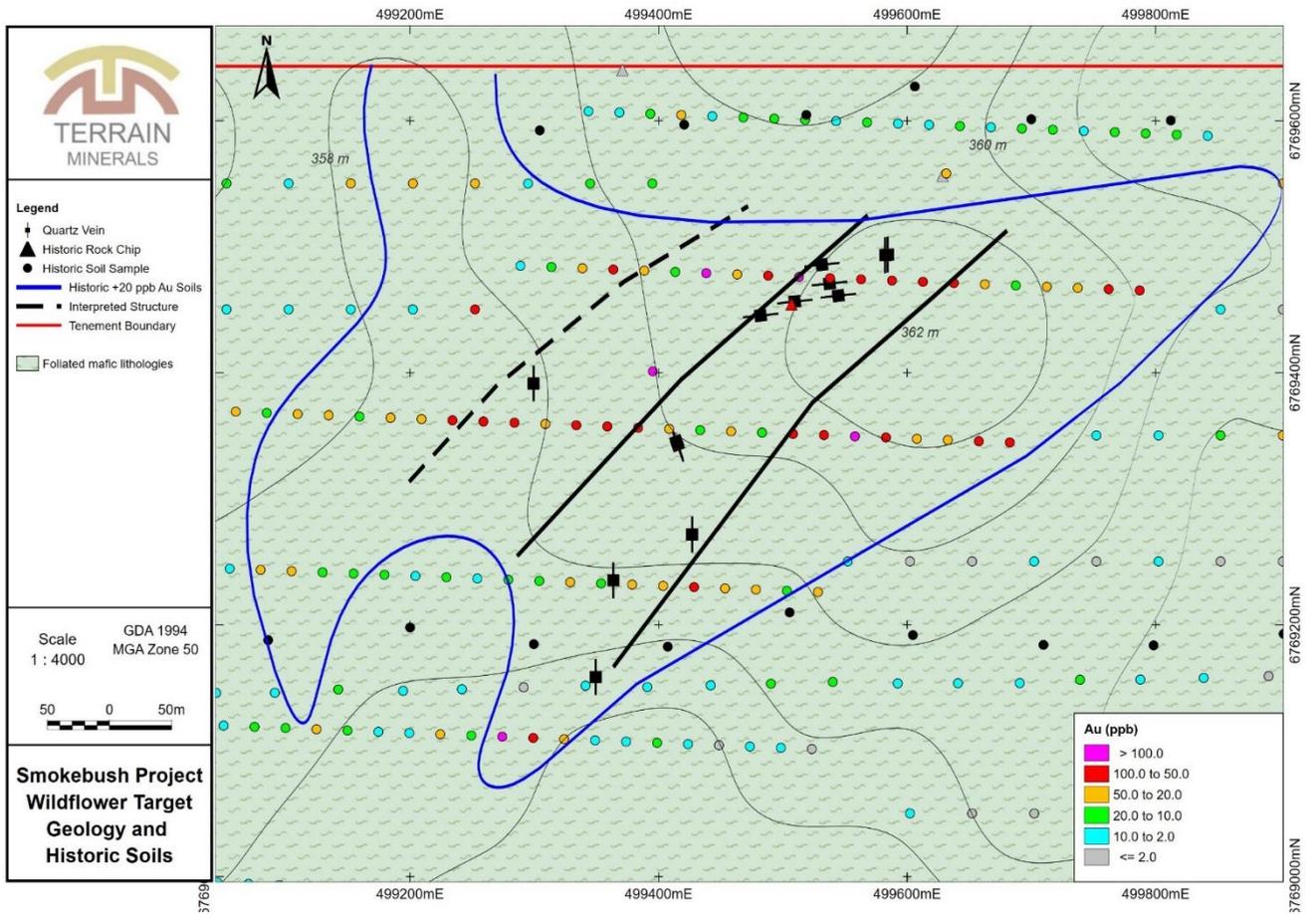


Diagram 6: Historic surface sample anomalism at the Wildflower prospect

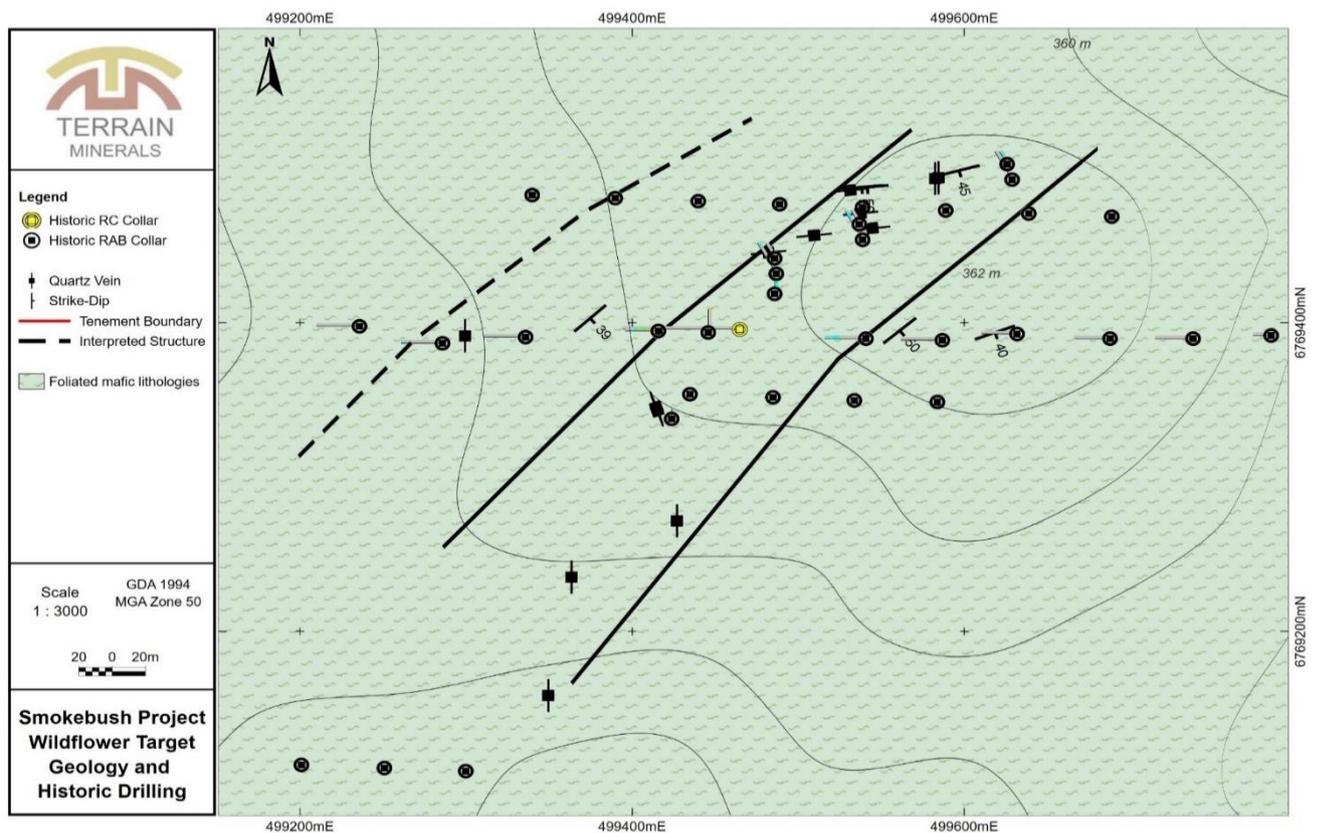


Diagram 7: Historic drilling at the Wildflower Target and recently mapped structures

Target 16

The T16 target is defined by a 750m x 500m zone of anomalous (>19ppb Au) gold in soil (peaking 280 ppb Au) located in the central part of tenement (E59/2234). T16 has been tested by five angled RC holes (drilled towards the north), four of which have returned significant gold values.

Significant results >0.5g/t Au include 1m @ 1.4g/t Au from 97 m in hole MMRC044 and 2m @ 0.83g/t Au from 86m. At a lower cut-off grade (>0.1g/t Au) the T16 target drilling highlights some wide zones of lower gold anomalism (13m @ 0.39g/t Au from 84m in hole MMRC123 and 16m @ 0.29g/t Au from 94m in hole MMRC044) that suggest that the current drilling may be on the edge of a wider zone of significant mineralisation. Drilling along strike of these wider zones of mineralisation is currently being examined.



Picture 5: Conglomerate with quartz cobbles-boulders at Target 16

Target 16W

Target 16W constitutes a large coincident gold-arsenic anomaly west of Target 16. There was no evidence of previous exploration or prospecting activities at the site. However, much like the other targets at the project, the surface anomalism is adjacent and downslope to a large area of outcrop.

The peak and north side of the hill outcrop a strongly foliated and highly weathered metasedimentary schist with hematite alteration. The unit, overall, strikes to the southeast and dips to the south, however local orientations are highly variable due to the strong schistosity.

Location & Access

The Smokebush Project Area is located approximately 85 kilometres east northeast of the Perenjori township and 65 kilometres west of Paynes Find within the Yalgoo Mineral Field.

The project is contained within four contiguous Prospecting Licenses (P59/2125, P59/2126, P59/2127 & P59/2128) and one Exploration Licence (E59/2234) enclosing a total area of approximately 1,254 hectares (Figure 1).

The tenements can be accessed via the unsealed Perenjori - Warriedar Road, and thence via extensive historical exploration grid lines, station tracks and fences lines.

Note: For additional information refer to ASX announcement:

- **3 March 2020** - Exciting Results from Smokebush Gold Project
- **18 December 2019** - Smokebush Exceptional Historic Drilling Results Identified During Project Due Diligence
- **02 December 2019** - Farm-in Agreement for the Smokebush Gold Project at Mt Mulgine, 65km West of Paynes Find WA

Corporate

Red Mulga Project

Terrain has completed site rehabilitation works and has relinquished title over the tenements.

Project Review

Terrain Minerals is currently searching and has been assessing potential 'company making' projects:

Terrain 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.

Due to the current global Corvid 19 virus situation. Terrain intends to focus on WA based opportunities for the time being, until the board can better understand the long-term restrictions around accessing foreign jurisdictions and travel. All opportunities will continue to be assessed on their merits.

Authority

This announcement has been authorised for release by the Board of Director of Terrain Minerals Limited.

For further information, please contact:

Justin Virgin

Executive Director

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Phone: +61 8 9381 5558

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** – Successful sale completed to Red5 Limited (ASX:RED) after the quarter's end. Refer to the above heading in this release: "Great Western - Sale Successfully Completed" for further details.
- **Wild-viper** - WA gold exploration Project 100% owned – Key strategic land holding surrounds the Great Western Gold Project now owned 100% Red5 Ltd and adjacent to Saracen's (ASX: SAR) Bundarra gold deposits. Terrain has commenced a large soil sampling program over three key areas with the aim of identifying further drill targets, if successful Terrain intends to drill test later in the year.
- **Smokebush** - WA gold exploration Project 100% owned – Terrain has identified five drill targets along with several other prospective areas that require additional work. Terrain is currently preparing for its Maiden drill program at Smokebush, that follow up on a previous drill program that Terrain believes failed to comprehensively test these targets. Terrain aims to conduct drilling in the 2nd or 3rd quarter 2020, subject to obtaining relevant approvals and the availability of drilling contractors.
- **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.

Competent Person Statement:

Great Western Information:

The information in this report/release which relates to Mineral Resources for the Great Western Deposit is based on & accurately reflect a report prepared by Peter Ball 2015. Mr Ball has the necessary experience relevant to the style of mineralisation, the type of deposit & the activity undertaken to qualify as a 'Competent Person' under the JORC Code for Reporting of Mineral Resources & Ore Reserves (2012 Edition). Mr Ball has given his consent to the inclusion of the information from his Report. Mr Ball is Principal of DataGeo Geological Consultants (an independent geological consultancy) & a member of the Australasian Institute of Mining & Metallurgy.

Smokebush & Wild-viper Gold Project Data Review:

The information in this report that relates to historic exploration activities are based on information compiled by Mr. S Nicholls, who is a Member of the Australian Institute of Geoscientists and full time employee of Apex Geoscience Australia Pty Ltd. Mr Nicholls 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. Nicholls consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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.

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.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Terrain Minerals Limited

ABN

45 116 153 514

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(47)	(95)
(b) staff costs	(49)	(147)
(c) administration and corporate costs	(79)	(226)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(174)	(467)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	-	-
(e) investments	-	-
(f) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (Non-refundable deposit for option on sale of Great Western)	-	330
2.6 Net cash from / (used in) investing activities	-	330

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	250
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	12
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(6)	(12)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities		250

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	509	409
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(174)	(467)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	zz330
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(6)	250
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	522	522

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	502	682
5.2 Call deposits	20	20
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	522	702

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

49

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

**Total facility
amount at quarter
end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

-

-

-

-

7.5 Unused financing facilities available at quarter end

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(174)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(174)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	287
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	287
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.65

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Following the end of the period the Company received \$2.2 million in consideration (tradeable shares in Red5 Limited (ASX: RED)) for the sale of its Great Western project, and subsequently realised approximately \$1.2 million from sales of a portion of those shares.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Refer 1. above

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes. Refer 1 above.

Schedule of Exploration Tenements held as at 31 March 2020 - Listing Rule 5.3.3 Interests in Mining Tenements

Project/Tenements	Location	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
Great Western ML37/0054 M37/1214	Western Australia	100% 100%	- -	- -
Red Mulga E09/2246 E09/2247 E09/2291	Western Australia	- - -	- - -	100% 100% 100%

Farm-in Agreements / Tenements	Location	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
Smokebush E59/2234 P59/2125 P59/2126 P59/2128	Western Australia	Terrain has the right to earn 80% via on ground expenditure		

Farm-out Agreements / Tenements	Location	Held at end of quarter	Acquired during the quarter	Disposed during the quarter

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

23 April 2020

Date:

The Board of Directors

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.