



**Terrain Minerals Ltd**  
**ABN: 45 116 153 514**

**Annual Report 30 June 2009**

# Chairman's Letter

Dear Shareholder,

This financial year has been an eventful one, in exploration, commencing mining studies, board changes, combating and repelling a takeover and importantly raising capital. Terrain thanks you for your support.

## 100 % TENEMENTS

### **Bundarra**

- Including Celtic, Wonder North and Great Western areas where pit optimization, pit design and mine scheduling studies are nearing completion, so that appropriate permit applications for mining of these areas can be made and mining commence.
- On going discussions with interested parties encompass mining the assets alone, mining with a contractor and with the contractor sharing the profit and the risk.
- Exploration areas where success has been achieved are Bluebush. Other areas await exploration when funds become available.

### **Dodgers Well**

- This is a new area being purchased at the moment, where high grade gold samples have been recovered.

### **Kambalda**

- Coogee gold deposit has had pit optimization and design studies, completed but is not programmed for mining at this time.
- Aztec Dome area is of much interest to Terrain as it has shown characteristics geologically comparable with the near by Kambalda Dome, and is highly prospective for Nickel and Gold. Terrain is carrying out geophysical studies and is planning drill hole positions for future exploration activity.

### **Black Cat Joint Venture**

- Near the 100% Bundarra tenements, Terrain has entered into an earn in joint venture with St Barbara Mines Ltd. Terrain is approaching earning a 60% interest in this area by completing spending of \$750,000.
- To date exploration has been positive in identifying highly prospective drill targets.

## FINANCING

Some \$1.9m has been raised this financial year to allow Terrain to repel a hostile takeover bid, continue exploration and mine planning; this financing has been completed at a depressed time in the market. The optimism shown by the participants to the fund raising, indicates the high quality and development stage of the Terrain asset base.

It is anticipated that further capital raisings will occur to advance Terrain projects but with a bent towards the Aztec dome, as it is anticipated this area will if exploration is successful have a great influence on Terrain's future.

It remains to thank the employees for their endeavour and work for Terrain.

Yours sincerely,

**Richard Sandner**  
Chairman

**Terrain Minerals Ltd**  
**ABN: 45 116 153 514**  
**Financial Report**

**Year ended 30 June 2009**

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Terrain Minerals Ltd ABN 45 116 153 514  
**Corporate Directory**

**Terrain Board**  
Richard Sandner  
*Chairman*

Jonathan Lim  
*Vice Chairman*

Keith Wells  
*Managing Director*

Paul Dickson  
William Bannister  
**Non Executive Directors**

Ian Hobson  
*Company Secretary*

**Share register**  
Computershare Investor Services Pty Ltd  
Level 2 Reserve Bank Building  
45 St Georges Terrace  
Perth WA 6000  
Telephone +61 8 9323 2000  
Facsimile +61 8 9323 2033

**Auditor**  
**BDO Kendalls Audit & Assurance (WA) Pty Ltd**  
128 Hay Street  
Subiaco WA 6008

**Solicitors**  
Allion Legal  
Level 2 Spinifex House  
50 Kings Park Road  
West Perth WA 6005

**Bankers**  
National Australia Bank  
Business Banking Centre  
1232 Hay Street  
West Perth WA 6005

**Stock exchange listings**  
Terrain Minerals Ltd shares are  
listed on the Australian Securities Exchange

Ordinary fully paid shares (ASX code TMX)

Listed options (ASX code TMXO)

**Principal registered office in Australia**  
1327 Hay Street  
West Perth 6005  
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Website: [www.terrainminerals.com.au](http://www.terrainminerals.com.au)

## Directors' Report

Your directors present their report on the Group (referred to hereafter as the Group) consisting of Terrain Minerals Ltd ("Terrain" or "Company") and the entities it controlled at the end of, or during, the year ended 30 June 2009.

### Directors

The names of the directors of the Company in office during the year and until the date of this report are as follows. The directors were in office for the entire period unless otherwise stated.

Keith Wells	
William Bannister	
Paul Dickson	(Appointed 27 February 2009 and continues in office)
Richard N Sandner	(Appointed 20 March 2009 and continues in office)
Ross Gillon	(Resigned 4 March 2009)
David Zohar	(Resigned 4 March 2009)
Jonathan Lim	(Appointed 11 September 2009 and continues in office)

### Principal activities

During the period the principal activities of the Group consisted of exploration for gold and other mineral resources.

### Dividends

No dividends were paid to members during the financial period and the directors do not recommend the payment of a dividend.

### Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the review of operations and activities below:

### Financial Position

During the period the Group incurred a net loss of \$1,871,866 (2008: (loss of \$1,511,263) and had a net increase in contributed equity of \$1,775,467 (\$11,334,922 to \$13,110,389) as a result of:

- a rights issue of 11,064,250 ordinary shares at a deemed value of \$0.05 cents each;
- a placement of 9 ordinary shares at a value of 25 cents each, pursuant to an exercise of options;
- a placement of 13,999,996 ordinary shares at a value of \$0.0475 cents each, to sophisticated and professional investors;
- a rights issue of 14,752,355 ordinary shares at a deemed value of \$0.0475 cents each;
- payment of capital raising and share issue costs of \$143,484.

At the end of the financial period the Group had net cash balances of \$1,310,523 and net assets of \$9,123,740.

Total liabilities amounted to \$376,952 being trade and other creditors.

### Review of Exploration

In response to the economic downturn during the year the Company reduced its level of exploration activity and switched its focus to mine development at Bundarra and East Kambalda. The two lowest priority projects at Redcastle and Euro have been relinquished, but an option over a new project at Dodgers Well has been acquired.

### Bundarra (Celtic, Great Western, Black Cat JV)

A new resource estimate completed in August 2008 identified JORC compliant resources at Bundarra of 4.96million tonnes @ 2.0g/t gold (321,300 oz). Mining studies, including pit optimisations and preliminary open pit mine plans have been completed over the Celtic and Wonder North deposits. Additional mining studies over the Great Western deposit were in progress at years end.

Geological mapping was completed across the tenement block and identified a number of prospective shears with similar characteristics to the shears hosting the known resources. Soil sampling programs across the prospective shears identified five anomalies, which will require drill testing.

## Directors' Report

### East Kambalda

Mining studies, including pit optimisations and preliminary open pit mine plans have been completed over the Coogee gold deposit. The deposit is being offered for sale.

At the Aztec Dome prospect a gravity survey was completed over the area of magnetic anomalies. Modelling of the gravity data strengthened the concept that the Aztec Dome is a repeat of The Kambalda Dome. Follow up orientation EM and IP surveys located a number of anomalies and an IP survey covering the entire dome was completed in September 2009.

### Dodger's Well

An option to purchase agreement has been acquired over the Dodgers Well project, approximately 30kms from Bundarra. To complete the purchase Terrain has to issue shares to the value of \$50,000 (approximately 1,000,000 shares at the current price of 5 cents per share) before December 2009.

Mapping and sampling has identified high gold grades and drill targets.

### Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

	<u>2009</u> <u>\$</u>
a) An increase in contributed equity of \$1,918,952 (from \$11,334,922 to \$13,110,389) as a result of:	
Issue of 11,064,250 fully paid ordinary shares at 0.05 cents pursuant to a rights issue.	553,213
Issue of 9 fully paid ordinary shares at 0.25 cents pursuant to an exercise of options	2
Issue of 13,999,996 fully paid ordinary shares at 0.0475 cents pursuant to a placement to sophisticated and professional investors.	665,000
Issue of 3,096,520 fully paid ordinary shares at 0.0475 cents pursuant to a rights issue.	147,085
Issue of 11,655,815 fully paid ordinary shares at 0.0475 cents pursuant to a rights issue shortfall placement.	553,651
	<u>1,918,952</u>
Less: Transaction costs arising from the share issues	-143,485
Net increase in contributed capital	<u><u>1,775,467</u></u>
b) The net increase in contributed equity amounting to \$1,775,467 was used primarily to fund the Group's exploration activities and to provide working capital.	

Other than those matters shown above, no significant changes in the state of affairs of the Group occurred during the financial period.

### Matters subsequent to the end of the financial year

Mr Jonathon Lim was appointed a Director on 11 September, 2009.

De-registration of Arocom Pty Ltd was lodged at ASIC on 23 July, 2009.

Expenditure on the Black Cat Joint Venture exceeded the \$750,000.00 to earn a 60% interest.

Other than the above, no matter or circumstance has arisen since 30 June 2009 that has significantly affected, or may significantly affect:

- the Group's operations in future financial years;
- the results of those operations in future financial years;
- the Group's state of affairs in future financial years.

## Directors' Report

### Likely developments and expected results of operations

Other than likely developments contained in the "Review of operations and activities", further information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

### Environmental regulation

The Group is subject to the environmental laws and regulations imposed under the Mining Act 1978 (Western Australia), depending on the activities being undertaken. The group is currently engaged in exploration activities which are governed by conditions or recommendations imposed through the granting of a license or permit to explore. Compliance with these laws and regulations is regarded as a minimum standard for the Group to achieve. There were no known breaches of any environmental laws or regulations during the year.

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. For the first measurement period 1 July 2008 to 30 June 2009 the directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

To the Best of the Director's knowledge, Terrain Minerals Ltd has adequate systems in place to ensure compliance with the requirements of the environmental legislation described above and is not aware of any breach of those requirements during the financial year and up to the date of the Director's Report.

### Information on directors

#### **RICHARD SANDNER** *Chairman – Non-executive (Appointed 20 March 2009)*

##### *Experience and expertise*

Mr. Sandner is a lawyer with experience in the resources arena and has thirty years senior managerial and corporate experience in the mining industry; having previously been the Managing Director and a founding director of both Bendigo Mining NL and Reef Mining NL. Mr. Sandner successfully transformed Reef Mining from an explorer to a mining company. He is the past president of the Minerals Council of Australia – Victorian Division and is currently involved with a Victorian based unlisted gold and base metal explorer.

##### *Other directorships*

Mr. Sandner's directorship of a public listed company over the past three years is Penshurst Resources Ltd.

#### **JONATHAN LIM** *Vice Chairman – Non-executive (Appointed 11 September 2009)*

##### *Experience and expertise*

Mr. Lim is an entrepreneur having founded Romar Positioning Equipment Pty Ltd in 1984. Since then, Mr. Lim has grown Romar to a leading global heavy automation equipment manufacturer, principally in the energy, alternative energy, and oil & gas sector. Romar also has distribution facilities and associates in over 30 countries globally and was ranked 3<sup>rd</sup> place in the Singapore Enterprise E50 Awards in 2007. In 2008, Romar was acquired by a UK-based MNC and re-organised as Romar Positioning Equipment International Pte Ltd, and incorporated as a Global business division of the new owners, of which Mr. Lim is currently the Managing Director.

In addition to being an entrepreneur, Mr. Lim is also an avid investor, promoter and venture capitalist in various listed and unlisted companies in advanced materials, oil sands, heavy oil, electric cars and its allied industries, green industries, electronics and LEDs, mineral business and food manufacturing businesses in both North and South America, Australia and North and SE Asia. Mr. Lim currently sits on the Board of 2 Singapore SGX listed Catalist companies as Non Executive Chairman of both ENZER and ADVENTUS.

##### *Other directorships*

Mr Lim held no other directorships of ASX listed companies during the last three years.

#### **KEITH WELLS** *BSc, MSc, Grad Dip Bus, MAIG Managing Director*

##### *Experience and expertise*

Keith Wells is a geologist with over thirty years experience in the mining industry, including over twenty years at senior management level. He also worked extensively as a consultant. He has worked in most states of Australia as well as overseas and has been involved with a number of successful exploration finds including: Henty gold deposit, Tasmania, Mt Coolon gold deposit, Queensland, Hamata gold deposit, PNG and Magellan lead deposit, WA.

##### *Other directorships*

Mr Wells held no other directorships of ASX listed companies during the last three years.



**Directors' Report****PAUL DICKSON B.Econ Director – Non-executive (Appointed 27 February 2009)***Experience and expertise*

Mr Dickson has over 20 years experience in the Securities and Finance Industries since 1988, with an initial 3 years in banking followed by approximately 13 years in stock broking with the majority of his career spent at tier one firm Ord Minnett Ltd. In the past 6 years as a corporate advisor, with the majority of his time as a principal and co-founder of Paradigm Capital, Paul has originated IPO's and equity placements across the industrial and mining sectors for listed entities and been involved in seed capital raisings, and sub-underwritings during this time.

*Other directorships*

Mr Dickson held no other directorships of ASX listed companies during the last three years.

**WILLIAM BANNISTER MSc. AWASM Director – Non-executive***Experience and expertise*

Mr Bannister has over 40 years experience in exploration and mining geology. He has extensive experience with uranium exploration in Western Australia as well as experience in precious metals. Mr Bannister worked in Western Mining Corporation in a number of locations and positions, including senior geologist, and then joined the Tenneco group of companies to rise to the position of Australian Exploration Manager – Minerals. For the past 20 years he has been an independent geologist and consultant. Companies consulted to include WMC, Outokompu Mining (Australia) Pty Ltd and numerous participants in the mining industry.

*Other directorships*

Mr Bannister's directorship of a publically listed company over the past three years is United Orogen Limited as the Managing Director.

**Information on Company secretary****IAN HOBSON B.Bus, FCA, MAICD Company Secretary***Experience and expertise*

Ian Hobson is a sole practitioner Chartered Accountant specialising in providing company secretarial services and non-executive director positions to small ASX listed companies. Prior to commencing his own practice, Mr Hobson had in excess of 20 years professional accounting experience working for large chartered accounting firms in Australia, London and Toronto. Mr Hobson has had experience in a variety of industries and is experienced in capital raisings, due diligence, compliance, transaction support and general accounting services.

**Directors' interests in shares and options**

As at the date of this report the interests of the Directors in the shares and options of the company were:

2009	Ordinary Shares		Options over Ordinary Shares	
	Direct	Indirect	Direct	Indirect
K Wells	-	3,421,535	1,500,000	1,775,000
R Sandner	-	-	-	-
P Dickson	-	735,668	-	51,000
W Bannister	-	38,104	-	-
J Lim	-	17,690,815	-	-

2008	Ordinary Shares		Options over Ordinary Shares	
	Direct	Indirect	Direct	Indirect
K Wells	-	3,312,000	-	3,275,000

## Directors' Report

### Meetings of directors

The number of meetings of the company's board of directors held during the period ended 30 June 2009 and the number of meetings attended by each director were:

	Full meetings of Directors	
	Held	Attended
W Bannister	14	12
K Wells	14	14
P Dickson	7	7
R Sandner	4	3
D Zohar	7	5
R Gillon	7	7

**Held** – denoted the number of meetings held during the time the director held office.

### Remuneration report

The remuneration report is set out under the following main headings:

- A. Principles used to determine the nature and amount of remuneration
- B. Details of remuneration
- C. Service agreements
- D. Share-based compensation
- E. Additional information

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

#### A Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management.

The Group has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- focuses on exploration success as the creation of shareholder value and returns
- attracts and retains high calibre executives.

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards
- provides recognition for contribution.

The framework currently consists of fixed salaries and options.

The overall level of executive reward takes into account the performance of the Group. The Group is involved in mineral exploration and did not derive a profit and therefore growth in earnings is not considered relevant. Shareholder wealth is dependent upon exploration success and has fluctuated accordingly. During the same period, average executive remuneration has been maintained in accordance with industry standards.

## Directors' Report

### Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman is not present at any discussions relating to determination of his own remuneration.

### Directors' fees

The current base remuneration was last reviewed with effect from May 2008. Directors' remuneration is inclusive of committee fees.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The total maximum currently stands at \$200,000.

### Retirement allowances for directors

There is no provision for retirement allowances for non-executive directors.

### Performance based remuneration

All staff (including executive directors) are eligible to participate in the Employee Share Scheme. The scheme is designed to reward employees for a significant improvement in the share price. Please refer to page 11 for details of employee share option scheme.

### Company performance, shareholder wealth and director's and executives' remuneration

The fees paid to directors have not increased since the Company listed on the ASX in March 2006. Increases in executive's pay are being limited to indexation and executive remuneration remains in the bottom quartile of remuneration for comparable positions in the minerals industry.

### Executive pay

The executive pay and reward framework has three components:

- I. base pay and benefits
- II. long-term incentives through participation in the Employee Share Option Scheme
- III. other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration;

#### I. Base pay

Structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There is no guaranteed base pay increases included in any senior executives' contracts.

#### Benefits

Executives may receive benefits including memberships, car allowances and reasonable entertainment.

#### II. Incentives

Through participation in the Employee Share Option Scheme as and when determined by the Board. Individual performance reviews are carried out annually. Any allotment of options to executives are considered by the Board depending on individual performance. Performance remuneration is not related to company performance. The Group is still in exploration and development phase.

#### III. Other

Directors and employees are permitted to nominate a superannuation fund of their choice to receive superannuation contribution.

**Directors' Report****B Details of remuneration**

Details of the remuneration of the directors and the key management personnel of Terrain Minerals Ltd are set out in the following tables:

Name	Short-term benefits		Post-employment benefits	Share based payments	Total \$	Value of Share based payments as a % of total remuneration	Proportion of remuneration relating to performance
	Cash salary and fees \$	Non monetary benefits \$	Superannuation \$	Options \$			
<b>2009</b>							
<b><u>Executive Directors</u></b>							
K Wells	118,153	6,171	92,449	40,947	257,719	16%	0%
<b><u>Non-Executive Directors</u></b>							
R Sandner	8,308	-	748	-	9,056	0%	0%
P Dickson	10,000	-	900	-	10,900	0%	0%
W Bannister	-	-	33,135	-	33,135	0%	0%
* R Gillon	-	-	-	-	26,911	0%	0%
D Zohar	23,135	-	2,082	-	25,217	0%	0%
<b><u>Company Secretary</u></b>							
# I Hobson	-	-	-	-	54,780	0%	0%
<b><u>Other Key Management Personnel</u></b>							
C Tomich	141,476	16,831	12,922	-	171,229	0%	0%
<b>Total</b>	<b>301,072</b>	<b>23,002</b>	<b>142,236</b>	<b>40,947</b>	<b>588,948</b>	<b>16%</b>	<b>0%</b>

\* Lawton Gillon The company associated to R Gillon was paid Directors Fees amounting to \$26,911.

# Churchill Services The company associated to I Hobson was paid \$54,780.

The key management personnel are the Directors, Company Secretary and Mr Christopher Tomich who is the Exploration Manager.

Name	Short-term benefits		Post-employment benefits	Share based payments	Total \$	Value of Share based payments as a % of total remuneration	Proportion of remuneration relating to performance
	Cash salary and fees \$	Non monetary benefits \$	Superannuation \$	Options \$			
<b>2008</b>							
<b><u>Executive Directors</u></b>							
K Wells	344,271	2,251	13,684	-	360,206	0%	0%
<b><u>Non-Executive Directors</u></b>							
D Tucker	18,997	2,725	2,981	-	24,703	0%	0%
J Lee	126,672	2,725	14,829	-	144,226	0%	0%
C Brown	11,920	2,725	1,847	-	16,492	0%	0%
R Gillon	-	237	-	-	237	0%	0%
D Zohar	-	237	-	-	237	0%	0%
W Bannister	-	237	-	-	237	0%	0%
J Brewer	9,745	1,303	1,076	-	12,124	0%	0%
<b><u>Company Secretary</u></b>							
D J Kelly	76,698	2,488	-	-	79,186	0%	0%
I Hobson	4,000	474	-	-	4,474	0%	0%
<b><u>Other Key Management Personnel</u></b>							
C Tomich	112,352	-	11,946	-	124,298	0%	11%
<b>Total</b>	<b>704,655</b>	<b>15,402</b>	<b>46,363</b>	<b>-</b>	<b>766,420</b>	<b>0%</b>	<b>11%</b>

Included in the cash salary and fees paid to Mr Tomich was a sign on bonus of \$20,000 paid in consideration of the extension of Mr Tomich's employment contract which was executed on 7 December 2007. There were no other parameters required to be met by Mr Tomich in order to be entitled to this bonus payment.

## Directors' Report

### C Service Agreements

Remuneration and other terms of employment for the Managing Director and Exploration Manager are formalised in service agreements.

The agreements for the Managing Director and Exploration Manager provide for the provision of other benefits and participation, when eligible, in the Employee Share Option Scheme.

Other major provisions of the agreements relating to remuneration are set out below.

#### *K Wells, Managing Director*

- Term of agreement – For a period of 1 year.
- Base salary, inclusive of superannuation and other benefits, as at 30 June 2009 of \$221,603 to be reviewed annually. Director's fee of \$36,117 inclusive of superannuation is paid in addition. Provision of four weeks annual leave. Payment of a termination benefit on early termination by the company other than for gross misconduct, equal to the base salary for the remaining term of the agreement.
- Provision of Membership fees and Income Protection Insurance.

#### *C Tomich, Exploration Manager*

- Term of agreement – For a period of 1 year.
- Base salary, inclusive of superannuation and other benefits, as at 30 June 2009 of \$171,229, to be reviewed annually. Provision of four weeks annual leave. Payment of a termination benefit on early termination by the company other than for gross misconduct, equal to the base salary for the remaining term of the agreement. 1,000,000 options to be granted under the terms of the Employee Option Scheme Plan with a five year term exercisable at 0.20 cents.

### D Share-based compensation

Options are granted under the Employee Share Option Scheme. All staff are eligible to participate in the scheme (including executive directors) at the absolute discretion of the directors and based on individual performance.

Options are granted under the scheme for no consideration. Options are granted for a period of up to 5 years. Entitlements to the options are vested as soon as they become exercisable.

The terms and conditions of each grant of options affecting remuneration are as follows:

Grant date	Expiry date	Exercise price	Fair value per option at grant date	Date exercisable
9-Sep-08	10-Sep-13	20 cents	0.0272	At any time during the option period
1-Dec-08	30-Nov-13	20 cents	0.0273	At any time during the option period

There is no vesting period for these options. The options are vested and exercisable on issue.

Options granted under the scheme carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share.

The exercise price of options is determined by the directors which shall be not less than 20 cents or 80% of market price on the date upon which the directors first resolved to grant the options.

The amounts disclosed for emoluments relating to options above are the assessed fair values at grant date of options granted to directors and other key management personnel, allocated equally over the period from grant date to vesting date. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Terrain Minerals Ltd ABN 45 116 153 514  
**Directors' Report**

The model inputs for options granted during the period ended 30 June 2009 included:

Grant date	9-Sep-08	1-Dec-08
Expiry date	10-Sep-13	30-Nov-13
Exercise price	\$0.20	\$0.20
Consideration	Nil	Nil
Share price at grant date	0.05 cents	0.026 cents
Expected price volatility of the company's shares	80%	80%
Expected dividend yield	Nil	Nil
Risk-free interest rate	7.25%	4.25%
Option Valuation	2.72 cents	2.73 cents
Vesting Period	Nil	Nil

Further details relating to options are set out below.

2009	A	B	C	D	E
Name	Remuneration % consisting of options	Value at Grant date \$	Value at exercise date \$	Value at lapse date \$	Total of columns B - D \$
Keith Wells	40,947	-	-	-	-

There were no options issued for remuneration in 2008.

- A = The percentage of the value of remuneration consisting of options, based on the value at grant date set out in column B.  
 B = The value at grant date calculated in accordance with AASB 2 Share-based Payments of options granted during the year as part of remuneration.  
 C = The value at exercise date of options that were granted as part of remuneration and were exercised during the year.  
 D = The value at lapse date of options that were granted as part of remuneration and that lapsed during the year.

2009	Number of Options Granted During the period		Number of Options Vested During the period	
	2009	2008	2009	2008
<b>Directors of Terrain Minerals Ltd</b>				
<b><u>Executive</u></b>				
K Wells	1,500,000	-	-	-
<b><u>Non-Executive</u></b>				
R Sandner	-	-	-	-
W Bannister	-	-	-	-
P Dickson	-	-	-	-
<b>Company Secretaries</b>				
I Hobson	-	-	-	-
<b>Other Key Management Personnel</b>				
C Tomich	-	-	-	-

There were no ordinary shares issued as a result of the exercise of options.

**Directors' Report****E Additional information**

The table below sets out the performance of the company and the consequences on the shareholders' wealth for the period from listing on the Australian Stock Exchange on 21 March 2006 until the end of the current financial period.

	2009	2008	2007	2006
Quoted price of ordinary shares at period end (cents)	5.50	6.39	17.50	15.50
Quoted price of options at period end (cents)	-	1.20	-	-
Loss per share	2.25	2.00	1.92	0.99
Dividends paid	-	-	-	-

**End of Audited Remuneration Report**Loans to directors and executives

There are no loans to directors or executives.

Share options granted to directors and the most highly remunerated officers

No options were granted since the end of the financial period.

**Shares under option**

Unissued ordinary shares of Terrain Minerals Ltd under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
19-May-06	24-Mar-11	20 cents	400,000
23-Mar-07	24-Mar-11	20 cents	200,000
27-Mar-07	22-Mar-10	30 cents	320,000
2-May-07	22-Mar-12	20 cents	500,000
20-Jun-07	31-Jul-10	25 cents	3,570,398
31-Jul-07	31-Jul-10	25 cents	7,747,902
21-Sep-07	31-Jul-10	25 cents	31,558,593
27-Sep-07	31-Jul-10	25 cents	6,747,239
31-Dec-07	31-Jul-10	25 cents	2,000,000
5-Jun-08	23-Mar-11	10 cents	70,000
9-Sep-08	10-Sep-13	20 cents	500,000
1-Dec-08	30-Nov-13	20 cents	1,500,000
			55,114,132

**Shares issued on the exercise of options**

There were 9 ordinary shares of Terrain Minerals Ltd issued during the period ended 30 June 2009 on the exercise of options.

There were no ordinary shares of Terrain Minerals Ltd issued during the period ended 30 June 2009 on the exercise of options granted under the Terrain Minerals Ltd Employee Share Option Scheme.

**Insurance of officers**

During the period the Company paid a premium to insure the directors and officers of the Company. Under the terms of the policy the Company cannot publish amounts paid for premiums or the extent of the liabilities insured.

## Directors' Report

### Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

### Non-audit services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the period are set out below.

The board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact the impartiality and objectivity of the auditor.
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risk and rewards.

During the period the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms.

Non-Assurance services	2009 \$
<u>Corporate Tax services</u>	
BDO Kendalls Corporate Tax (WA) Pty Ltd:	
Preparation of Income Tax Return	<u>15,685</u>

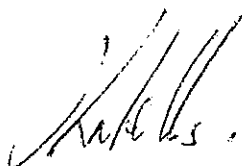
### Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

### Auditor

BDO Kendalls Audit & Assurance (WA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of the directors.



K Wells  
Managing Director  
Perth, Western Australia

18 September 2009





BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd  
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PO Box 700  
WEST PERTH WA 6872  
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ABN 79 112 284 787

18 September 2009

The Directors  
Terrain Minerals Limited  
Suite 5, 1327 Hay Street  
WEST PERTH WA 6005

Dear Sirs

**DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF  
TERRAIN MINERALS LIMITED**

As lead auditor of Terrain Minerals Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Terrain Minerals Limited and the entity it controlled during the period.

**Chris Burton**  
Director

*BDO Kendalls*

**BDO Kendalls Audit & Assurance (WA) Pty Ltd**  
Perth, Western Australia.

# Terrain Minerals Ltd ABN 45 116 153 514

## Corporate Governance Statement

This statement outlines the main corporate governance practices in place throughout the period, which comply with the ASX Corporate Governance Council recommendations, except where noted. The Company's Corporate Governance policy is provided on the Company's website.

In accordance with the recommendations of the ASX, information published on the Company's website includes charters (for the board and its sub-committees), codes of conduct and other policies and procedures relating to the board and its responsibilities.

### Board of Directors

#### Role of the Board

The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable. To fulfil this role, the Board is responsible for the overall corporate governance of the Group including formulating its strategic direction, approving and monitoring capital expenditure, setting remuneration, appointing, removing and creating succession policies for directors and senior executives, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and management information systems. It is also responsible for approving and monitoring financial and other reporting.

#### Board processes

The Board has established a framework for the management of the Group including a system of internal control, a business risk management process and appropriate ethical standards. The full Board schedules meetings, including strategy meetings and any extraordinary meetings, as necessary to address any specific significant matters that may arise. The agenda for meetings is prepared in conjunction with the Chairman and Managing Director. Standing items include the management report, financial reports, strategic matters, governance and compliance. Submissions are circulated in advance.

The Group has not established separate Board committees during the year as the size and composition of the board has changed and in addition, it is not currently considered to be of a size, nor is its affairs of such complexity to justify the establishment of separate Board committees, including a Nomination Committee, Remuneration Committee or an Audit Committee. Accordingly, all matters that may be considered by such committees are dealt with by the full Board. Details of the Board's procedures in respect to each of these areas are further outlined within the Corporate Governance Statement below – see Nomination Committee, Remuneration Committee and Audit committee respectively.

#### Evaluations of the board, committees, directors and senior executives

The Group has a formal process to educate new directors about the nature of the business, current issues, the corporate strategy and the expectations of the Group concerning performance of directors. Directors also have the opportunity to visit Group facilities and meet with management to gain a better understanding of business operations. Directors are given access to continuing education opportunities to update and enhance their skills and knowledge. The process of evaluations of the board, committees, directors and senior executives involves an annual formal review. These reviews have not occurred during the year as half of the board composition changed during the year. Also, the Company only has one senior executive who works closely with the managing director on a day to day basis.

#### Independent professional advice and access to Company information

Each Director has the right of access to all relevant company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice from a suitably qualified adviser at the Group's expense. The director must consult with an advisor suitably qualified in the relevant field, and obtain the chairman's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the director is made available to all other members of the Board.

# Terrain Minerals Ltd ABN 45 116 153 514

## Corporate Governance Statement

### Composition of the Board

The following information on each of the Directors of the Company in office at the date of this report is set out in the Directors' Report:

- names, skills, experience and expertise relevant to the position of director;
- the names of the independent directors and the company's materiality thresholds;
- the existence of any relationships that may impact the independent director's independence; and
- the period of office held by each director in office at the date of the annual report.

The composition of the Board is determined using the following principles:

A minimum of three directors, with a broad range of expertise both nationally and internationally; Directors having extensive knowledge of the Company's industries, and those which do not, have expertise in significant aspects of auditing and financial reporting, or risk management and financing of public companies; The roles of Chairman and Managing Director are not to be exercised by the same individual; and re-election in accordance with the company's constitution.

Board members have experience in the management of public companies. The Board currently has three independent directors. The directors consider that the current number of independent directors in the Company is appropriate for the effective execution of the Board's responsibilities. The directors periodically monitor the need to appoint additional independent directors. Materiality thresholds are assessed on a case-by-case basis, taking into account the relevant directors' circumstances.

### Nomination Committee

The Board considers that a formally constituted Nomination Committee is not appropriate as the Board composition changed during the year and now consists of five directors. As part of its usual role, the committee would oversee the appointment and induction process for directors, and the selection, appointment, evaluation and succession planning process of the Company's directors and senior executives. The Board considers the appropriate skill mix, personal qualities, expertise and diversity of each position. When a vacancy exists or there is a need for particular skills, the Board determines the selection criteria based on the skills deemed necessary. The Board identifies potential candidates and may take advice from an external consultant. The Board then appoints the most suitable candidate. Board candidates must stand for election at the next general meeting of shareholders.

### Remuneration Committee

The Board considers that a formally constituted Remuneration Committee is not appropriate as the Board consists of four members and as part of its usual role, oversees the appointment and remuneration of directors and the Company's executive officers. Remuneration levels are competitively set to attract and retain appropriately qualified and experienced directors and senior executives. The Board may seek independent advice on the appropriateness of remuneration packages, given trends in comparative companies both locally and internationally. Remuneration packages include a mix of fixed remuneration, performance-based remuneration, and equity-based remuneration.

The remuneration structures explained below are designed to attract suitably qualified candidates, and to affect the broader outcome of maximising the Company's profitability. The remuneration structures take into account:

- Overall level of remuneration for each director and executive;
- The executive's ability to control the performance of the relevant area; and
- The amount of incentives within each executive's remuneration.

Shares and options can only be issued to Company Directors under a resolution at a general meeting of shareholders.

Non executive Directors may receive a base fee and can be remunerated by way of share and option issues approved under a resolution at a general meeting of shareholders. The Board has no established retirement or redundancy schemes.

### Audit Committee

The company has not formally constituted an Audit Committee.

# Terrain Minerals Ltd ABN 45 116 153 514

## Corporate Governance Statement

### Risk Management

#### Overview of the Risk Management System

The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Company's risk profile. This includes assessing, monitoring and managing operational, financial reporting and compliance risks for the Group. The Group is not of a size nor are its affairs of such complexity to justify the establishment of a formal system for reporting risk management and associated compliance and controls. Instead, a director, in accordance with company policy, approves all expenditure, is intimately acquainted with all operations and reports all relevant issues to the other directors at the directors' meetings. The managing director has declared to the board, that the aforementioned system is working efficiently and effectively.

The Group is not currently considered to be of a size, nor are its affairs of such complexity to justify the establishment of a separate Risk Management Committee. Instead, the board, as part of its usual role and through direct involvement in the management of the Company's operations ensures risks are identified, assessed and appropriately managed. Where necessary, the board draws on the expertise of appropriate external consultants to assist in dealing with or mitigating risk.

The financial controller and managing director have declared to the Board that the Company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

#### Internal Audit

The Group does not have a formally established internal audit function. The Board ensures compliance with the internal controls and risk management procedures previously mentioned.

#### Ethical Standards

All directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group.

#### Conflict of Interest

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. The Board has developed procedures to assist directors to disclose potential conflicts of interest.

Where the Board believes that a significant conflict exists for a director on a Board matter, the director concerned is not present at the meeting whilst the item is considered.

#### Code of Conduct

The Company has established a Code of Conduct (Code) which aims to develop a consistent understanding of, and approach to, the desired standards of conduct and behaviour of the directors, officers, employees and contractors (collectively, the Employees) in carrying out their roles for the Company. Through this Code, the Company seeks to encourage and develop a culture of professionalism, honesty and responsibility in order to maintain and enhance our reputation as a valued employer, business operator and "corporate citizen".

#### Trading in Group Securities by Directors and Employees

The Company has established a Security Trading Policy that is provided to all Directors and employees on commencement. The constitution permits directors to acquire shares in the Company. Company policy prohibits directors from dealing in shares whilst in possession of price sensitive information. Directors must notify the company secretary once they have bought or sold shares in the Company or exercised options over ordinary shares. In accordance with the provisions of the Corporations Act 2001 and the Listing Rules of the Australian Securities Exchange, the Company on behalf of the directors, must advise the Australian Securities Exchange of any transactions conducted by the directors in shares and / or options in the Company.

#### Communication with Shareholders

The Board has formally documented the Company's continuous disclosure procedures and established a communications strategy. The Board, as part of its usual role, provides shareholders with information using comprehensive continuous disclosure processes which includes identifying matters that may have a material effect on the price of the Company's securities, notifying the ASX and issuing media releases.

# Terrain Minerals Ltd ABN 45 116 153 514

## Corporate Governance Statement

In summary, the continuous disclosure processes operate as follows:

- The Chairman and the company secretary are responsible for all communications with the ASX. Matters that may have an effect on the price of the Company's securities are advised to the ASX on the day they are discovered. Senior executives monitor all areas of the group's internal and external environment;
- The full annual financial report is made available to all shareholders, and includes relevant information about the operations of the Group during the year, changes in the state of affairs and details of future developments;
- The half-yearly report contains summarised financial information and a review of the operations of the Group during the period. The half-year reviewed financial report is lodged with the Australian Securities and Investments Commission and the ASX, and sent to any shareholder who requests it;
- Proposed major changes in the Group which may impact on share ownership rights are submitted to a vote of shareholders;
- All announcements made to the market, and related information (including information provided to analysts and the media), are released to the ASX; and
- The external auditor attends the Annual General Meeting to answer any questions concerning the audit and the content of the Auditor's Report.

The Board encourages full participation of shareholders at the Annual General Meeting, to ensure a high level of accountability and identification with the Group's strategy and goals. Important issues are presented to the shareholders as single resolutions.

The shareholders are requested to vote on the appointment and aggregate remuneration of directors, the granting of options and shares to directors and changes to the constitution. Copies of the constitution are available to any shareholder on request.

### Non-Compliance with ASX Principles and Recommendations

The Company has not complied with the ASX Principles and Recommendations as specified below.

Ref	Notification of Departure	Explanation for Departure
1.3 2.6	Performance Evaluations	Evaluations of the Board, committees and executives did not occur during the year as set out above.
2.1	A majority of the Board should be independent directors.	Two of the four directors are considered to be independent. In view of the size of the company and its activities the board considers that the current board is a cost effective and practical way method of directing and managing the company.
2.4	The Board should establish a nomination committee.	Currently, the Company has decided not to have a nomination committee given its size and scope. The Board, as a whole, serves to identify, appoint and review Board membership through an informal assessment process, facilitated by the Chairman in consultation with the Company's external professional advisors.
4.1 4.2 4.3	The Board should establish an audit committee. The audit committee should be structured so that it: Consists only of non-executive directors Consists of a majority of independent directors Is chaired by an independent chair, who is not chair of the Board; and Have at least three members. The audit committee should have a formal charter	The directors do not consider the Company's affairs are of such a size and complexity as to merit the establishment of a separate audit committee. Until this situation changes the full Board will carry out any necessary audit committee functions.
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risk.	The Company has a small management team who interact with the directors on a regular basis and ensures constant communication of material business risks.
8.1	The Board should establish a remuneration committee	The Company does not have a remuneration committee due its size.

**Income Statements**

For the year ended 30 June 2009

	Notes	Consolidated		Parent Entity	
		2009 \$	2008 \$	2009 \$	2008 \$
<b>Revenue from continuing operations</b>	5	<b>49,746</b>	233,424	<b>469,746</b>	233,424
Employee benefits expense	6	(443,720)	(912,219)	(443,720)	(912,219)
Depreciation expense	6	(44,818)	(42,225)	(44,818)	(42,225)
Consultancy costs		(145,529)	(47,863)	(145,529)	(47,863)
Insurance costs		(26,317)	(26,340)	(26,317)	(26,340)
Office accommodation expenses		(65,832)	(64,984)	(65,832)	(64,984)
Travel expenses		(25,406)	(19,146)	(25,406)	(19,146)
Shareholder expenses		(29,273)	(63,677)	(29,273)	(63,677)
Professional fees		(164,458)	(122,781)	(164,458)	(122,781)
Bank charges		(1,155)	(12,609)	(1,155)	(12,609)
Exploration expenditure written off		(866,862)	(331,688)	(866,862)	(331,688)
Write-off of subsidiary investment		-	-	(420,000)	-
Other expenses		(108,242)	(101,155)	(108,242)	(101,155)
<b>(Loss) before income tax</b>		<b>(1,871,866)</b>	(1,511,263)	<b>(1,871,866)</b>	(1,511,263)
Income tax expense	7	-	-	-	-
<b>Net (loss) for the year</b>		<b>(1,871,866)</b>	(1,511,263)	<b>(1,871,866)</b>	(1,511,263)
<b>(Loss) attributable to members of Terrain Minerals Ltd</b>		<b>(1,871,866)</b>	(1,511,263)	<b>(1,871,866)</b>	(1,511,263)
		Cents	Cents		
Basic and diluted loss per share	28	(2.25)	(2.00)		

The above Income Statements should be read in conjunction with the accompanying notes.

**Balance Sheet**

For the year ended 30 June 2009

	Notes	Consolidated		Parent Entity	
		2009 \$	2008 \$	2009 \$	2008 \$
<b>Current assets</b>					
Cash and cash equivalents	8	1,310,523	1,146,245	1,310,523	1,146,245
Trade and other receivables	9	350,925	407,437	350,925	407,437
Non-current assets classified as held for sale	10	393,099	-	393,099	-
<b>Total current assets</b>		<b>2,054,547</b>	<b>1,890,766</b>	<b>2,054,547</b>	<b>1,890,766</b>
<b>Non-current assets</b>					
Other financial assets	11	-	-	-	420,000
Plant & equipment	12	55,904	98,450	55,904	98,450
Exploration and evaluation	13	7,390,240	7,723,024	7,390,240	7,303,024
<b>Total non-current assets</b>		<b>7,446,144</b>	<b>7,821,474</b>	<b>7,446,144</b>	<b>7,821,474</b>
<b>Total assets</b>		<b>9,500,691</b>	<b>9,375,156</b>	<b>9,500,691</b>	<b>9,375,156</b>
<b>Current liabilities</b>					
Trade and other payables	14	376,952	213,125	376,952	213,125
Other liabilities	15	-	-	-	-
<b>Total current liabilities</b>		<b>376,952</b>	<b>213,125</b>	<b>376,952</b>	<b>213,125</b>
<b>Total liabilities</b>		<b>376,952</b>	<b>213,125</b>	<b>376,952</b>	<b>213,125</b>
<b>Net assets</b>		<b>9,123,740</b>	<b>9,162,031</b>	<b>9,123,740</b>	<b>9,162,031</b>
<b>Equity</b>					
Contributed equity	16	13,110,389	11,334,922	13,110,389	11,334,922
Reserves	17	707,401	649,293	707,401	649,293
Accumulated (losses)	18	(4,694,050)	(2,822,184)	(4,694,050)	(2,822,184)
<b>Total equity</b>		<b>9,123,740</b>	<b>9,162,031</b>	<b>9,123,740</b>	<b>9,162,031</b>

The above Balance Sheets should be read in conjunction with the accompanying notes.

Terrain Minerals Ltd ABN 45 116 153 514  
**Statements of Change in Equity**

For the year ended 30 June 2009

2008		Contributed	Accumulated	Reserves	Total
Consolidated	Notes	Equity	(Losses)		
		\$	\$	\$	\$
Balance as at 1 July 2007		8,740,296	(1,310,921)	154,920	7,584,295
(Loss) for the year	18	-	(1,511,263)	-	(1,511,263)
<b>Total recognised income and expense for the year</b>		-	<b>(1,511,263)</b>	-	<b>(1,511,263)</b>
Transactions with equity holders in their capacity as equity holders:					
Shares issued during the year					
	16(b)	2,927,728	-	-	2,927,728
Capital raising costs	16(b)	(333,102)	-	-	(333,102)
Options issued during the year		-	-	494,373	494,373
<b>Balance as at 30 June 2008</b>		<b>11,334,922</b>	<b>(2,822,184)</b>	<b>649,293</b>	<b>9,162,031</b>
2009		Contributed	Accumulated	Reserves	Total
Consolidated	Notes	Equity	(Losses)		
		\$	\$	\$	\$
Balance at 1 July 2008		11,334,922	(2,822,184)	649,293	9,162,031
(Loss) for the year	18	-	(1,871,866)	-	(1,871,866)
<b>Total recognised income and expense for the year</b>		-	<b>(1,871,866)</b>		<b>(1,871,866)</b>
Transactions with equity holders in their capacity as equity holders:					
Shares issued during the year					
	16(b)	1,918,952	-		1,918,952
Capital raising costs	16(b)	(143,485)	-		(143,485)
Options issued during the year				57,269	57,269
<b>Balance as at 30 June 2009</b>		<b>13,110,389</b>	<b>4,694,050</b>	<b>707,401</b>	<b>9,123,740</b>



**Statements of Change in Equity**

2008		Contributed	Accumulated	Reserves	Total
Parent Entity	Notes	Equity	(Losses)		
		\$	\$	\$	\$
<b>Balance as at 1 July 2007</b>		<b>8,740,296</b>	<b>(1,310,921)</b>	<b>154,920</b>	<b>7,584,295</b>
(Loss) for the year	18	-	(1,511,263)	-	(1,511,263)
<b>Total recognised income and expense for the year</b>		<b>-</b>	<b>(1,511,263)</b>	<b>-</b>	<b>(1,511,263)</b>
Transactions with equity holders in their capacity as equity holders:					
Shares issued during the year		2,927,728	-	-	2,927,728
Capital raising costs		(333,102)	-	-	(333,102)
Options issued during the year		-	-	494,373	494,373
<b>Balance as at 30 June 2008</b>		<b>11,334,922</b>	<b>(2,822,184)</b>	<b>649,293</b>	<b>9,162,031</b>

2009		Contributed	Accumulated	Reserves	Total
Parent Entity	Notes	Equity	(Losses)		
		\$	\$	\$	\$
<b>Balance at 1 July 2008</b>		<b>11,334,922</b>	<b>(2,822,184)</b>	<b>649,293</b>	<b>9,162,031</b>
(Loss) for the year	18	-	(1,871,866)	-	(1,871,866)
<b>Total recognised income and expense for the year</b>		<b>-</b>	<b>(1,871,866)</b>	<b>-</b>	<b>(1,871,866)</b>
Transactions with equity holders in their capacity as equity holders:					
Shares issued during the year	16(b)	1,918,952	-		1,918,952
Capital Raising Costs		(143,485)	-		(143,485)
Options issued during the year				57,269	57,269
<b>Balance as at 30 June 2009</b>		<b>13,110,389</b>	<b>4,694,050</b>	<b>707,401</b>	<b>9,123,740</b>

**Cash Flow Statements**

For the year ended 30 June 2009

	Notes	Consolidated		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
<b>Cash flows from operating activities</b>					
Payments to suppliers and employees (inclusive of goods and services tax)		(915,476)	(1,718,106)	(915,476)	(1,718,106)
Interest received		49,746	232,120	49,746	232,120
<b>Net cash (outflow) from operating activities</b>	27	<b>(865,731)</b>	<b>(1,485,986)</b>	<b>(865,731)</b>	<b>(1,485,986)</b>
<b>Cash flows from investing activities</b>					
Payments for plant and equipment		(2,272)	(81,143)	(2,272)	(81,143)
Exploration and evaluation expenditure		(743,184)	(3,184,609)	(743,184)	(3,184,609)
<b>Net cash (outflow) from investing activities</b>		<b>(743,184)</b>	<b>(3,265,752)</b>	<b>(743,184)</b>	<b>(3,265,752)</b>
<b>Cash flows from financing activities</b>					
Proceeds from issues of securities		1,918,952	3,037,038	1,918,952	3,037,038
Proceeds for securities pending issue			-		-
Securities issue costs		(143,485)	(333,102)	(143,485)	(333,102)
<b>Net cash inflow from financing activities</b>		<b>1,775,467</b>	<b>2,703,936</b>	<b>1,775,467</b>	<b>2,703,936</b>
Net (decrease) in cash and cash equivalents held		164,281	(2,047,802)	164,281	(2,047,802)
Cash and cash equivalents at the beginning of the financial year		1,146,245	3,194,047	1,146,245	3,194,047
<b>Cash and cash equivalents at the end of the financial year</b>	8	<b>1,310,523</b>	<b>1,146,245</b>	<b>1,310,523</b>	<b>1,146,245</b>

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

## Notes to Financial Statements

### Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to the year ended 30 June 2009, unless otherwise stated. The financial report includes separate financial statements for Terrain Minerals Limited as an individual entity.

#### 1.1 Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001. The Financial Statements have been prepared on a going concern basis.

#### Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of Terrain Minerals Limited complies with International Financial Reporting Standards (IFRS).

#### Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

#### Critical accounting estimates and significant judgements

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

#### 1.2 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

#### 1.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

#### 1.4 Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

## Notes to Financial Statements

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

### 1.5 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease (refer to note 22).

### 1.6 Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

### 1.7 Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

### 1.8 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

### 1.9 Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 120 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

## Notes to Financial Statements

### 1.10 Investments and other financial assets

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

- (i) **Financial assets at fair value through profit or loss**  
This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management, is to designate a financial asset, if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.
- (ii) **Loans and receivables**  
Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.
- (iii) **Held-to-maturity investments**  
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.
- (iv) **Available-for-sale financial assets**  
When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

### 1.11 Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

## Notes to Financial Statements

### 1.12 Plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight line method to allocate their cost or re-valued amounts, net of their residual values, over their estimated useful lives, as follows:

- Exploration equipment	3 years
- Vehicles	3 years
- Furniture, fittings and equipment	5 years
- Computer and electronic equipment	3 years
- Software	2 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

### 1.13 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

### 1.14 Provisions

Provisions for legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

### 1.15 Employee benefits

#### (i) *Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

#### (ii) *Retirement benefit obligations*

The Group contributes to various defined contribution funds for its employees.

Contributions to the defined contribution funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

## Notes to Financial Statements

(iv) *Share-based payments*

Share-based compensation benefits are provided to employees via the Employee Share Option Scheme.

The fair value of options granted under the Employee Share Option Scheme is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

The market value of shares issued to employees for no cash consideration under the employee share scheme is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

**1.16 Contributed equity**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**1.17 Earnings per share**

(i) *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**1.18 Exploration and evaluation expenditure**

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration and evaluation expenditure for each area of interest, other than that acquired from the purchase of another mining Group, is carried forward as an asset provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

## Notes to Financial Statements

Expenditure which fails to meet at least one of the conditions outlined above is written off, furthermore, the directors regularly review the carrying value of exploration and evaluation expenditure and make write downs if the values are not expected to be recoverable.

Identifiable exploration assets acquired from another mining Group are recognised as assets at their cost of acquisition, as determined by the requirements of AASB 6 Exploration for and evaluation of mineral resources. Exploration assets acquired are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions referred to in AASB 6 is met.

Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired, is accounted for in accordance with the policy outlined above for exploration expenditure incurred by or on behalf of the entity.

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

Expenditure is not carried forward in respect of any area of interest/mineral resource unless the Group's rights of tenure to that area of interest are current.

### 1.19 Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the Australian Taxation Office, are presented as operating cash flow.

### 1.20 Principles of consolidation

#### *Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Terrain Minerals Limited ("company" or "parent entity") as at 30 June 2009 and the results of all the subsidiaries for the financial period then ended.

Terrain Minerals Limited and its subsidiaries together are referred to in this financial report as the Group or Group.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and un-realised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.



## Notes to Financial Statements

### 1.21 Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the income statement over the period of the borrowing using the effective interest rate method.

Borrowings are classified as current liabilities, unless the entity has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

#### *Borrowing costs*

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings and amortisation of ancillary costs incurred in connection with arrangement of borrowings. Borrowing costs are expensed as incurred except when it related to a qualifying asset in which case it would be capitalised.

### 1.22 Going Concern

For the period ended 30 June 2009, the company recorded a loss of \$1,871,866. At 30 June 2009, the cash balance was \$1,310,523.

The accounts have been prepared on a going concern basis. The Directors have determined that future capital raisings or asset sales will be required in order to continue the exploration and development of the company's mining tenements (some subject an option payment) to achieve a position where they can prove exploration reserves.

The ability of the company to continue as a going concern is dependent upon the company raising further capital or realising funds from the sale of assets sufficient to meet the company's expenditure commitments.

The Directors have prepared a cash flow forecast for the foreseeable future reflecting the above mentioned expectations and their effect upon Terrain Minerals Ltd. The achievement of the forecast is dependent upon the future capital raising and/or sale of assets, the outcome of which is uncertain.

In the event that sufficient capital raising or asset sales at an amount and timing necessary to meet the future budgeted operational and investing activities of the company is unfavourable the Directors believe that they will be able to contain the operating and investment activities sufficiently to ensure that Terrain Minerals Ltd can meet its debts as and when they become due and payable.

In the unlikely event that the events referred to above result in a negative outcome, then the going concern basis of accounting may not be appropriate with the result that the company may have to realise its assets and extinguish its liabilities other than in the normal course of business and in amounts different from that stated in the financial report.

The financial report does not include any adjustments relating to the recoverability or classification of recorded amounts or classification of liabilities that might be necessary should Terrain Minerals Ltd not be able to continue as a going concern.

### 1.23 New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below.

- (i) *AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 (effective from 1 January 2009)*  
AASB 8 will replace AASB14 Segment Reporting and adopt a management approach to segment reporting. The Group will adopt AASB 8 from 1 July 2000. However, given the current level of operations, it is unlikely to increase the number of reportable segments.

## Notes to Financial Statements

- (ii) *Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (effective from 1 January 2009)*

The revised AASB 123 has removed the option to expense all borrowing costs and when adopted, will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Group until if and when, there are borrowings relating to qualifying assets.

- (iii) *Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009)*

The revised AASB 101 requires the presentation of a statement of comprehensive income and makes revisions including changes to the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes the presentation requirements for dividends, and changes to the titles of financial statements. However, this will not affect any of the amounts recognised in the financial statements. The Group will apply the revised standard from 1 July 2009.

- (iv) *AASB 2008-1 Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations (effective from 1 January 2009)*

AASB 2008-1 clarifies that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Company and Group will apply the revised standard from 1 July 2009. However, it is not expected to affect the accounting for the share-based payments made by the Company.

- (v) *Revised AASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (effective 1 July 2009)*

The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs must be expensed.

The revised AASB 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss.

There have been no business acquisitions made by the Group in the current or prior year. However the revised standards will be applied prospectively to any and all business combinations and transactions with non-controlling interests from 1 July 2009.

- (vi) *AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective 1 January 2009)*

The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part I deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact. This was the first omnibus of amendments issued by the IASB arising from the Annual Improvements Project and it is expected that going forward, such improvements will be issued annually to remove inconsistencies and clarify wording in the standards. The AASB issued these amendments in two separate amending standards; one dealing with the accounting changes effective from 1 January 2009 and the other dealing with amendments to AASB 5, which will be applicable from 1 July 2009 [refer to AASB 2008-6].

## Notes to Financial Statements

- (vii) *AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective 1 July 2009)*  
This was the second omnibus of amendments issued by the IASB arising from the Annual Improvements Project. Refer to AASB 2008-5 above for more details.
- (viii) *AASB 2008-7 Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 July 2009)*  
The main amendments of relevance to Australian entities are those made to AASB 127 deleting the “cost method” and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (i.e. parent company accounts). The distinction between pre- and post-acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment. AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value. Adoption of the amendments from 1 July 2009 will not impact the financial report of the Group.

## Notes to Financial Statements

### Note 2. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the Board in their day to day function as the overseers of the business. The Board provides written principles for overall risk areas, as well as defined policies for specific risks such foreign exchange and credit risk.

The Group and the Company holds the following financial instruments:

	2009	2008
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	1,310,523	1,146,245
Other receivables	350,925	407,437
	<u>1,661,448</u>	<u>1,553,682</u>
<b>Financial Liabilities</b>		
Trade and other payables	376,952	213,125
	<u>376,952</u>	<u>213,125</u>

#### i. Market Risk

(i) *Foreign Exchange Risk*

The Group's and Company's operations are limited to domestic activities within Australia, therefore not subject to foreign currency.

(ii) *Price risk*

The Group and the Company is not exposed to equity securities price risk as it holds no investments in securities classified on the balance sheet as either available-for-sale or at fair value through profit or loss. The Group is not exposed directly to commodity price risk.

(iii) *Cash flow and fair value interest rate risk*

As the Group's major assets are cash deposits held in fixed interest rate deposits, the Group's income and operating cash flows are materially exposed to changes in market interest rates.

As at the reporting date, the Group had the following variable rate funds on deposit:

	30 June 2009		30 June 2008	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Funds on deposit	3.07	1,645,344	6.48	1,146,245

The Group and Company has assessed that the impact of movements in interest rates does not have a material impact on the net profit after tax. Accordingly the Group's funds on deposit are managed according to the cash flow requirements of the Group rather than impact of interest rate risk.

## Notes to Financial Statements

### *Company sensitivity*

At 30 June 2009, if interest rates had changed by +/- 80 basis points from the year-end rates with all other variables held constant, post-tax profit for the year would have been \$7,016 lower/higher, mainly as a result of higher/lower interest income from cash and cash equivalents. Equity would have been \$7016 lower/higher mainly as a result of higher/lower interest income from cash and cash equivalents.

At 30 June 2008, if interest rates had changed by +/- 80 basis points from the year-end rates with all other variables held constant, post-tax profit for the year would have been \$26,461 lower/higher, mainly as a result of higher/lower interest income from cash and cash equivalents. Equity would have been \$26,461 lower/higher mainly as a result of higher/lower interest income from cash and cash equivalents.

### ii. **Credit Risk**

Credit risk is managed on a Company basis. Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits with banks and financial institutions and receivables from Joint Venture and Farm-In operations. The Group manages this risk by only investing in AAA rated institutions.

The carrying amount of the Group's and Company's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

<b>Financial Assets</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	1,310,523	1,146,245
Other receivables	350,925	407,437
<b>Total</b>	<b>1,661,448</b>	<b>1,553,682</b>

The Directors believe that there is no credit risk with the cash and cash equivalents, as the Group trades only with recognised, credit worthy third parties.

### iii. **Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group and Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in bank bills that are highly liquid and with maturities of less than six months.

### *Financing arrangements*

The Company has entered into a Standby Subscription Agreement with Fortrend Small Cap and Fortrend Securities, under which the Company may call for Fortrend Small Cap to subscribe for Facility Shares at an aggregate subscription price up to \$5,000,000 ("the Facility Amount") during the three years following the date of the Standby Subscription Agreement.

The key terms of the Standby Subscription Agreement provide that:

- (a) the number of Facility Shares and Facility Options that may be issued will be limited to 15% of the Company's securities on issue, in accordance with its 15% capacity available from time to time under Listing Rule 7.1;
- (b) any funds raised if any draw downs are made by the Company will be applied to working capital and meeting the Company's additional expenditure requirements arising directly out of the announced takeover by IRM;
- (c) To access some or all of funds available under the Standby Subscription Agreement, the Company must submit a draw down notice specifying the amount required ("the Notice" and "the Drawing" respectively). In exchange for payment of the Drawing, Fortrend Small Cap will be issued a number of Shares and Options in the Company equal to the amount of the Drawing divided by the Issue Price, being 90% of the Volume Weighted Average Price for Shares for the 5 trading days following the day the Notice is given;

## Notes to Financial Statements

- (d) The number of Facility Options to be issued will be one quarter of the number of Facility Shares issued. Each Facility Option has an exercise price equal to the Issue Price for the Facility Shares;
- (e) The Standby Subscription Agreement may be terminated in certain circumstances including if a material adverse change occurs in relation to the Company. Fortrend Small Cap is entitled to a placement fee of 1% of the Facility Amount which is payable on the first two draw down dates or on the first anniversary of execution of the Standby Subscription Agreement, whichever is the earliest, whether or not a draw down is made by the Company. The Company has agreed to certain usual and appropriate representations and warranties which are repeated on each drawdown date;
- (f) The Facility Shares will be allotted and issued to Fortrend Small Cap in a three year period after the date of Shareholder approval, as and when a Notice is given by the Company to Fortrend Securities. The Company is not obliged to submit any Notice and accordingly it is possible that no Facility Shares will be allotted and issued during the three year period for which the Facility Amount will be in place.

### Maturities of financial liabilities

The Group's debt is with other entities relating to trade payables where payments are generally within 30 days.

#### iv. Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, investments in unlisted subsidiaries) is determined using valuation techniques.

#### v. Fair Value versus Carrying Amounts

The fair value of financial assets and liabilities is not materially different to carrying value.

### Note 3. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

#### *Critical accounting estimates and assumptions*

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There were no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### *Exploration and evaluation expenditure*

The Group has carrying balances for exploration and evaluation. Each year the Group assesses whether these balances have suffered any impairment, in accordance with the accounting policy stated in Note 1.7. The recoverable amounts are based on the assumption that the assets are being explored to determine there are economic mining properties or saleable to a potential third party.

## Notes to Financial Statements

### Note 4. Segment information

#### vi. Business segments

The Group operates predominantly in one industry. Its principal activities are those of prospecting and mineral exploration.

#### vii. Geographical segments

The Group operates only in Australia.

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$

### Note 5. Revenue

#### Revenue from continuing operations

	2009	2008	2009	2008
	\$	\$	\$	\$
Other revenue				
Interest received	49,746	232,120	49,746	232,120
Other income	-	1,304	-	1,304
Forgiveness of intercompany debt	-	-	420,000	-
	<u>49,746</u>	<u>233,424</u>	<u>469,746</u>	<u>233,424</u>

### Note 6. Expenses

Loss before income tax includes the following expenses:

	2009	2008	2009	2008
	\$	\$	\$	\$
Employee benefits expense				
Salaries, fees and other benefits	735,880	1,213,013	735,880	1,213,013
Amount capitalised	(292,160)	(300,794)	(292,160)	(300,794)
Net employee benefit expense	443,720	912,219	443,720	912,219
Depreciation	44,818	42,225	44,818	42,225
Rental expense relating to operating leases	65,832	39,861	65,832	39,861
Exploration expenditure written off	866,862	331,688	866,862	331,688

### Note 7. Income tax

#### (a) Income tax expense

	2009	2008	2009	2008
	\$	\$	\$	\$
Loss from continuing operations	<u>1,871,866</u>	<u>(1,511,263)</u>	<u>1,871,866</u>	<u>(1,511,263)</u>
Tax at the Australian tax rate of 30%	(561,560)	(453,379)	(561,560)	(453,379)
Tax effect of amounts that are not tax deductible (taxable) in calculating taxable income				
Employee share options	16,362	-	16,362	-
Exploration expenditure	(275,107)	(901,295)	(275,107)	(901,295)
Other items	(9,748)	(31,440)	(9,748)	(31,440)
Deferred tax assets relating to tax losses and temporary differences not recognised	<u>830,053</u>	<u>1,386,114</u>	<u>830,053</u>	<u>1,386,114</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

## Notes to Financial Statements

The Group is a consolidated group for tax purposes. The franking account balance at year end was nil.

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>(b) Deferred tax assets and liabilities not recognised relate to the following:</b>				
<b>Deferred tax assets</b>				
Tax losses	4,025,171	3,195,118**	4,025,171	3,195,118**
Other temporary differences	116,445	208,930	116,445	208,930
<b>Deferred tax liabilities</b>				
Other temporary differences	(2,505,295)	(2,230,188)	(2,505,295)	(2,230,188)
<b>Net deferred tax assets</b>	<b>1,636,321</b>	<b>1,173,860</b>	<b>1,636,321</b>	<b>1,173,860</b>

\*\* Upon completion of the 2008 tax returns, the identified carry forward losses were \$10,650,390 which identified a variance of \$1,014,300 in estimated tax losses (or tax effected amount of \$304,320) as disclosed in the 2008 financial statements.

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

- (i) *The benefit for tax losses will only be obtained if:*
- (ii) *the company derives future assessable income of a nature and amount sufficient to enable the benefit from the tax losses to be realised;*
- (iii) *the company continues to comply with the conditions for deductibility imposed by tax legislation;*  
*and*
- (iv) *no changes in tax legislation adversely affect the company realising the benefit from the deductions for the losses.*

### Note 8. Cash and cash equivalents

Cash at bank and on hand	1,310,523	1,146,245	1,310,523	1,146,245
Deposits at call	-	-	-	-
	<b>1,310,523</b>	<b>1,146,245</b>	<b>1,310,523</b>	<b>1,146,245</b>

Refer to Note 2 for financial management risk.

### Note 9. Trade and other receivables

Other receivables	(5,219)	49,166	(5,219)	49,166
Security deposits	334,000	334,000	334,000	334,000
Prepayments	22,144	24,271	22,144	24,271
	<b>350,925</b>	<b>407,437</b>	<b>350,925</b>	<b>407,437</b>

Refer to Note 2 for financial management risk.

### Note 10. Non-current Assets classified as held for sale

Mining Tenement – Coogee Gold deposit	393,099	-	393,099	-
	<b>393,099</b>	<b>-</b>	<b>393,099</b>	<b>-</b>

On 12 December 2008 the company announced the sale of the Coogee Gold Deposit to Argonaut Mining Group (Argonaut) for a series of payments totalling \$3.25 million.

On 11 February 2009, Argonaut informed the company that it was unable to finalise the sale and the sale contract was terminated.

Other parties have expressed interest in the Coogee Gold deposit and discussions regarding the sale of the Coogee Gold deposit are continuing.



## Notes to Financial Statements

### Note 11. Other financial assets

	Note	Consolidated		Parent Entity	
		2009 \$	2008 \$	2009 \$	2008 \$
Investment in controlled entity	26	-	-	420,000	420,000
Write-off investment	26	-	-	(420,000)	(420,000)
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

During the year, tenements were transferred from the Company's wholly owned subsidiary Arocom Pty Ltd to the Company. Application has been made to de-register Arocom Pty Ltd post year end.

### Note 12. Plant and equipment

#### Plant & equipment

Plant & equipment – at cost	173,125	170,853	173,125	170,853
Less: accumulated depreciation	(117,221)	(72,403)	(117,221)	(72,403)
	<b>55,904</b>	<b>98,450</b>	<b>55,904</b>	<b>98,450</b>

#### Reconciliation

Reconciliation of the carrying amounts of plant and equipment at the beginning and end of the current financial period is set out below.

#### Plant & equipment

At the beginning of the year	98,450	59,532	98,450	59,532
Additions	2,272	81,143	2,272	81,143
Depreciation expense (Note 6)	(44,818)	(42,225)	(44,818)	(42,225)
<b>Closing net book amount</b>	<b>55,904</b>	<b>98,450</b>	<b>55,904</b>	<b>98,450</b>

### Note 13. Exploration and evaluation

#### Exploration and evaluation

Exploration and evaluation – at cost less amounts written off	7,390,240	7,723,024	7,390,240	7,303,024
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#### Reconciliation

At the beginning of the year	7,723,024	4,603,486	6,909,925	4,183,488
Non-current asset classified as held for sale	10	(393,099)	(393,099)	-
Purchases of mineral tenements	-	253,702	-	253,702
Transfer of Arocom Tenement	26	-	420,000	-
Expenditure during the year	917,246	3,197,524	917,246	3,197,524
Amounts written off	(856,931)	(331,688)	(856,931)	(331,688)
	<b>7,390,240</b>	<b>7,723,024</b>	<b>7,390,240</b>	<b>7,303,024</b>

The amounts written off relate to tenements which have lapsed or earn in arrangements have ceased. The ultimate recoupment of exploration and evaluation costs carried forward is dependent upon the successful development and/or commercial exploitation, or alternatively sale, of the respective areas of interest.

### Note 14. Trade and other payables

Trade payables	146,315	23,347	146,315	23,347
Other payables	230,637	189,778	230,637	189,778
	<b>376,952</b>	<b>213,125</b>	<b>376,952</b>	<b>213,125</b>

### Note 15. Other liabilities

Deferred subscription funds	-	-	-	-
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## Notes to Financial Statements

### Note 16. Contributed equity

#### (a) Share capital

##### Consolidated and Parent Entity Shares

	2009		2008	
	Number of shares	\$	Number of shares	\$
Ordinary shares – fully paid	117,266,338	13,110,389	77,449,748	11,334,922

#### (b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price \$	\$
1 July 2006	Opening balance	52,750,000		7,289,166
23 March 2007	Shares issued pursuant to tenement purchase agreements	730,000	0.2000	146,000
1 May 2007	Shares issued pursuant to tenement purchase agreements	231,250	0.1600	37,000
4 May 2007	Shares issued pursuant to tenement purchase agreements	360,454	0.1942	70,000
20 June 2007	Placement of shares to sophisticated and professional investors	7,140,796	0.1800	1,285,343
2006-2007	Less: Transaction costs arising on issue of shares			(87,214)
30 June 2007	Balance	61,212,500		8,740,296
5 July 2007	Placement of shares to sophisticated and professional investors	15,495,804	0.1800	2,789,244
27 December 2007	Shares issued pursuant to tenement purchase agreement	298,941	0.1672	49,983
27 December 2007	Shares issued pursuant to tenement purchase agreement	312,500	0.2000	62,500
27 December 2007	Shares issued pursuant to option exercise	3	0.2500	1
5 June 2008	Shares issued pursuant to tenement purchase agreement	130,000	0.2000	26,000
2007-2008	Less: Transaction costs arising on issue of shares			(333,102)
		77,449,748		11,334,922
13 February 2009	Shares issued pursuant to Rights Issue	11,064,250	0.0500	553,213
13 February 2009	Shares issued pursuant to option exercise	9	0.2500	2
29 May 2009	Placement of shares to sophisticated and professional investors	13,999,996	0.0475	665,000
17 June 2009	Shares issued pursuant to Rights Issue	3,096,520	0.0475	147,085
17 June 2009	Placement Shares issued pursuant to Rights Issue shortfall	11,655,815	0.0475	553,652
2008-2009	Less: Transaction costs arising on issue of shares			(143,485)
		117,266,338		13,110,389

#### (c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value.

## Notes to Financial Statements

### (d) Employee share option scheme

Information relating to the Employee Share Option Scheme, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year are set out in Note 23.

### (e) Options

At the end of the financial year, options over ordinary shares on issue are as shown below:

320,000	options exercisable at 30 cents and expiring 23 March 2010
200,000	options exercisable at 20 cents and expiring 22 March 2011
70,000	options exercisable at 10 cents and expiring 23 March 2011
400,000	options exercisable at 20 cents and expiring 24 March 2011
500,000	options exercisable at 20 cents and expiring 22 March 2012
500,000	options exercisable at 20 cents and expiring 10 September 2013
1,500,000	options exercisable at 20 cents and expiring 31 November 2013
51,624,132	quoted options exercisable at 25 cents and expiring 31 July 2010

### (f) Movements in options

Date	Details	Number of options
1 July 2006	Opening balance	9,925,000
23 March 2007	Options allotted pursuant to a tenement purchase agreement	320,000
1 May 2007	Options allotted under the Terrain Minerals Limited ESOP	500,000
20 June 2007	Placement of free attaching options on a one for two basis, to sophisticated and professional investors	3,570,398
30 June 2007	Options allotted pursuant to a tenement purchase agreement	250,000
30 June 2007	Balance	<u>14,565,398</u>
31 July 2007	Placement of free attaching options on a one for two basis, to sophisticated and professional investors	7,747,902
21 September 2007	Options allotted pursuant to an option entitlement issue to existing shareholders	31,558,605
27 September 2007	Options allotted pursuant to an option entitlement issue to existing shareholders	6,747,239
31 December 2007	Options allotted in satisfaction of capital raising costs.	2,000,000
31 December 2007	Options exercised for fully paid ordinary shares	(3)
5 June 2008	Options allotted pursuant to a tenement purchase agreement	70,000
		<u>62,689,141</u>
9 September 2008	Options allotted under the Terrain Minerals Limited ESOP	500,000
9 September 2008	Options Expired 9 September 2008	(9,575,000)
1 December 2008		
	Options allotted under the Terrain Minerals Limited ESOP	1,500,000
13 February 2009	Options exercised for fully paid ordinary shares	(9)
		<u><u>55,114,132</u></u>

### (g) Capital Risk Management

The company's objectives when managing capital are to safeguard its ability to continue as a going concern so that the company can provide returns to shareholders and benefits for other stakeholder's while maintaining an optimal capital structure to reduce the cost of capital. The Group considers capital to consist of cash reserves on hand.

The company monitors its working capital position against expenditure requirements to undertake its planned exploration program and maintain its ongoing operations. Where required the company will sell assets, issue new securities, raise debt or modify its exploration program to ensure the company's working capital requirements are met.

## Notes to Financial Statements

### Note 17. Reserves

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Share-based payments reserve	707,401	650,132	707,401	650,132
<b>Movements in reserves</b>				
<b>Share-based payments reserve</b>				
Balance at the beginning of the year	650,132	649,293	650,132	649,293
Option expense / Option assets	57,269	839	57,269	839
Balance at the end of the year	707,401	650,132	707,401	650,132

#### *Nature and purpose of reserves*

##### Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued and not exercised.

### Note 18. Accumulated losses

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Accumulated losses at the beginning of the year	(2,822,184)	(1,310,921)	(2,822,184)	(1,310,921)
Net loss attributable to members of Terrain Minerals Ltd	(1,871,866)	(1,511,263)	(1,871,866)	(1,511,263)
Accumulated losses at the end of the financial year	(4,694,050)	(2,822,184)	(4,694,050)	(2,822,184)

### Note 19. Key management personnel disclosures

#### (a) Directors

The following persons were directors of Terrain Minerals Ltd during the whole of the financial year:

Chairman – Non-Executive  
R Gillon (until 4 March 2009)  
R Sandner (from 20 March 2009)

Vice Chairman – Non Executive  
J Lim (from 11 September 2009)

Executive Directors  
K Wells, Managing Director

Non-Executive Directors  
W Bannister  
P Dickson (from 27 February 2009)  
D Zohar (until 4 March 2009)

#### (b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial period:

Name	Position
C Tomich	Exploration Manager
I Hobson	Company Secretary

## Notes to Financial Statements

## (c) Key management personnel compensation

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Short term employee benefits	405,765	720,057	324,075	720,057
Post employment benefits	142,236	46,363	142,236	46,363
Share based payments	40,947	-	40,947	-
	<b>588,948</b>	<b>766,420</b>	<b>507,258</b>	<b>766,420</b>

The Group has chosen to disclose the detailed remuneration disclosures in the Directors' Report. The relevant information can be found in sections A to D of the remuneration report.

## (d) Equity instrument disclosures relating to key management personnel

*Options provided as remuneration and shares issued on exercise of such options*

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the Remuneration Report.

*Option holdings*

The numbers of options over ordinary shares in the company held during the financial year by each director of Terrain Minerals Limited and other key management personnel of the company, including their personally-related parties, are set out below.

2009					
Name	Balance at the start of the period	Granted during the period as remuneration	Other changes during the period	Balance at the end of the period	Vested and exercisable at the end of the period
R Sandner	-	-	-	-	-
K Wells	3,275,000	1,500,000	(1,500,000)	3,275,000	3,275,000
P Dickson	13,000	-	38,000	51,000	51,000
W Bannister	-	-	-	-	-
R Gillon	-	-	-	-	-
D Zohar	-	-	-	-	-
C Tomich	846,295	-	200,000	1,046,295	1,046,295
I Hobson	-	-	-	-	-
2008					
Name	Balance at the start of the period	Granted during the period as remuneration	Other changes during the period	Balance at the end of the period	Vested and exercisable at the end of the period
D Tucker	1,507,500	-	(1,507,500)	-	-
K Wells	1,500,000	-	1,775,000	3,275,000	3,275,000
J Lee	3,007,500	-	(3,007,500)	-	-
C Brown	200,000	-	(200,000)	-	-
R Gillon	-	-	-	-	-
D Zohar	-	-	-	-	-
J Brewer	-	-	-	-	-
W Bannister	-	-	-	-	-
D J Kelly	100,000	-	(100,000)	-	-
C Tomich	500,000	-	346,295	846,295	846,295
I Hobson	-	-	-	-	-

All options were vested and exercisable at the end of the financial year.  
No shares are held nominally.

## Notes to Financial Statements

### Share holdings

The numbers of shares in the company held during the financial year by each director and the key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2009	Balance at the start of the period	Received during the period on the exercise of options	Other changes during the period	Balance at the end of the period
<b>Name</b>				
<i>Directors of Terrain Minerals Ltd</i>				
R Sander	-	-	-	-
K Wells	3,235,000	-	186,535	3,421,535
P Dickson	202,000	-	533,668	735,668
W Bannister	-	-	38,104	38,104
R Gillon	-	-	-	-
D Zohar	-	-	-	-
<i>Other key management personnel</i>				
C Tomich	80,000	-	298,000	378,000
I Hobson	-	-	-	-
<b>2008</b>	<b>Balance at the start of the period</b>	<b>Received during the period on the exercise of options</b>	<b>Other changes during the period</b>	<b>Balance at the end of the period</b>
<b>Name</b>				
<i>Directors of Terrain Minerals Ltd</i>				
D Tucker	4,015,000	-	(4,015,000)	-
K Wells	3,190,000	-	45,000	3,235,000
J Lee	3,015,000	-	(3,015,000)	-
C Brown	-	-	-	-
R Gillon	-	-	-	-
D Zohar	-	-	-	-
J Brewer	-	-	-	-
W Bannister	-	-	-	-
<i>Other key management personnel</i>				
D J Kelly	100,000	-	(100,000)	-
C Tomich	80,000	-	-	80,000
I Hobson	-	-	-	-

### (e) Loans to key management personnel

There are no loans made to directors or other key management personnel of Terrain Minerals Ltd.

### (f) Other transactions with key management personnel

#### *Directors of Terrain Minerals Ltd*

Bligh Capital Pty Ltd, of which Paul Dickson is a director, was paid \$115,119 (GST exclusive) for advisory services and commission for capital raisings at normal commercial rates.

Churchill Services Pty Ltd, of which Ian Hobson is associated, was paid \$54,780 for Company Secretary Services.

Lawton Gillon (Legal West Pty Ltd), of which R Gillon is associated was paid \$26,911 (GST exclusive) for Directors/Chairman Fees.

## Notes to Financial Statements

### Note 20. Remuneration of auditors

During the period the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms.

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Assurance services				
Audit services				
BDO Kendalls Audit & Assurance (WA) Pty Ltd:				
Audit and review of financial report and other audit work under the Corporations Act 2001	24,806	21,579	24,806	21,579
	<u>24,806</u>	<u>21,579</u>	<u>24,806</u>	<u>21,579</u>
Non-Assurance Services				
BDO Kendalls Corporate Tax (WA) Pty Ltd:				
Preparation of Income Tax Return	15,685	-	15,685	-
	<u>15,685</u>	<u>-</u>	<u>15,685</u>	<u>-</u>

### Note 21. Contingent Liabilities

There are currently no contingent liabilities.

### Corporate

### Note 22. Commitments for expenditure

#### Capital commitments

Commitments for minimum expenditure on mining tenements contracted for at the reporting date but not recognised as liabilities, payable:

Within one year	490,776	689,915	490,776	689,915
Later than one year but not later than 5 years	2,287,861	2,038,460	2,287,861	2,038,460
Later than 5 years	3,294,947	-	3,294,947	-
	<u>6,073,584</u>	<u>2,728,375</u>	<u>6,073,584</u>	<u>2,728,375</u>

The above commitments may be reduced by tenement withdrawals, concessions, exemptions, reductions and joint venture arrangements with third parties.

#### Lease commitments

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable, representing non-cancellable operating leases:

Within one year	98,545	78,727	98,545	78,727
Later than one year but not later than 5 years	211,274	17,204	211,274	17,204
Later than 5 years	-	-	-	-
	<u>309,819</u>	<u>95,930</u>	<u>405,749</u>	<u>95,930</u>

#### Salaries

The service contracts for the Managing Director and Exploration Manager allow for a notice period of the remainder of the contract. In the event of termination of the contracts the remainder of the contract amount is to be paid. The commitment for this expenditure as at 30 June 2009 is \$241,170.

The Directors and Employees salaries and wages were frozen in December 2008 and remain in force.

## Notes to Financial Statements

### Note 23. Share-based payments

#### (a) Employee Share Option Scheme

All staff, (including executive directors) are eligible to participate in the scheme.

Shares and options are issued on the following terms:

- The entitlement from time to time of each Eligible Participant shall be determined by the directors in their absolute discretion based on the directors' assessment of length of service, remuneration level and the contribution the Eligible Participant will make to the long term performance of the Group, together with such other criteria as the directors consider appropriate in the circumstances.
- The maximum number of securities which may be issued pursuant to the scheme shall not be greater than 5% of the issued shares of the Group, from time to time.
- Options are granted under the plan for no consideration.
- Options granted under the plan carry no dividend or voting rights.
- When exercisable, each option is convertible into one ordinary share.

The exercise price of options is determined by the directors' which is not less than 80% of market price on the date upon which the directors first resolved to grant the options. Amounts receivable on the exercise of options are recognised as share capital.

Set out below are summaries of options granted under the scheme.

#### 2009

Grant date	Expiry date	Exercise price \$	Balance at start of the period Number	Issued during the period Number	Exercised during the period Number	Lapsed during the period Number	Balance at end of the period Number
24 March 2006	24 March 2011	0.20	600,000	-	-	-	600,000
23 March 2007	22 March 2012	0.20	500,000	-	-	-	500,000
9 September 2008	10 September 2013	0.20	-	500,000	-	-	500,000
1 December 2008	30 November 2013	0.20	-	1,500,000	-	-	1,500,000
			1,100,000	2,000,000	-	-	3,100,000

#### 2008

Grant date	Expiry date	Exercise price \$	Balance at start of the period Number	Issued during the period Number	Exercised during the period Number	Lapsed during the period Number	Balance at end of the period Number
24 March 2006	24 March 2011	0.20	600,000	-	-	-	600,000
23 March 2007	22 March 2012	0.20	500,000	-	-	-	500,000
			1,100,000	-	-	-	1,100,000

There were no shares issued during the period as a result of the exercise of options.

#### *Fair value of options granted*

#### (b) Employee options

Options were granted to an employee and K Wells during the year ended 30 June 2009.

The assessed fair value at grant date of options granted during the year ended 30 June 2009 were 2.72 cents and 2.73 cents per option. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.



## Notes to Financial Statements

The model inputs for options granted during the period ended 30 June 2009 included:

Grant date	9-Sep-08	1-Dec-08
Expiry date	10-Sep-13	30-Nov-13
Exercise price	\$0.20	\$0.20
Consideration	Nil	Nil
Share price at grant date	0.05 cents	0.026 cents
Expected price volatility of the company's shares	80%	80%
Expected dividend yield	Nil	Nil
Risk-free interest rate	7.25%	4.25%
Option Valuation	2.72 cents	2.73 cents
Vesting Period	Nil	Nil

### (c) Vendor options

During the year ended 2008, 70,000 options were issued to vendors as part-consideration for the purchase of mineral tenements and 2,000,000 options were granted as part of capital raising costs for the capital raising made during the year.

The assessed fair value at grant date of options granted during the year ended 30 June 2008 were 3.69 cents and 5.59 cents per option respectively. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the period ended 30 June 2008 included:

Grant date	5 June 2007
Expiry date	23 March 2011
Quantity	70,000
Exercise price	\$0.10
Consideration	Nil
Share price at grant date	7.6 cents
Expected price volatility of the company's shares	105.4%
Expected dividend yield	Nil
Risk-free interest rate	7.25%

Grant date	21 September 2007
Expiry date	31 July 2010
Quantity	2,000,000
Exercise price	\$0.25
Consideration	Nil
Share price at grant date	15.5 cents
Expected price volatility of the company's shares	70%
Expected dividend yield	Nil
Risk-free interest rate	6%

See pages 11 – 12 of the Directors Report for details of share options issued to directors during the period.

### (d) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period was:

Employee options	13,594
Directors options	40,947
Vendor/supplier options	(4,405)
<b>Total</b>	<b>\$50,136</b>

## Notes to Financial Statements

### Note 24. Related party transactions

#### Directors and other key management personnel

Disclosures relating to directors and other key management personnel are set out in note 19.

#### Other related party transactions

There were no other related party transactions during the year.

#### Controlling entities

The ultimate parent entity in the wholly-owned group is Terrain Minerals Ltd

#### Ownership interests in related parties

Interests held in the following classes of related parties are set out in the following Notes:

Controlled entities – Note 26.

### Note 25. Events occurring after the balance sheet date

Mr Jonathon Lim was appointed a Director on 11 September, 2009.

De-registration of Arocom Pty Ltd was lodged at ASIC on 23 July, 2009.

Expenditure on the Black Cat Joint Venture exceeded the \$750,000.00 to earn a 60% interest.

Other than the above, no matter or circumstance has arisen since 30 June 2009 that has significantly affected, or may significantly affect:

- the Group's operations in future financial years, or
- the results of those operations in future financial years, or
- the Group's state of affairs in future financial years.

### Note 26. Subsidiaries

Name of entity	Country of incorporation	Class of shares	Equity holding 2009
Arocom Pty Ltd	Australia	Ordinary	100%

The tenement held by Arocom Pty Ltd was transferred to Terrain Minerals Ltd during the period and de-registration of Arocom Pty Ltd was lodged with ASIC on the 23 July 2009.

### Note 27. Reconciliation of profit/(loss) from ordinary activities after income tax to net cash outflow from operating activities

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Operating profit (loss) after income tax	(1,871,866)	(1,511,263)	(1,871,866)	(1,511,263)
Depreciation	44,818	42,225	44,818	42,225
Non-cash employee benefits expense – share based payments	54,541	-	54,541	-
Exploration expenditure written off	866,862	331,688	866,862	331,688
Sundry write-offs	4,708	-	4,708	-
<i>Change in operating assets and liabilities</i>				
(Increase) in other receivables	56,512	(283,295)	56,512	(283,295)
(Decrease) in trade creditors and provisions	(21,306)	(65,341)	(21,306)	(65,341)
	<u>(865,731)</u>	<u>(1,485,986)</u>	<u>(865,731)</u>	<u>(1,485,986)</u>

## Notes to Financial Statements

### *Non-cash investing and financing activities*

During the 2008 financial year the Company issued 741,441 ordinary shares and 70,000 options to acquire ordinary shares to vendors as consideration for the purchase of mineral tenements.

### **Note 28. Earnings per share**

	2009 cents	2008 cents
Basic and diluted earnings per share	(2.25)	(2.00)
	2009 Number	2008 Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share.	<u>83,105,940</u>	<u>75,748,465</u>
Potential ordinary shares (options) are not considered to be dilutive.		
	2009 \$	2008 \$
Losses used in calculating basic and diluted losses per share		
Net loss	<u>(1,871,866)</u>	<u>(1,511,263)</u>

### **Note 29. Interest in Joint Venture**

The Group is a party to a Joint Venture agreement to expend \$750,000.00 to earn a 60% interest on the Black Cat Joint Venture with St Barbara Mines. As at 30 June 2009 \$744,872.00 has been expended on the Joint Venture. Since balance date that expenditure has now exceeded the \$750,000.00 hurdle.

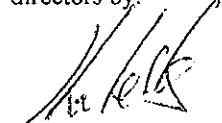
## Directors' Declaration

In the directors' opinion:

The financial statements and notes set out on pages 20 to 49 are in accordance with the Corporations Act 2001, including:

- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (ii) giving a true and fair view of the Group's financial position as at 30 June 2009 and of their performance, as represented by the results of its operations, changes in equity and their cash flows, for the financial period ended on that date; and there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
- (iii) The remuneration disclosures set out on pages 8 to 13 of the directors' report comply with Section 300A of the Corporations Act 2001; and
- (iv) The Directors' have been given the declarations by the equivalent of the Chief Executive and Chief Financial Officer for the year ended 30 June 2009 as required by Section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors and is signed for and on behalf of the directors by:



**K Wells**  
Managing Director  
Perth, Western Australia

18 September 2009



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TERRAIN MINERALS LIMITED

We have audited the accompanying financial report of Terrain Minerals Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entity it controlled at the year's end or from time to time during the financial year.

### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at exactly the same time that this auditor's report was made.

### **Auditor's Opinion**

In our opinion:

- (a) the financial report of Terrain Minerals Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

### **Report on the Remuneration Report**


We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

#### *Auditor's Opinion*

In our opinion, the Remuneration Report of Terrain Minerals Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

### **BDO Kendalls Audit & Assurance (WA) Pty Ltd**

BDO Kendalls



**Chris Burton**  
Director

Dated this 18<sup>th</sup> day of September 2009  
Perth, Western Australia

# Terrain Minerals Ltd ABN 45 116 153 514

## ASX Information

### Substantial shareholders

The substantial shareholders as at 16 September 2009 were:

Holder	Number Held	Percentage
GRANDE PACIFIC LTD	17,690,815	15.09
IRON MOUNTAIN MINING LIMITED	17,539,682	14.96

Distribution of Shareholders as at 16 September 2009

Range of Holding	Holders	Shares
1-1,000	7	797
1,001-5,000	29	103893
5,001-10,000	64	578327
10,001 - 100,000	258	10993142
100,001 – 9,999,999,999	95	105590179
	<u>453</u>	<u>117266338</u>
Share holders with less than a marketable parcel.	9091	

Distribution of Listed Option Holders as at 16 September 2009

Range of Holding	Holders	Options
1-1,000	2	628
1,001-5,000	37	153845
5,001-10,000	24	203455
10,001 - 100,000	121	4683724
100,000 - over	74	46582480
	<u>258</u>	<u>51624132</u>
Option holders with less than a marketable parcel.	166667	

### Voting Rights

Each fully paid ordinary share carries voting rights of one vote per share.

Twenty Largest Shareholders as at 16 September 2009	Shares	
	Number of Shares	Percentage of Issued Shares
Grand Pacific Ltd	17,690,815	15.09
Iron Mountain Mining Limited	17,539,682	14.96
Mr Tan Lee Peng	9,000,000	7.67
Mr Boon Kheng Ong	8,070,569	6.88
National Nominees Limited	4,738,684	4.04
Mr Anthony Guan Cheow Soh	4,422,858	3.77
Denton Pty Ltd	4,000,000	3.41
Skycross Pty Ltd (The Skycross Super Fund A/C)	3,176,000	2.71
Razi Pty Ltd	3,010,000	2.57
Armco Barriers Pty Ltd	2,800,000	2.39
Mr David Creighton Gellatly	1,500,000	1.28
Mrs Gaylene Sue McLean	1,250,000	1.07
Lonart Pty Ltd	1,001,248	0.85
Velsberry Pty Ltd (The Streeter Family A/C)	968,334	0.83
Vietnam Industrial Investments Limited	940,000	0.80
Mr Richard Keller (The Keller Super Fund A/C)	900,000	0.77
Mr Robert John McLean	900,000	0.77
Goffacan Pty Ltd	815,000	0.69
Winterset Investment Pty Ltd	812,000	0.69
Forbar Custodians Limited (Forsyth Barr Ltd-Nominee A/C)	800,000	0.68
	<u>84,335,190</u>	<u>71.92</u>

# Terrain Minerals Ltd ABN 45 116 153 514

## ASX Information

Holder	Options	
	Number of Options	Percentage of Options
Twenty Largest Quoted Option Holders as at 16 September 2009		
St Barbara Limited	5,330,000	10.32
Mr Richard Keller (The Keller Super Fund A/C)	5,030,400	9.74
Goffacan Pty Ltd	4,672,400	9.05
Toro De Plata Pty Ltd	2,100,000	4.07
Skycross Pty Ltd (The Skycross Super Fund A/C)	2,018,000	3.91
Denton Pty Ltd	2,000,000	3.87
Mr Steven Erwin Kuhr	1,674,238	3.24
Mr Keith Wells + Mrs Heather Wells (Keith Wells Super Fund A/C)	1,505,000	2.92
International Business Network (Services) Pty Ltd	1,500,000	2.91
M8 Holdings Pty Ltd	1,500,000	2.91
Ms Lucia Ding	1,465,522	2.84
Mr Vincenzo Brizzi + Mrs Rita Lucia Brizzi (Brizzi Family S/F A/C)	1,054,161	2.04
Fitsen Pty Ltd	974,000	1.89
Mr Fang Hua Ding	903,700	1.75
Onyx Pty Ltd	800,000	1.55
Zaman Perak Pty Ltd (Andrew Fleischer S/F A/C)	795,000	1.54
Mr David Christopher Kemp	732,377	1.42
Ms Paula Moretti (No 2 A/C)	700,000	1.36
Mr Desmond John Kelly (DJ Kelly Family A/C)	500,000	0.97
Mr Michael Robert Bellamy + Ms Geraldine Angela Linda Lond (Dannebelle Super Fund A/C)	412,500	0.80
	35,667,298	69.09

### Unquoted equity securities

- (a) There were 3 holders of 320,000 options to acquire ordinary shares at an exercise price of 30 cents and expiring 23 March 2010.

Holder name	Number	%
Trevor Dixon	175,000	54.68
Russell McKnight	125,000	39.06

- (b) There were 2 holders of 400,000 options to acquire ordinary shares at an exercise price of 20 cents and expiring 22 March 2011, issued under the Terrain Minerals Ltd Employee Share Option Plan.

- (c) There were 2 holders of 70,000 options to acquire ordinary shares at an exercise price of 10 cents and expiring 23 March 2011.

Holder name	Number	%
Trevor Dixon	50,000	71.42

- (d) There were 2 holders of 400,000 options to acquire ordinary shares at an exercise price of 20 cents and expiring 24 March 2011, issued under the Terrain Minerals Ltd Employee Share Option Plan.

- (e) There were 2 holders of 500,000 options to acquire ordinary shares at an exercise price of 20 cents and expiring 22 March 2012, issued under the Terrain Minerals Ltd Employee Share Option Plan.



**ASX Information**

- (f) There was 1 holder of 500,000 options to acquire ordinary shares at an exercise price of 20 cents and expiring 10 September 2013, issued under the Terrain Minerals Ltd Employee Share Option Plan.
- (g) There was 1 holder of 1,500,000 options to acquire ordinary shares at an exercise price of 20 cents and expiring 30 November 2013, issued under the Terrain Minerals Ltd Employee Share Option Plan.

**ASX Rule 4.10.19**

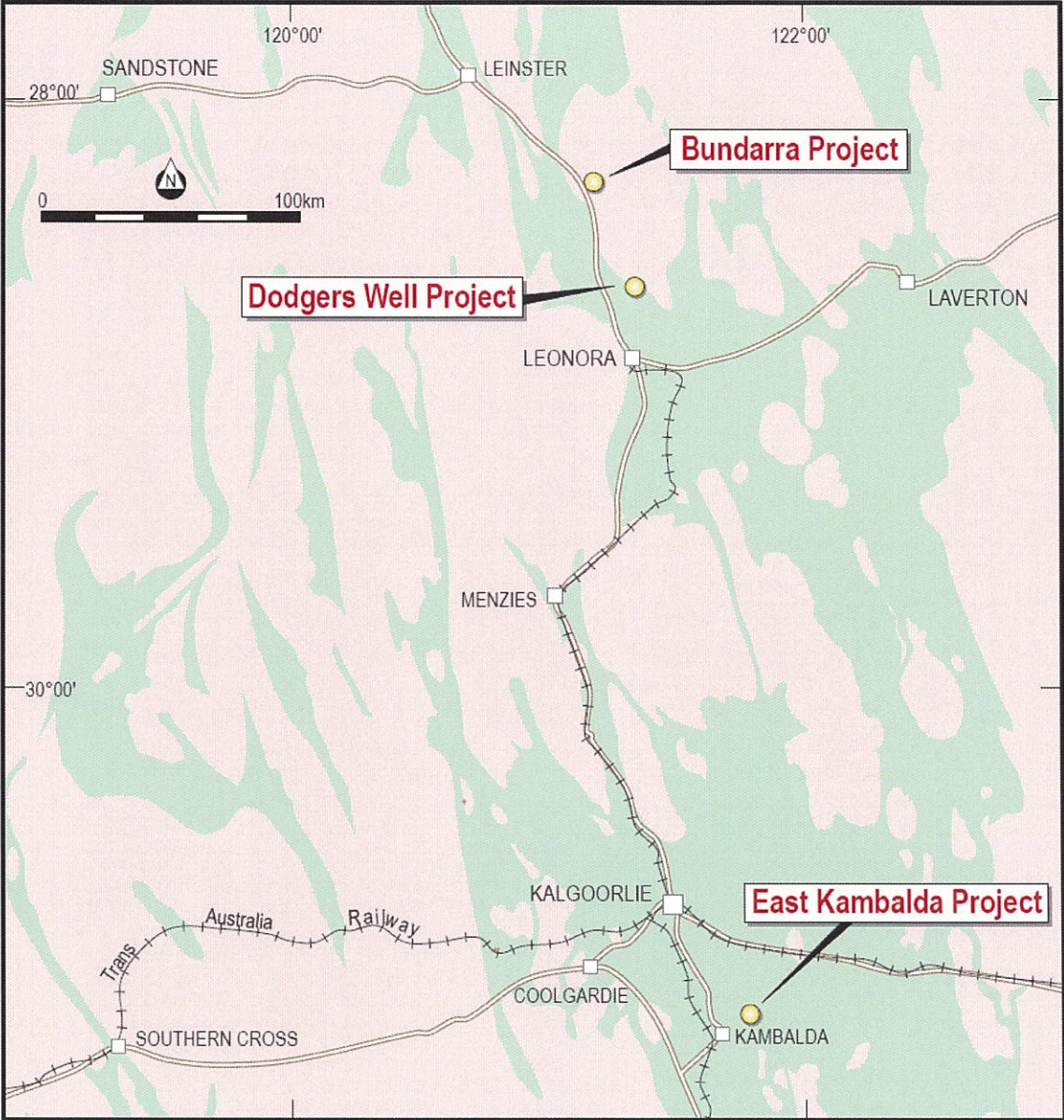
The Company has used its cash and assets in a form readily convertible to cash that it had at time of admission that is consistent with its business objectives.

Terrain Minerals Ltd ABN 45 116 153 514  
**Tenement Schedule**

The company has an interest in the following tenements:

Project	Tenement	Interest	Comment
East Kambalda	E26/97	100%	
	M26/477	100%	
Bundarra	M37/350	100%	
	M37/488	100%	
	M37/489	0%	Hold the right to carry Exploration and prospecting activities for hard rock deposit pursuant to an agreement with the holders.
	M37/513	100%	
	M37/514	100%	
	M37/638	100%	
	P37/7199	100%	
	P37/7212	100%	
	P37/7213	100%	
	P37/7214	100%	
	P37/7215	100%	
	P37/7216	100%	
	Black Cat	E37/667	0%
L37/126		0%	
M37/326		0%	
M37/382		0%	
M37/480		0%	
P37/7200		0%	
P37/7201		0%	
P37/7202		0%	
P37/7203		0%	
P37/7204		0%	
P37/7205		0%	
P37/7206		0%	
P37/7207		0%	
P37/7208		0%	
P37/7210		0%	
P37/7211	0%		
Great Western	M37/54	100%	
Dodgers Well	P37/6950	0%	Right to Acquire 100% after two years Committed Expenditure ending 13.12.2010 Plus \$50,000 Cash/Shares

Terrain Minerals Ltd ABN 45 116 153 514  
Project Location Plan



Terrain Minerals Ltd ABN 45 116 153 514  
**Terrain Minerals Resources**

Deposit	Resources	Measured	Indicated	Inferred	Totals
<b>Bundarra Project</b>					
Wonder North	Tonnes	354,000	872,000	1,314,000	2,540,000
	Grade g/t	2.3	2.4	1.9	2.1
	Ounces	26,000	66,500	80,200	172,600
Bluebush	Tonnes			726,000	726,000
	Grade			1.7	1.7
	Ounces			38,900	38,900
Black Cat	Tonnes			134,000	134,000
	Grade			2.5	2.5
	Ounces			10,600	10,600
Great Western	Tonnes	58,000	284,000	131,000	473,000
	Grade	3.0	2.8	2.3	2.7
	Ounces	5,600	25,800	9,500	40,900
Sub Total	Tonnes	412,000	1,156,000	2,305,000	3,873,000
	Grade	2.4	2.5	1.9	2.1
	Ounces	31,600	92,300	139,200	263,100
Celtic	Tonnes	683,900	199,400	204,400	1,087,700
	Grade	1.8	1.5	1.5	1.7
	Ounces	39,300	9,300	9,500	58,100
Total	Tonnes	1,095,900	1,355,400	2,509,400	4,960,700
	Grade	2.0	2.4	1.9	2.0
	Ounces	70,900	101,600	148,700	321,200

<b>East Kambalda Project</b>					
Coogee	Tonnes		137,800	139,700	277,500
	Grade		4.12	3.70	3.91
	Ounces		18,250	16,620	34,870
Total All Resources	Tonnes	1,095,900	1,493,200	2,649,100	5,238,200
	Grade	2.00	2.56	1.99	2.10
	Ounces	70,900	119,850	165,320	356,070

*The information in this report that relates to Exploration Results is based on information compiled by Mr. Keith Wells, who is a full time employee of Terrain Minerals Ltd. Mr. Wells is a member of the Australian Institute of Geoscientists and 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' Mr. Wells consents to the inclusion in the report of the matters based on information in the form and context in which it appears.*

*The Mineral Resource estimates for the Wonder North, Bluebush, Great Western and Black Cat deposits at Bundarra were completed by Mr. Shane Fieldgate of CSA Global Pty Ltd, who is a Member of the Australian Institute of Geoscientists (MAIG) and is a Competent Person as defined by the Australasian Code for the Reporting of Exploration Results Mineral Resources and Ore Reserves (JORC Code) 2004 Edition and who consents to the inclusion in this report of the matters based on his information in the form and context in which it appears*

*The Mineral Resource estimate for the Coogee deposit was reviewed by Mr. Malcolm Castle, who is a Member of the Australian Institute of Mining & Metallurgy (AUSIMM) and is a Competent Person as defined by the Australasian Code for the Reporting of Exploration Results Mineral Resources and Ore Reserves (JORC Code) 2004 Edition and who consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*