



ABN: 45 116 153 514

TERRAIN MINERALS LIMITED

ANNUAL REPORT

30 JUNE 2016

TERRAIN MINERALS LIMITED

TABLE OF CONTENTS

FOR THE YEAR ENDED 30 JUNE 2016

Corporate Directory	2
Directors' Report	3
Auditors' Independence Declaration	27
Statement of Profit or Loss and Other Comprehensive Income	28
Statement of Financial Position	29
Statement of Changes in Equity	30
Statement of Cash Flows	31
Notes to the Financial Statements	32
Directors' Declaration	61
Independent Audit Report	62
Corporate Governance Statement	64
ASX information	73

TERRAIN MINERALS LIMITED

CORPORATE DIRECTORY

Terrain Minerals Limited Board

Paul Dickson

Non-Executive Chairman

Jonathan Lim

Non-Executive Director

Justin Virgin

Executive Director

Erlyn Dale and Winton Willesee

(Appointed 6 May 2016)

Joint Company Secretaries

Share Register

Computershare Investor Services Pty Ltd

Level 11

172 St Georges Terrace

Perth WA 6000

Telephone 1300 787 272

Facsimile +61 8 9323 2033

Auditor

BDO Audit (WA) Pty Ltd

38 Station Street

Subiaco WA 6008

Solicitor

Kings Park Corporate Lawyers

45 Richardson Street

West Perth WA 6005

Banker

Westpac Banking Corporation

Business Banking Centre

218 St Georges Terrace

Perth WA 6000

Stock Exchange

Terrain Minerals Ltd shares are listed on the Australian Securities Exchange

Ordinary fully paid shares (ASX code TMX)

Principal and Registered office in Australia

Suite 2, 28 Outram Street

West Perth, WA 6005

PO Box 79, West Perth, WA 6872

Telephone: +61 8 9381 5558

Facsimile : +61 8 6141 3599

Email: terrain@terrainminerals.com.au

Website: www.terrainminerals.com.au

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2016

Your Directors present their report for the financial year ended 30 June 2016. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

DIRECTORS

The following persons were Directors of the Company and were in office for the entire year, and up to the date of this report, unless otherwise stated:

Current Directors

Mr Paul Dickson	Non-Executive Chairman	(Appointed to Chairman 26 July 2016)
Mr Jonathan Lim	Non-Executive Director	
Mr Justin Virgin	Executive Director	

Former Directors

Mr David Porter	Non-Executive Chairman	(Resigned 25 July 2016)
-----------------	------------------------	-------------------------

COMPANY SECRETARY

Miss Eryln Dale and Mr Winton Willesee were appointed as joint Company Secretaries on 6 May 2016.

Miss Dale and Mr Willesee are experienced company secretaries with a broad range of experiences with ASX listed and other companies over a number of years.

Both are Chartered Secretaries with qualification in Accounting and a number of other relevant areas.

Mr Damian Delaney has resigned as Company Secretary on 6 May 2016. Mr Delaney is a Chartered Accountant with many years of experience working with international listed companies.

PRINCIPAL ACTIVITIES

During the year, the principal activities of Terrain Minerals Limited consisted of exploration for gold and other mineral resources. No significant change in the nature of these activities occurred during the year.

OPERATING RESULTS

The loss of the company for the year ended 30 June 2016 from ordinary activities after providing for income tax amounted to \$555,650 (30 June 2015: loss of \$4,939,057).

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

REVIEW OF OPERATIONS

The principal activity of the Company during the course of the financial year consisted of the identification of new opportunities. The previous year had been focused on project identification, asset rationalisation and cost saving initiatives. The Board has achieved savings and maintained low overheads throughout the period. These cost saving initiatives along with incoming funds have allowed Terrain to move forward this year on several exciting exploration opportunities including advancing its Great Western (JORC 2012) gold project closer towards production.

Over the past twelve months' Great Western extension drilling results were released and drilling was carried out at Rembrandt. Scoping studies were carried out by CSR Global consultant on Great Western, and early findings indicate the project is robust and the proposed additional work is justified. The study identified that a larger area of the pit was not able to be reported in the scoping study due to being classified at an inferred and not indicated status. A small exploration drill program has been designed to lift this area to indicated status which will assist with meeting the new disclosure rules around releasing scoping study's findings. Terrain has employed senior geologist Trevor Bradley (casual basis) to conduct a full project review and recommend what actions are required to progress the project to be mine ready. The required additional drilling has been delayed until this review is completed.

The strategic purchase of the Wildviper P/L Tenement package E37/1214 that surrounds the Great Western opens up the exploration potential around Great Western and more importantly scope to explore for resource extensions along strike and possible nearby occurrences. The additional area also allows other treatment options and waste storage, as an example there is sufficient available area for heap leaching of all low grade material.

The final payment of \$200,000 was received from the convertible note with SR-Mining (71.9% owned by Bligh Resources). This final payment concluded all dealing from the Bundarra asset sale default and separates these two packages.

Gimlet Project: A comprehensive historic data review was carried out at Gimlet Project, which consists of 469sq km continuous tenure, (176 blocks) strategically located in the Southern Fraser range. Geophysical and geological reviews and targeting studies resulted in the majority of the land area being relinquished. The royalty over the 26 retained blocks was also removed free of cost. The review identified a discrete untested gold anomaly and a small air core drill program has been designed to test that anomaly. The anomaly is situated over arable cropping land and is not accessible until after December 2016.

Rembrandt gold project situated 10km south of Menzies town site was optioned and later acquired. A close spaced drilling campaign over historic high grade intercepts at Monet, produced many high grade gold intersections. The consistency of the grade although high was not consistent with historic data and it was felt a small high grade pit was not viable for a listed company, but may suite an independent miner and divestment activities are underway.

Opportunities continue to be assessed and due to current market conditions an emphasis has been placed on locating more advanced drill ready or previously drilled projects and near term cash flow opportunities. Monetising of Great Western is a priority and work continues in advancing this project forward and all options available including self-mining, Joint venture, part or full sale are being considered.

The Board has maintained its emphasis of maintaining tight cost controls to ensure expenditure is aimed at project generation and value add to maximise shareholder wealth.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

Great Western Gold Project - JORC 2012 Compliant Resources

M37/54 - The 100% owned project is located 68km north of Leonora and 1km from the Goldfields Highway on Weebo pastoral leases and forms part of the historic Wilsons Patch mining area. Terrain considers it as an advanced and close to mine opportunity which has the potential to extend down plunge and along strike.

In August 2015, an updated mineral resource for the Great Western gold deposit including recent drilling data which assisted with updating the resources to be compliant with JORC 2012. This was an important milestone and confirms the asset's value. A 12 hole, 1,612m Reverse Circulation (RC) drill program was completed in June 2015 confirming the continuity of mineralised zones throughout the deposit. As a result, the model is now more robust. The mineral resource, adjusted for previous mining, is shown in the following table.

Reportable Mineral Resource - JORC 2012 Compliant

Great Western Deposit Reportable in situ Mineral Resource depleted for mining						
	Open Cut (0.5g/t)		Underground (1.5g/t)		Combined	
Class	Tonnes	Au g/t	Tonnes	Au g/t	Tonnes	Au g/t
Measured	90,000	2.35			90,000	2.35
Indicated	166,000	2.63	77,000	3.15	243,000	2.80
Inferred	183,000	1.86	153,000	4.72	336,000	3.16
TOTAL	439,000	2.25	230,000	4.20	669,000	2.92

The tonnes have been rounded to the nearest 1000 - See resource details ASX Announcement 28/08/2015

In the table the mineral resource is reported above and below 100m from surface to reflect respectively areas within the model with potential for open cut and underground mining. Such reporting is not based on definitive studies at this time.

Terrain is undertaking a Prefeasibility Study at Great Western. Several studies have previously been completed and these findings will be utilised and new drilling data will be added. It is important to note the JORC 2012 mineral resource estimate is only an indication of contained metal and not necessarily a true indication of the grade and tonnes that will be actually mined as mining methods vary based on many factors. **Example:** Speechly mining study on GW September 2009, proposed the following (see diagram 2): Open pit to 65m for 113,532 tonnes at 2.74 g/t and then a 150m deep Underground containing 183,021 tonnes at 7.66 g/t **Total mined tonnes 296,552 at 5.77g/t for 53,013 ounces of gold.**

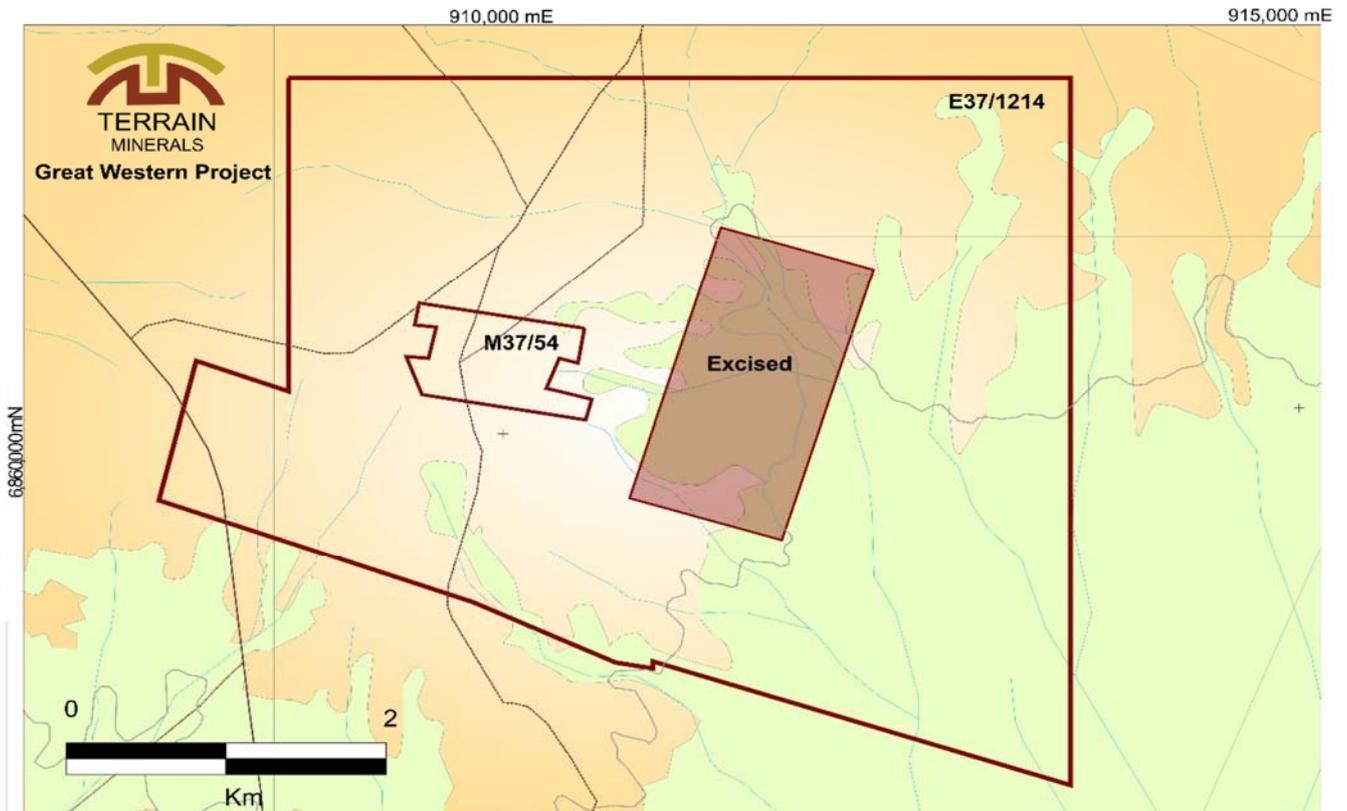


Diagram 1. Great Western Tenement package

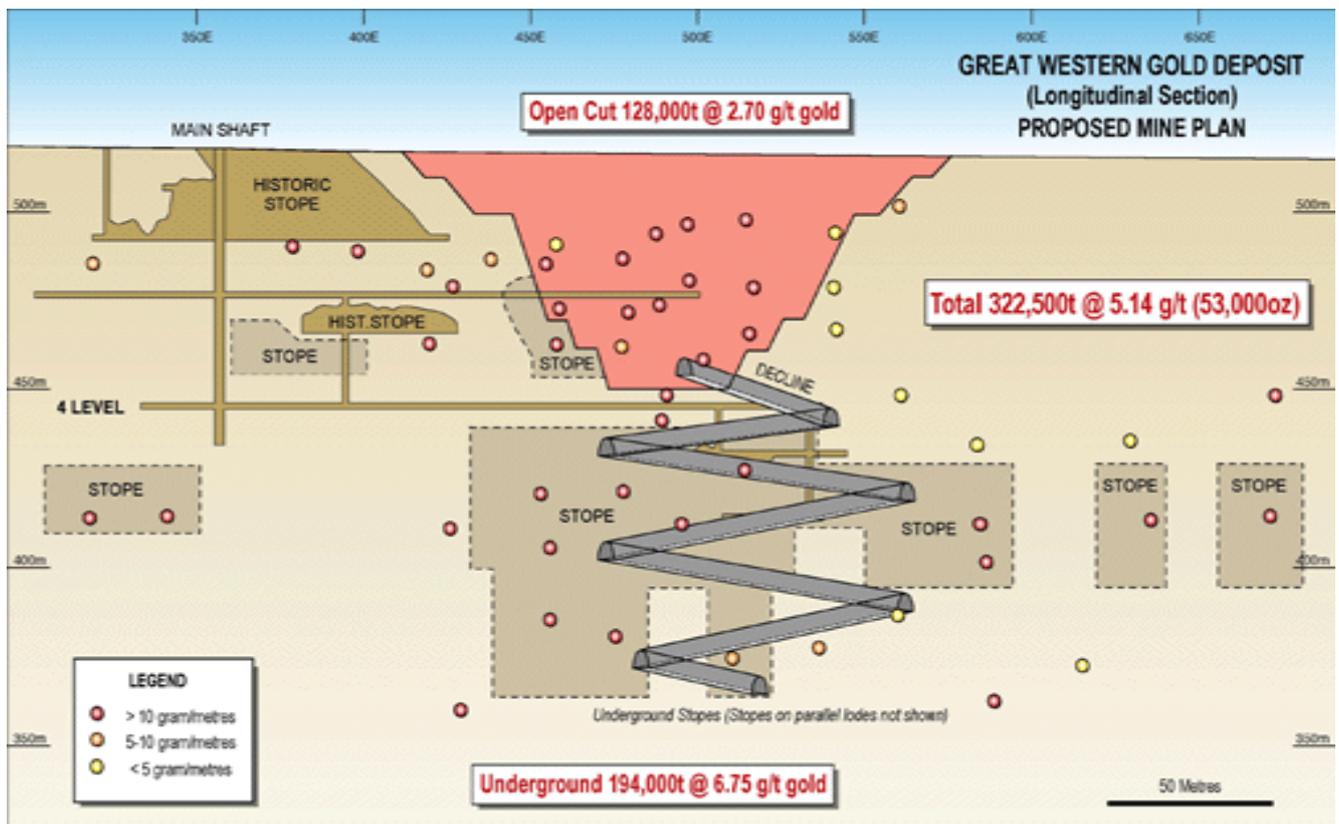


Diagram 2. The above pit, decline and stopes do not exist. Recent drilling intersection not shown.

Gimlet – Fraser Range South

E63/1740 - The Gimlet Project (100% no royalties) is located 20km east of Salmon Gums in the Fraser Range nickel province in the south eastern extent of Western Australia.

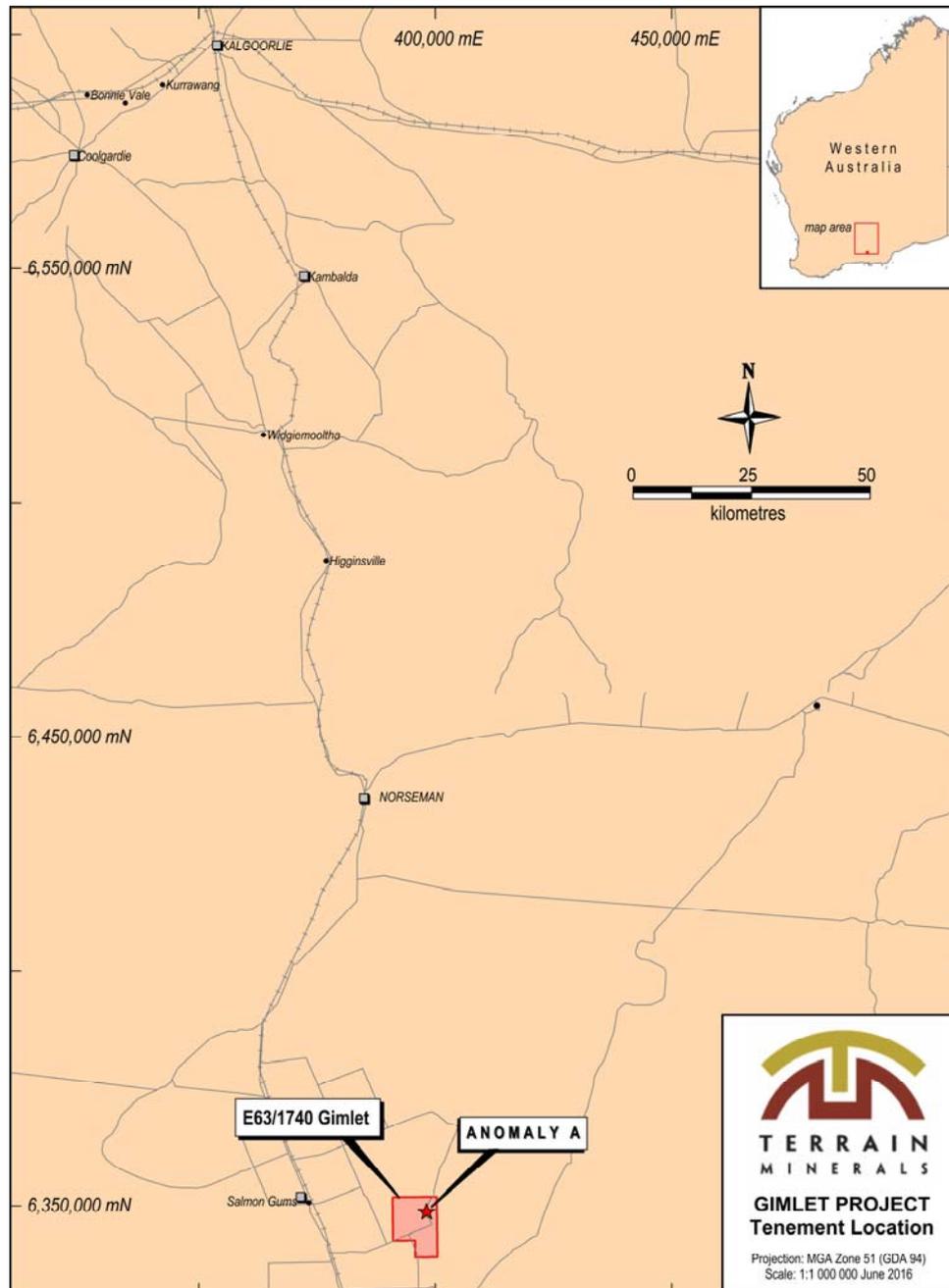


Diagram 4. Location Map E63/1740

A Desk top review using the historic data over its Gimlet was completed and has identified an untested gold soil Anomaly "A". This represents a 'walk up' untested Gold target.

Highlights of the historic data review include:

- Greater than 600m by 200m auger anomaly (Gold target);
- Drilling just to the west encountered low 2 to 3 metres overburden; and
- Drill program (aircore/rab) has been approved with planning underway.

Anomaly A is a discrete east-west trending 600x200m gold in soil anomaly, defined by a historic 200x100m spaced auger sampling. The low level 15-30ppb anomaly is located on private arable land. Magnetic testing displays complex underlying bedrock geology. Three shallow aircore drill holes drilled 200m to the west of the anomaly intersected quartz-feldspathic gneisses, and while no anomalism was identified, the holes show transported cover to be thin (<3m), suggesting the anomaly is not part the extensive palaeo-channel system transecting the area, and potentially reflects a bedrock source. The anomaly represents a modest lithostructural and geochemical target. The Company plans to test the structure with a small rab/aircore program in due course (Refer to announcement on 4 July 2016).

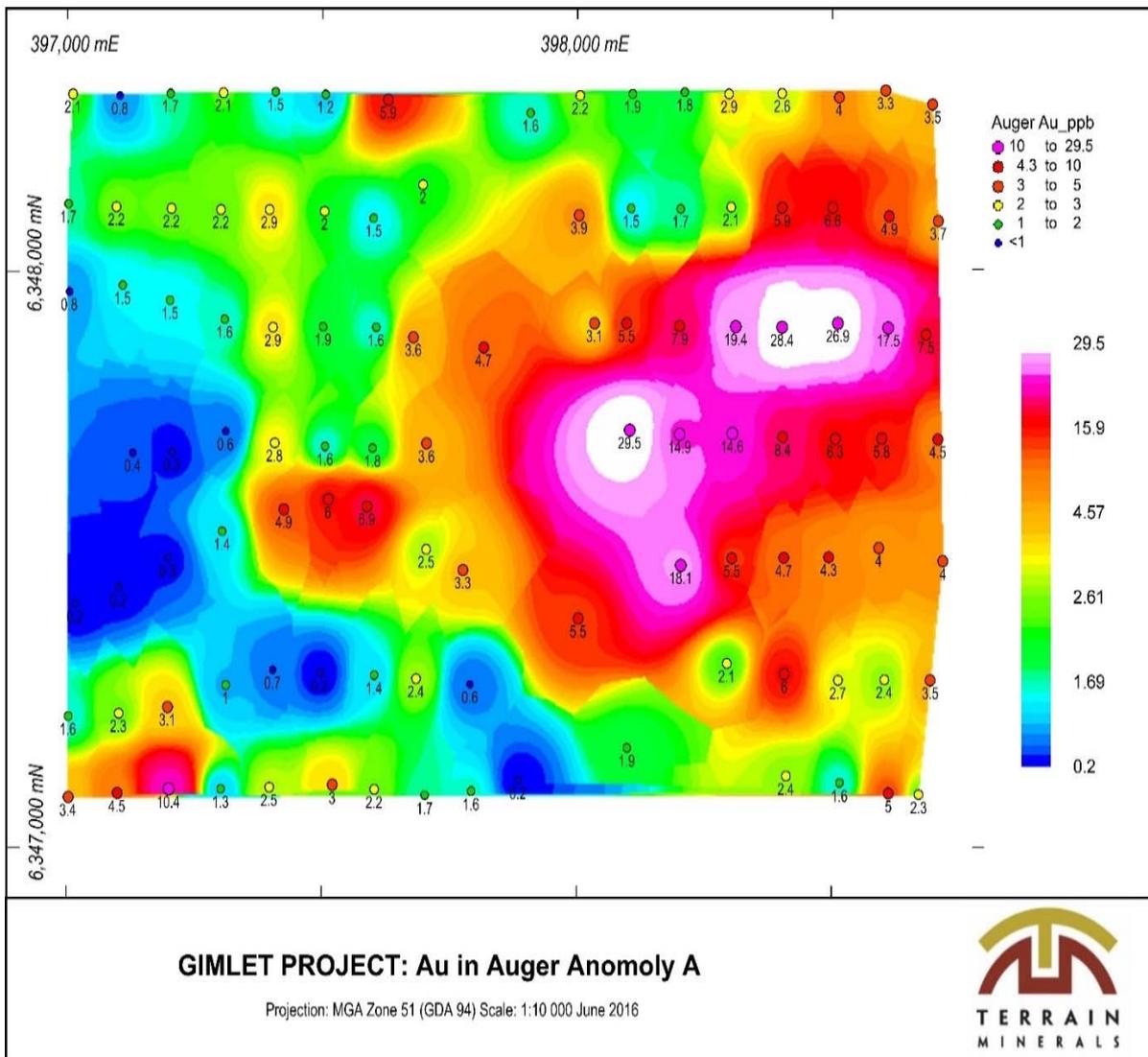


Diagram 5. Untested Auger Soil Anomaly "A"

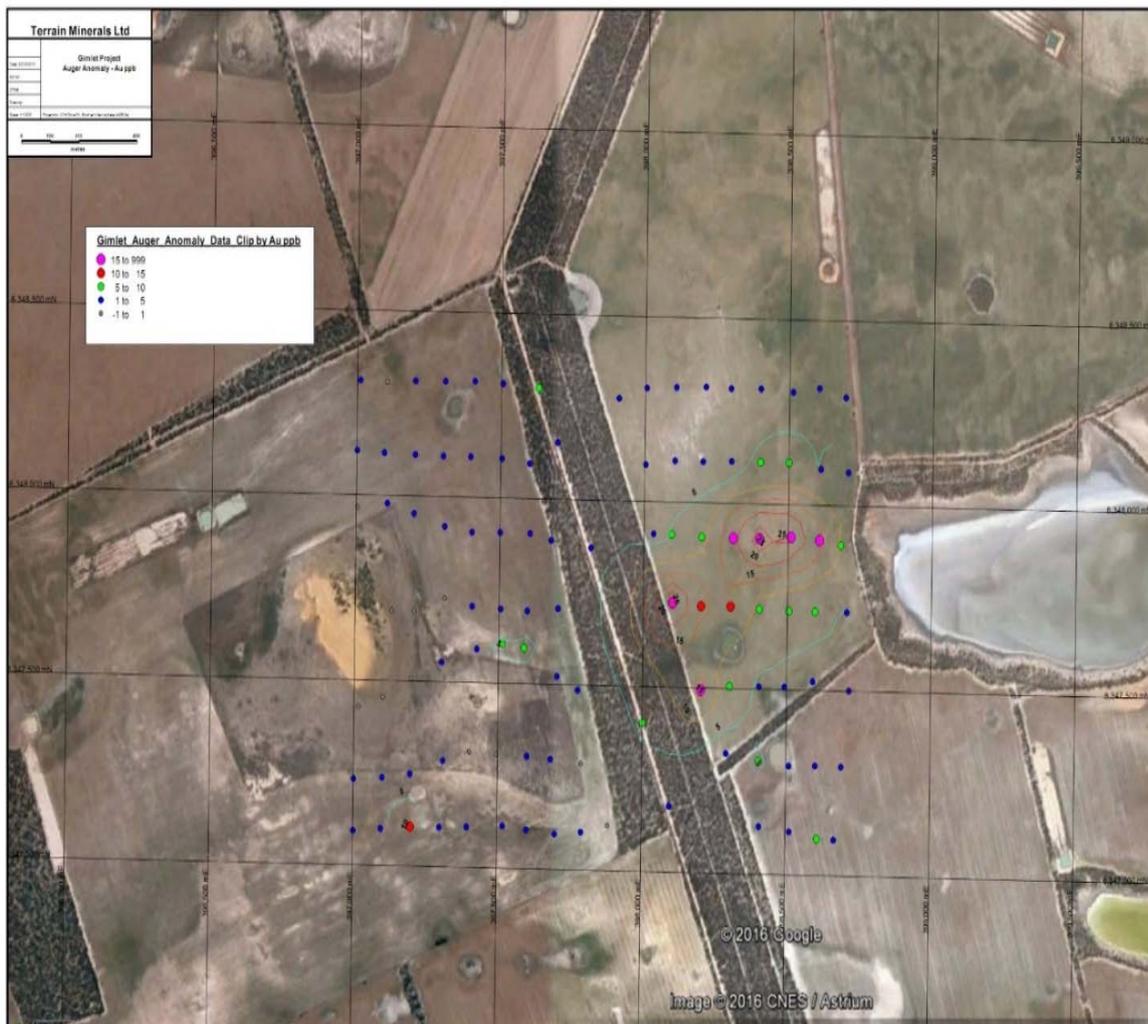


Diagram 6. Anomaly "A" is located over free hold agricultural land. Permission to access and first pass drill test this the area is underway

Rembrandt Gold Project

Monet Prospect

Multiple high grade drill results including:

- TMXMRC014: 1m @ 9.93 g/t Au from 1m
- TMXMRC016: 1m @ 17.9g/t Au from 26m & 2m @ 1.9g/t Au from 30m
- TMXMRC018: 1m @ 6.5g/t Au from 46m
- TMXMRC027: 2m @ 12.91 g/t Au from 10m
Including: 1m @ 24.3g/t Au from 11m
- TMXMRC030: 1m @ 80.4g/t Au from 43m
- TMXMRC039: 1m @ 18.85g/t Au from 11m
- TMXMRC040: 1m @ 5.34 g/t Au from 24m
- TMXMRC041: 1m @ 2.7g/t Au from 32m & 3m @ 1.7g/t Au from 39m
- TMXMRC051: 1m @ 4.06 g/t Au from 7m
- TMXMRC052: 1m @ 16.34 g/t Au from 19m
- TMXMRC063: 1m @ 20g/t Au from 16m
- TMXMRC064: 1m @ 10.3g/t Au from 28m
- TMXMRC065: 2m @ 3.54 g/t Au from 36m
- TMXMRC066: 2m @ 1.8g/t Au from 46m

Refer to ASX release ASX Release 4th Dec 2015 & 2nd March 2016 for results tables.

Terrain continues discussions with potential joint venture and investment partners in order to unlock asset values.

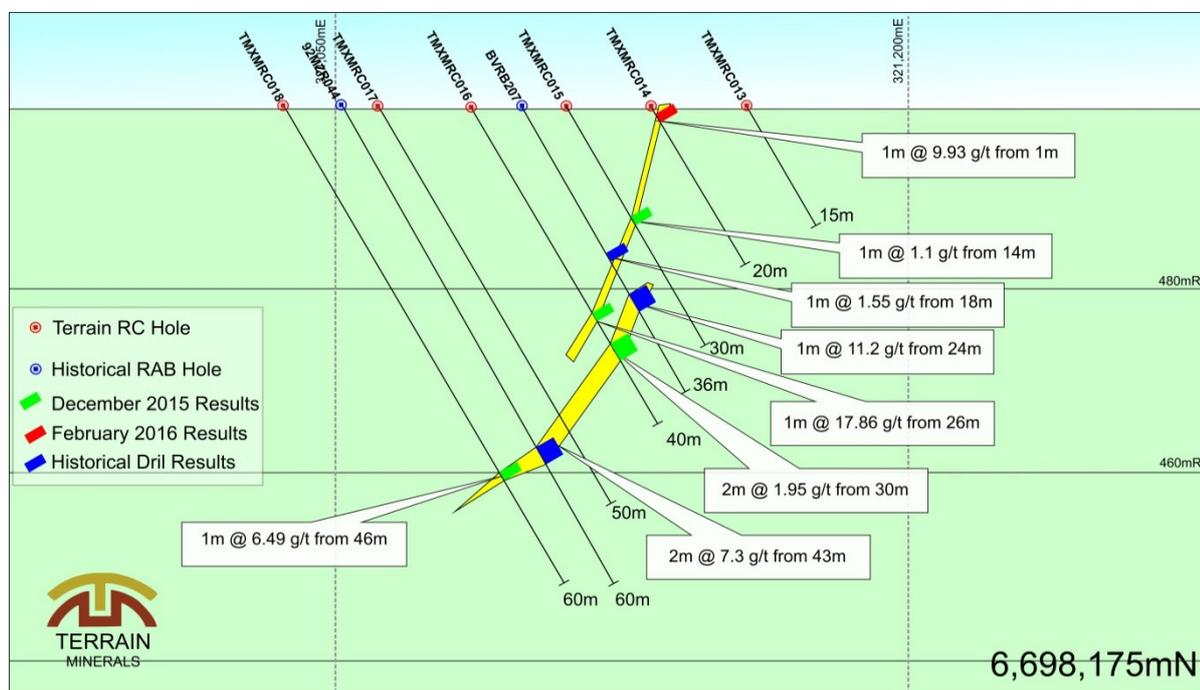


Diagram 7. Drill Section 6,698,175mN

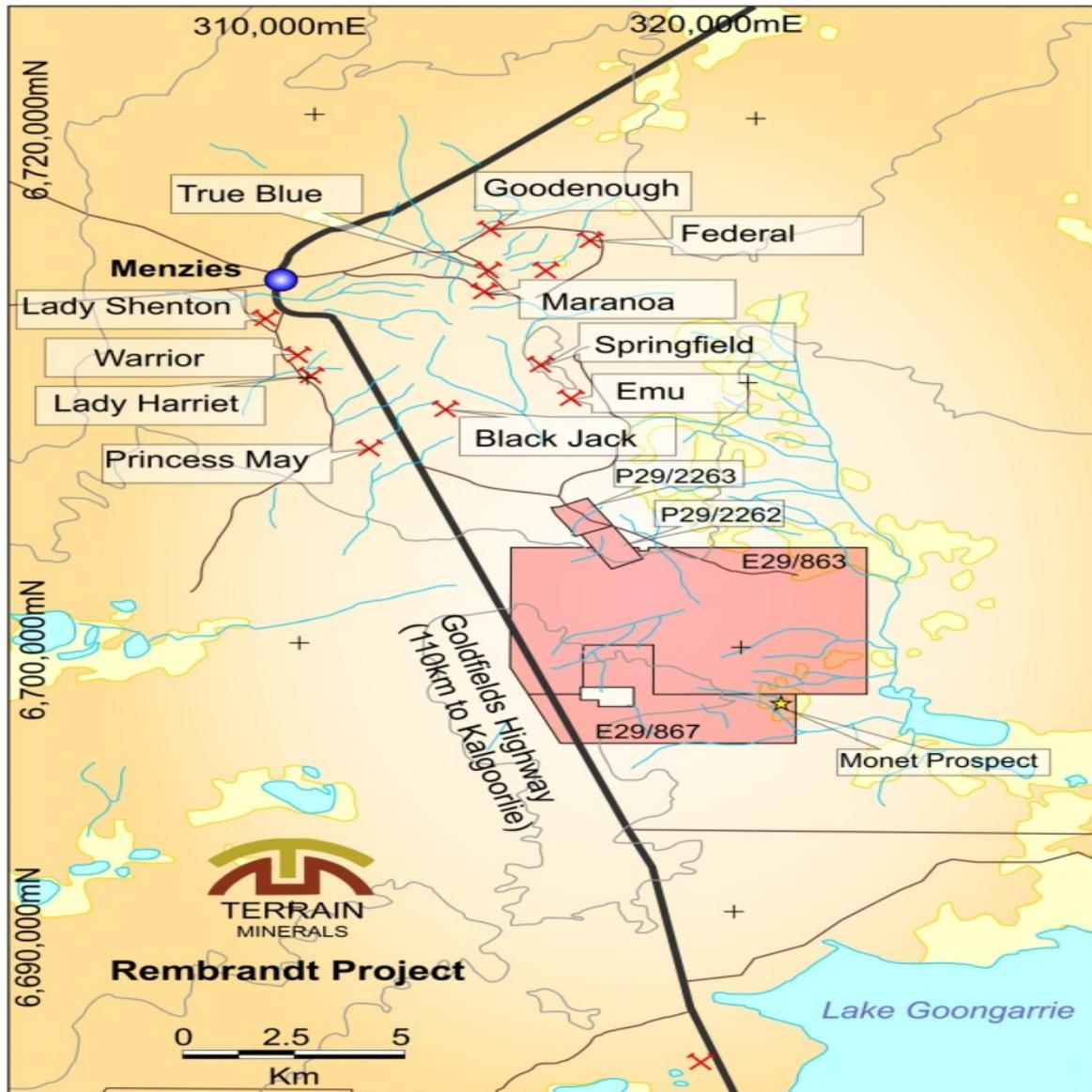


Diagram 8. Rembrandt Project Location Plan

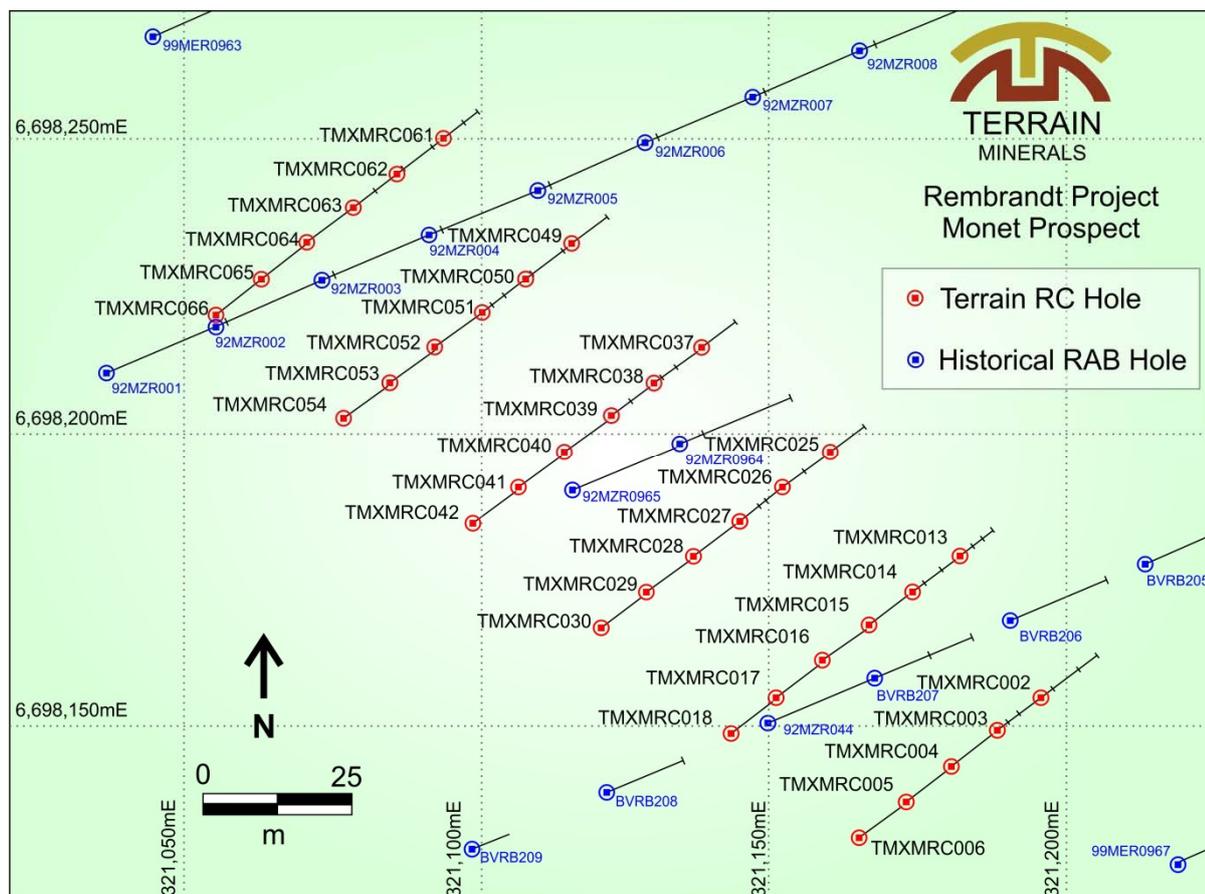


Diagram 8. Monet Prospect Drill Collar Plan

End of Review of Operations

EQUITIES ISSUED

During the year, the Company issued a total of 22,000,000 options to Mr Jonathan Lim, Paul Dickson, David Porter, and Justin Virgin and were approved by shareholders at the 2015 Annual General Meeting.

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

FINANCIAL POSITION

The net assets of Terrain Minerals Limited have decreased by \$122,704 from 30 June 2015 to \$1,007,872 on 30 June 2016 year end.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than as mentioned in the Review of Operations, no significant changes in the state of affairs of the Consolidated Entity occurred during the financial period.

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

EVENTS SUBSEQUENT TO REPORTING DATE

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The management team and Board of Directors ("the Board") of the Company are continuing to review opportunities available to the Company, which includes the exploration of the Company's existing tenements and assessment of new opportunities.

ENVIRONMENTAL REGULATIONS

The company is subject to the reporting requirements of both the Energy Efficiency Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act 2007. The Energy Efficiency Opportunities Act 2006 requires the company to assess its energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action the company intends to take as a result. The company continues to meet its obligations under this Act.

The National Greenhouse and Energy Reporting Act 2007, requires the company to report its annual greenhouse gas emissions and energy use. The company has implemented systems and processes for the collection and calculation of the data required and submitted its 2010/11 report to the Greenhouse and Energy Data Officer on 24 October 2011. Other than the above, the company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

INFORMATION ON DIRECTORS' AND DIRECTORS' INTERESTS IN SECURITIES OF TERRAIN

The names and particulars of the Directors of the company during or since the end of the financial year are:

INFORMATION ON DIRECTORS

Mr Paul Dickson

Non-Executive Chairman (appointed to Chairman 26 July 2016)

Experience

Mr Dickson has over twenty four years' experience in the Securities and Finance Industries since 1988, with an initial three years in banking followed by approximately thirteen years in stock broking with the majority of his career spent at tier one firm Ord Minnett Ltd. In the past nine 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. Paul is currently a director of Private Equity firm Proserpine Capital and sits on the board of a number of investee companies representing the interests of their investors.

Interest in Shares and Options 11,000,000 options over ordinary shares and 1,812,837 shares.

Special Responsibilities

Nil

Directorships held in other listed entities during the three years prior to the current year

Mr Dickson is also non-Executive Director (Deputy Chairman) of the ASX listed Alligator Energy Ltd, which listed in February 2011.

Mr Jonathan Lim

Non-Executive Director

Experience

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 thirty countries globally and was ranked 3rd place in the Singapore Enterprise E50 Awards in 2007. In 2008, Romar was acquired by a UK-based MNC.

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 manufacturing businesses in both North and South America, Australia and North and SE Asia.

Interest in Shares and Options 11,000,000 options over ordinary shares and 73,135,419 shares.

Special Responsibilities

Nil

Directorships held in other listed entities during the three years prior to the current year

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

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

INFORMATION ON DIRECTORS (CONTINUED)

Mr Justin Virgin	Executive Director
Experience	Mr Virgin has over 12 years' experience in the financial services and Securities industry with expertise in providing a wide range of financial services which includes capital raisings, promotion, providing general corporate advice listed small-cap companies and other investment advice involved in negotiations, mergers, acquisitions and valuations. Mr Virgin also has over 10 years' on site mining experience operating in remote and isolated sites throughout WA and NT on site. His experience covers mine closures and rehabilitation works as well as extensive preventative maintenance planning and execution on onsite mobile fleet.
Interest in Shares and Options	17,000,000 options over ordinary shares and 9,370,000 shares.
Special Responsibilities	Nil
Directorships held in other listed entities during the three years prior to the current year	Mr Virgin is a Non-Executive Director of the ASX listed Blina Minerals NL
Mr David Porter	Non-Executive Chairman (Resigned 25 July 2016)
Experience	<p>Mr Porter is a professional geologist and Fellow of the Australasian Institute of Mining and Metallurgy with over 40 years' experience in the mining industry, including most facets of exploration and mining. For the past 15 years he has focussed his activities in Africa and was the founding Chairman of Cam Iron SA and Congo Iron SA, both part of the Mbalam Iron Project of Sundance Resources Ltd. The project has a planned output of 35 million tonnes per annum of high grade iron ore and is at development stage which involves capital expenditure of \$4.7 billion. He was also instrumental in the development of two coal projects in the Waterberg region of South Africa which are at development stage. Prior to Mr Porter's project generation activities in Africa he was managing director of three ASX-listed exploration companies, all of which developed gold and base metal projects. In Diversified Mineral Resources he supervised the resource definition at the Agbaou gold deposit in Cote d'Ivoire into plus one million ounces of gold. Africwest Gold acquired the nickel deposits at Kambalda and developed into a leading Australian nickel producer while Golden Rim Resources is now developing gold resources in Burkina Faso.</p> <p>Mr Porter was an executive director and exploration manager of Gasgoyne Gold Mines NL from 1989 until 1996, and managed the Yilgarn Star feasibility study in 1990/1991. Gasgoyne produced over 100,000 ounces of gold per year from the Yilgarn Star Mine until it was taken over in 1996 by Sons of Gwalia Ltd in a A\$180 million transaction. In the period from 1971 to 1989, Mr Porter worked for many international mining companies, with small ASX-listed companies and as an independent consultant on gold, base metal, iron ore and coal projects.</p>
Interest in Shares and Options	11,000,000 options
Special Responsibilities	Nil
Directorships held in other listed entities during the three years prior to the current year	Mr Porter is an Executive Director of the ASX listed Blina Minerals NL. Former Non-Executive Director of European Metals Holdings Limited (Formerly known as Equaminerals Holdings Limited) resigned 5 November 2014.

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

INFORMATION ON DIRECTORS (CONTINUED)

MEETINGS OF DIRECTORS

During the financial year, 3 meetings of Directors were held. Attendances by each Director were as follows:

	DIRECTORS' MEETINGS	
	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED
Mr Paul Dickson	3	3
Mr Jonathan Lim	3	3
Mr Justin Virgin	3	3
Mr David Porter ¹	3	3

¹ David Porter resigned 25 July 2016

INDEMNIFYING OFFICERS OR AUDITORS

Terrain Minerals Limited has paid premiums to insure Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of director of Terrain Minerals Limited, other than conduct involving a wilful breach of duty in relation to Terrain Minerals Limited.

OPTIONS

At the date of this report, the unissued ordinary shares of Terrain Minerals Limited under option, including those options issued during the year and since 30 June 2015 to the date of this report, are as follows:

OPTIONS

GRANT DATE	DATE OF EXPIRY	EXERCISE PRICE	NUMBER UNDER OPTION
26 November 2013	1 December 2016	0.0078	16,500,000
28 November 2014	24 December 2019	0.0040	12,000,000
21 August 2015	1 August 2018	0.0300	6,000,000
24 November 2015	24 November 2020	0.0117	22,600,000
			<u>57,100,000</u>

For details of options issued to Directors and executives as remuneration, refer to the remuneration report. During the year, no ordinary shares of Terrain Minerals Limited were issued on the exercise of options granted.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of Terrain Minerals Limited or intervene in any proceedings to which Terrain Minerals Limited is a party for the purpose of taking responsibility on behalf of Terrain Minerals Limited for all or any part of those proceedings.

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

Terrain Minerals Limited was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 27 of the financial report.

REMUNERATION REPORT (AUDITED)

REMUNERATION POLICY

The objective of the Company'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 Company 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 company. The company 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.

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 November 2015. Directors' remuneration is inclusive of committee fees.

REMUNERATION REPORT (CONTINUED) (AUDITED)

REMUNERATION POLICY (CONTINUED)

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 and non-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.

Company Performance, Shareholder Wealth and Director's and Executives' Remuneration

The fees paid to non-executive Directors have not increased since November 2013. Executive remuneration remains in the bottom quartile of remuneration for comparable positions in the minerals industry. Options granted to key management personnel was not linked to company performance.

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.

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 Company 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.

REMUNERATION REPORT (CONTINUED) (AUDITED)

EMPLOYMENT DETAILS OF MEMBERS OF KEY MANAGEMENT PERSONNEL AND OTHER EXECUTIVES

The following table provides employment details of persons who were, during the financial year, members of key management personnel of Terrain Minerals Limited. The table also illustrates the proportion of remuneration that was fixed salary and the proportion of remuneration received in the form of options.

KEY MANAGEMENT PERSONNEL	POSITION HELD AS AT 30 JUNE 2015	CONTRACT DETAILS (DURATION & TERMINATION)
Mr David Porter ¹	Non-Executive Chairman	On-going basis with no termination benefits
Mr Paul Dickson	Non-Executive Vice Chairman	On-going basis with no termination benefits
Mr Jonathan Lim	Non-Executive Director	On-going basis with no termination benefits
Mr Justin Virgin	Executive Director	Executive agreement effective 1 December 2015

1. David Porter resigned 25 July 2016

The employment terms and conditions of key management personnel are formalised in contracts of employment.

On 1 December 2015 the Company entered into an Executive Service Agreement with Director Justin Virgin. Under the terms of the contract:

- Mr Virgin will be paid a minimum remuneration package of \$100,000 p.a. base salary plus superannuation.
- The Company may terminate this agreement in writing if the Executive becomes incapacitated by illness or accident for an accumulated period of two months or a period aggregating more than three months in any twelve month period.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. On termination with cause, the Executive is not entitled to any payment.
- If the Company terminates the agreement for any reason other than the above, the Company must pay the Executive an amount equal to six month's salary.
- If Mr Virgin terminates the agreement, he must provide the Company with 60 days' notice period.

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

REMUNERATION REPORT (CONTINUED) (AUDITED)

REMUNERATION DETAILS FOR THE YEAR ENDED 30 JUNE 2016

Details of the nature and amount of each element of the emoluments of each member of the key management personnel of Terrain Minerals for the year ended 30 June 2016 and 30 June 2015 are set out in the following tables:

For the year ended 30 June 2016

KEY MANAGEMENT PERSONNEL	SHORT-TERM BENEFITS		POST-EMPLOYMENT BENEFITS	EQUITY-SETTLED SHARE-BASED PAYMENTS		TOTAL
	SALARY, FEES AND LEAVE	OTHER	SUPERANNUATION	SHARES	OPTIONS	
	\$	\$	\$	\$	\$	
Mr David Porter ¹	40,000	-	-	-	26,642	66,642
Mr Paul Dickson	30,000	-	2,850	-	26,642	59,492
Mr Jonathan Lim	32,700	-	-	-	26,642	59,342
Mr Justin Virgin	90,417	-	8,590	-	66,605	165,612
TOTAL KEY MANAGEMENT PERSONNEL	193,117	-	11,440	-	146,531	351,088

¹ David Porter resigned 25 July 2016

REMUNERATION DETAILS FOR THE YEAR ENDED 30 JUNE 2015

KEY MANAGEMENT PERSONNEL	SHORT-TERM BENEFITS		POST-EMPLOYMENT BENEFITS	EQUITY-SETTLED SHARE-BASED PAYMENTS		TOTAL
	SALARY, FEES AND LEAVE	OTHER	SUPERANNUATION	SHARES	OPTIONS	
	\$	\$	\$	\$	\$	
Mr David Porter	40,000	-	-	-	3,707	43,707
Mr Paul Dickson	30,000	-	2,850	-	3,707	36,557
Mr Jonathan Lim	32,700	-	-	-	3,707	36,407
Mr Justin Virgin	74,501	-	6,507	-	3,707	84,715
TOTAL KEY MANAGEMENT PERSONNEL	177,201	-	9,357	-	14,828	201,386
OTHER EXECUTIVES						
Mr Jay Stephenson ¹	49,000	-	-	-	-	49,000
TOTAL OTHER EXECUTIVES	49,000	-	-	-	-	49,000
TOTAL	226,201	-	9,357	-	14,828	250,386

¹ Jay Stephenson resigned 24 April 2015

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

REMUNERATION REPORT (CONTINUED) (AUDITED)

SHARE-BASED PAYMENTS

During the year ended 30 June 2016, 22,000,000 options were issued to the directors.

KEY MANAGEMENT PERSONNEL	REMUNERATION TYPE	GRANT DATE	NUMBER OF OPTIONS	GRANT VALUE \$	PERCENTAGE	PERCENTAGE FORFEITED DURING YEAR %	PERCENTAGE REMAINING AS UNVESTED %
					VESTED/PAID DURING THE YEAR %		
Mr David Porter ¹	Options	24 Nov 15	4,000,000	26,642	100	-	-
Mr Paul Dickson	Options	24 Nov 15	4,000,000	26,642	100	-	-
Mr Jonathan Lim	Options	24 Nov 15	4,000,000	26,642	100	-	-
Mr Justin Virgin	Options	24 Nov 15	10,000,000	66,605	100	-	-

1. David Porter resigned 25 July 2016

DESCRIPTION OF OPTIONS/RIGHTS ISSUED AS REMUNERATION

2016

The options granted to Directors and Company Secretary, Mr Damian Delaney (resigned 6 May 2016), in the year 30 June 2016 were for nil consideration as remuneration, exercisable at \$0.0117 options with an expiry date of on or before 24 November 2020. They vested immediately. The value per option was \$0.007.

They were valued using Black Scholes with the below assumptions:

Number of options in series	22,600,000
Grant date share price	\$0.007
Exercise price	\$0.0117
Expected volatility	184%
Option life	5 years
Dividend yield	0.00%
Interest rate	2.10%

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

REMUNERATION REPORT (CONTINUED) (AUDITED)

KEY MANAGEMENT PERSONNEL OPTIONS AND RIGHTS HOLDINGS

The number of options over ordinary shares held by each key management person of Terrain Minerals Limited during the financial year is as follows:

30 JUNE 2016	BALANCE AT BEGINNING OF YEAR	GRANTED AS REMUNERATION DURING THE YEAR	EXERCISED DURING THE YEAR	OTHER CHANGES DURING THE YEAR	BALANCE AT END OF YEAR	VESTED DURING THE YEAR	VESTED AND EXERCISABLE	VALUE OF OPTIONS GRANTED AS REMUNERATION \$
Mr David Porter ¹	7,000,000	4,000,000	-	-	11,000,000	4,000,000	11,000,000	26,642
Mr Paul Dickson	7,000,000	4,000,000	-	-	11,000,000	4,000,000	11,000,000	26,642
Mr Jonathan Lim	7,000,000	4,000,000	-	-	11,000,000	4,000,000	11,000,000	26,642
Mr Justin Virgin	7,000,000	10,000,000	-	-	17,000,000	10,000,000	17,000,000	66,605
	28,000,000	22,000,000	-	-	50,000,000	22,000,000	50,000,000	146,531

- David Porter resigned 25 July 2016

KEY MANAGEMENT PERSONNEL SHAREHOLDINGS

The number of ordinary shares in Terrain Minerals Limited held by each key management person of Terrain Minerals Limited during the financial year is as follows:

30 June 2016	BALANCE AT BEGINNING OF YEAR	GRANTED AS REMUNERATION DURING THE YEAR	ISSUED ON EXERCISE OF OPTIONS DURING THE YEAR	OTHER CHANGES DURING THE YEAR	BALANCE AT END OF YEAR
Mr David Porter ¹	-	-	-	-	-
Mr Paul Dickson	1,812,837	-	-	-	1,812,837
Mr Jonathan Lim	73,135,419	-	-	-	73,135,419
Mr Justin Virgin	9,370,000	-	-	-	9,370,000
	84,318,256	-	-	-	84,318,256

- David Porter resigned 26 July 2016

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

REMUNERATION REPORT (CONTINUED) (AUDITED)

LOANS OR OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

(i) There were no other transactions with the key management personnel during the year.

(ii) **Other transactions with KMP**

	2016	2015
	\$	\$
Payments to director-related parties (i)	-	18,266
Payments received from director related parties (ii)	-	(6,597)

(i) The payments were made to Drake Resources Limited a company of which Jay Stephenson is a director and beneficial shareholder. The payments were for rent payments on an arm's length basis. At the year-end no amounts were outstanding

(ii) Payments received from Blina Minerals NL a company which David Porter and Justin Virgin are directors and beneficial shareholders. The payment received was for geological services provided.

VOTING AND COMMENTS MADE AT THE COMPANY'S 2015 ANNUAL GENERAL MEETING

At the Annual General Meeting held on 24 November 2015, the Company's shareholders did not record a vote of more than 25% against the Remuneration Report and no questions were raised at the meeting relating to the Remuneration Report.

The Company does not have a remuneration consultant. The remuneration committee is a committee of the Board of the Company.

END OF AUDITED REMUNERATION REPORT

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

The directors' report incorporating the remuneration reports is signed in accordance with a resolution of the Board of Directors made pursuant to s298(2) of the Corporations Act 2001.



Justin Virgin

Executive Director

Dated: 28 September 2016

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF TERRAIN MINERALS LIMITED

As lead auditor of Terrain Minerals Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of 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.



Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 28 September 2016

TERRAIN MINERALS LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

		2016	2015
	NOTE	\$	\$
Revenue from continuing operations	2	6,762	26,926
Other income	2	-	10,506
Gain on disposal of assets	2	-	20,750
Administrative expenses		(189,661)	(199,714)
Share based payments	2	(150,528)	(14,829)
Depreciation expenses	7	(2,250)	(4,535)
Exploration expenditure write off	9	(625)	(787,861)
Loss on impairment of receivable		(468)	(3,787,733)
Loss on revaluation of shares		-	(11,200)
Employee benefits expenses		(204,905)	(171,257)
Occupancy expenses		(13,975)	(20,110)
Loss before income taxes		(555,650)	(4,939,057)
Income tax expense	3	-	-
Loss after income tax for the year		(555,650)	(4,939,057)
Other comprehensive income		-	-
Total comprehensive loss for the year attributable to owners of Terrain Minerals Limited		(555,650)	(4,939,057)
Loss from continuing operations attributable to owners of Terrain Minerals Limited		(555,650)	(4,939,057)
Loss per share attributable to owners of TMX			
From continuing operations:			
Basic loss per share (cents)	13	(0.14)	(1.42)
Diluted loss per share (cents)	13	(0.14)	(1.42)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

TERRAIN MINERALS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 30 JUNE 2016

	NOTE	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	617,287	711,289
Trade and other receivables	5	7,931	29,153
Financial assets	6	-	208,000
Other assets	8	13,960	11,439
TOTAL CURRENT ASSETS		639,178	959,881
NON-CURRENT ASSETS			
Plant and equipment	7	4,279	6,529
Exploration expenditure	9	401,008	236,931
TOTAL NON-CURRENT ASSETS		405,287	243,460
TOTAL ASSETS		1,044,465	1,203,341
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	36,593	72,765
TOTAL CURRENT LIABILITIES		36,593	72,765
TOTAL LIABILITIES		36,593	72,765
NET ASSETS		1,007,872	1,130,576
EQUITY			
Issued capital	11	19,056,224	18,773,806
Reserves	12	1,461,049	1,310,521
Accumulated losses	12	(19,509,401)	(18,953,751)
TOTAL EQUITY		1,007,872	1,130,576

The above statement of financial position should be read in conjunction with the accompanying notes

TERRAIN MINERALS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	ORDINARY SHARES \$	OPTIONS RESERVE \$	ACCUMULATED LOSSES \$	TOTAL \$
Balance at 1 July 2015 ²⁰¹¹	18,773,806	1,310,521	(18,953,751)	1,130,576
Loss attributable to members of the parent entity	-	-	(555,650)	(555,650)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(555,650)	(555,650)
Transactions with owners, in their capacity as owners, and other transfers				
Contributions of equity, net of transaction costs	282,418	-	-	282,418
Issue of options	-	150,528	-	150,528
Balance at 30 June 2016	19,056,224	1,461,049	(19,509,401)	1,007,872
Balance at 1 July 2014 ²⁰¹¹	18,773,806	1,295,692	(14,014,694)	6,054,804
Loss attributable to members of the parent entity	-	-	(4,939,057)	(4,939,057)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(4,939,057)	(4,939,057)
Transactions with owners, in their capacity as owners, and other transfers				
Options based payments	-	14,829	-	14,829
Balance at 30 June 2015	18,773,806	1,310,521	(18,953,751)	1,130,576

The above statement of changes in equity should be read in conjunction with the accompanying notes

TERRAIN MINERALS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	2016 \$	2015 \$
CASH FROM OPERATING ACTIVITIES:			
Payments to suppliers and employees		(394,379)	(209,885)
Receipts from customers		-	31,256
Interest received		6,762	26,926
		<u>6,762</u>	<u>26,926</u>
Net cash used in operating activities	21	<u>(387,617)</u>	<u>(151,703)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Exploration and evaluation expenditure		(195,736)	(262,523)
Proceeds from sale of investment		7,532	-
		<u>7,532</u>	<u>-</u>
Net cash used in investing activities		<u>(188,204)</u>	<u>(262,523)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		300,000	-
Payment of share issue costs		(18,181)	-
Proceeds from convertible note		200,000	-
		<u>200,000</u>	<u>-</u>
Net cash provided by financing activities		<u>481,819</u>	<u>-</u>
OTHER ACTIVITIES:			
Net cash decrease in cash and cash equivalents		(94,002)	(414,226)
Cash and cash equivalents at beginning of year		711,289	1,125,515
		<u>711,289</u>	<u>1,125,515</u>
Cash and cash equivalents at end of the year	4	<u>617,287</u>	<u>711,289</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1 BASIS OF PREPARATION

This financial report includes the financial statements and notes of Terrain Minerals Limited (the company) and was approved for issue on 28 September 2016 by the Board of directors of the Company.

Terrain Minerals Limited is a for-profit company limited by shares, incorporated and domiciled in Australia.

The financial report is a general purpose financial statement that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. Terrain Minerals limited is a for-profit entity for the purpose of preparing the financial statements.

The financial statements of Terrain Minerals Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

New and amended standards adopted by the Company

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods and have not been early adopted by the company. The company's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	Nature of change	Impact	Mandatory application date/ Date adopted by Company
AASB 9 Financial Instruments	AAB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities. Since December 2013, it also sets out new rules for hedge accounting.	There will be no impact on the Company's accounting for financial assets and financial liabilities, as the new requirements only effect the accounting for available-for-sale financial assets and the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such financial assets or financial liabilities. The new hedging rules align hedge accounting more closely with the Company's risk management practices. As a general rule it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.	Must be applied for financial years commencing on or after 1 January 2017. Therefore application date for the company will be 30 June 2018. The Company does not currently have any hedging arrangements in place.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1 BASIS OF PREPARATION

<p>IFRS 15 (issued June 2014) Revenue from contracts with customers</p>	<p>An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.</p>	<p>Due to the recent release of this standard the Company has not yet made an assessment of the impact of this standard and it is unlikely to have a material impact.</p>	<p>Must be applied for annual reporting periods beginning on or after 1 January 2018. Therefore application date for the Company will be 30 June 2019.</p>
<p>AASB 16 (issued February 2016) Leases</p>	<p>AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 <i>Leases</i>. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases.</p> <p>Lessor accounting remains largely unchanged from AASB 117.</p>	<p>Due to the recent release of this standard the company has not yet made an assessment of the impact of this standard and it is unlikely to have a material impact.</p>	<p>To the extent that the entity, as lessee, has significant operating leases outstanding at the date of initial application, 1 July 2019, right-of-use assets will be recognised for the amount of the unamortised portion of the useful life, and lease liabilities will be recognised at the present value of the outstanding lease payments. Thereafter, earnings before interest, depreciation, amortisation and tax (EBITDA) will increase because operating lease expenses currently included in EBITDA will be recognised instead as amortisation of the right-of-use asset, and interest expense on the lease liability. However, there will be an overall reduction in net profit before tax in the early years of a lease because the amortisation and interest charges will exceed the current straight-line expense incurred under AASB 117 <i>Leases</i>. This trend</p>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1 BASIS OF PREPARATION

			will reverse in the later years. There will be no change to the accounting treatment for short-term leases less than 12 months and leases of low value items, which will continue to be expensed on a straight-line basis.
--	--	--	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

The following standards are not yet effective and are not expected to have a significant impact on the Company’s consolidated financial statements:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2014-3 ‘Amendment to Australian Accounting Standards – Accounting for Acquisitions of Interest in Joint Operations’	1 January 2016	30 June 2017
AASB 2015-1 ‘Amendment to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 cycle’	1 January 2016	30 June 2017
AASB 2015-2 ‘Amendment to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101’	1 January 2016	30 June 2017
AASB 2014-4 ‘Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation’	1 January 2016	30 June 2018
AASB 2016-1 ‘Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Tax Losses’	1 January 2017	30 June 2018
AASB 2016-2 ‘Amendments to Australian Accounting Standards - Disclosure initiative: - Amendments to AASB 107’	1 January 2017	30 June 2018
AASB 2016-3 ‘Amendments to Australian Accounting Standards - Clarifications to AASB 15	1 January 2018	30 June 2019

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1 BASIS OF PREPARATION

Historical cost convention

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. These financial statements are presented in Australian dollars, rounded to the nearest dollar.

Early adoption of standards

The Company has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2015.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1(t).

(A) REVENUE RECOGNITION

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

(B) GOING CONCERN

The Group has incurred a net loss of \$555,650 (\$2015: net loss of \$4,939,057), net cash outflows from operating and investing activities of \$575,821, and has net current assets of \$602,585 at 30 June 2016 (2015: \$887,116).

The ability of the Group to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the Group's tenements, and/or sale of non-core assets.

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business. The Directors believe that the Group will be successful in raising the necessary funding through equity, successful exploration and subsequent exploitation of the Group's tenements, and/or sale of non-core assets.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1 BASIS OF PREPARATION

(c) INCOME TAX

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

1 BASIS OF PREPARATION

(D) EMPLOYEE BENEFITS

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Company's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

The Company operates an employee share and option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(E) PROVISIONS

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(F) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1 BASIS OF PREPARATION

(G) FINANCIAL INSTRUMENTS

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- (d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss. The company does not designate any interest as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1 BASIS OF PREPARATION

(G) FINANCIAL INSTRUMENTS (CONTINUED)

Impairment

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a “loss event”) having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

(H) FAIR VALUE OF ASSETS AND LIABILITIES

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant’s ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity’s own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1 BASIS OF PREPARATION

(i) PROPERTY, PLANT AND EQUIPMENT

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, any accumulated depreciation and impairment losses.

PLANT AND EQUIPMENT

Plant and equipment are measured on the cost basis.

DEPRECIATION

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The estimated useful lives used for each class of depreciable assets are:

CLASS OF FIXED ASSET	USEFUL LIFE
Exploration equipment	3 years
Furniture, Fixtures and Fittings	5 years
Computer Equipment	3 years
Computer Software	2 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income. When re-valued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Property, plant and equipment is derecognised and removed from the statement of financial position on disposal or when no future economic benefits are expected. Gains and losses from de-recognition are measured as the difference between the net disposal proceeds, if any, and the carrying amount and are recognised in Statement Profit or Loss and Other Comprehensive Income.

Subsequent costs are included in the property, plant and equipment's carrying value or recognised as a separate asset when it is probable that future economic benefits associated with the item will be realised and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in Statement Profit or Loss and Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1 BASIS OF PREPARATION

(J) EXPLORATION AND DEVELOPMENT EXPENDITURE

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- i) the rights to tenure of the area of interest are current; and
- ii) at least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - (b) exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are occurring.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

(K) IMPAIRMENT OF ASSETS

At each reporting date, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including, dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement Profit or Loss and Other Comprehensive Income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where an impairment loss on a re-valued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset. Non-financial assets, other than inventories, deferred tax assets, assets from employee benefits, investment properties, biological assets, and deferred acquisition costs, are assessed for any indication of impairment at the end of each reporting period. Any indication of impairment requires formal testing of impairment by comparing the carrying amount of the asset to an estimate of the recoverable amount of the asset. An impairment loss is calculated as the amount by which the carrying amount of the asset exceeds the recoverable amount of the asset.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment annually regardless of whether there is any indication of impairment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1 BASIS OF PREPARATION

(K) IMPAIRMENT OF ASSETS (CONTINUED)

The recoverable amount is the greater of the asset's fair value less costs to sell and its value in use. The asset's value in use is calculated as the estimated future cash flows discounted to their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks associated with the asset. Assets that cannot be tested individually for impairment are grouped together into the smallest group of assets that generates cash inflows (the asset's cash-generating unit).

Impairment losses are recognised in profit or loss. Impairment losses are allocated first, to reduce the carrying amount of any goodwill allocated to cash-generating units, and then to other assets of the group on a pro rata basis.

Assets other than goodwill are assessed at the end of each reporting period to determine whether previously recognised impairment losses may no longer exist or may have decreased. Impairment losses recognised in prior periods for assets other than goodwill are reversed up to the carrying amounts that would have been determined had no impairment loss been recognised in prior periods.

(L) TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Statement of Profit or Loss and other Comprehensive Income.

(M) TRADE AND OTHER PAYABLES

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(N) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1 BASIS OF PREPARATION

(o) LEASES

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset or over the term of the lease. Lease payments for operating leases, where substantially all of the risks and benefits remain with the Lessor, are charged as expenses in the periods in which they are incurred.

(p) BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to ready for its intended use are capitalised as part of the cost of the asset.

Other borrowing costs are expensed in the period in which they occur. Borrowing costs consists of finance charges and interest expenses calculated using the effective interest method.

(q) CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities. 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.

(r) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the strategic steering committee.

(s) EARNINGS PER SHARE

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

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 additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1 BASIS OF PREPARATION

(T) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

KEY ESTIMATES – IMPAIRMENT

The company assesses impairment at the end of the reporting period by evaluating conditions specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

KEY JUDGEMENTS - EXPLORATION AND EVALUATION EXPENDITURE

The company capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

KEY JUDGEMENTS - SHARE-BASED PAYMENT TRANSACTIONS

The company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes method. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

KEY JUDGEMENTS – CONTINGENT LIABILITIES

The Company has made the judgement to not recognise the payable or contingent liability relating royalties' payable on certain tenements. A judgment was made that these agreements did not meet the contingent liability recognition criteria.

KEY JUDGEMENTS – TAXATION

Balances disclosed in the financial statements and the notes thereto, related to taxation, and are based on the best estimates of Directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the Directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents the Directors' best estimate, pending an assessment by tax authorities in relevant jurisdictions.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

2 REVENUE AND SIGNIFICANT EXPENSES ITEMS

	2016	2015
	\$	\$
Revenue from continuing operations:		
Interest income	6,762	26,926
	<u>6,762</u>	<u>26,926</u>
Other income:		
Profit on sale of assets	-	20,750
Profit on sale of second hand assets	-	10,506
	<u>-</u>	<u>31,256</u>
Expenses:		
Share based payments	(150,528)	(14,829)

3 INCOME TAX

THE COMPONENTS OF TAX EXPENSE COMPRISE

Current tax	-	-
Deferred tax	-	-
Income tax attributable to entity	<u>-</u>	<u>-</u>

THE PRIMA FACIE TAX ON LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX IS RECONCILED TO THE INCOME TAX:

Prima facie tax benefit on loss from continuing activities before income tax at 30% (2015: 30%)	(166,695)	(1,481,717)
Add/(less) tax effect of:		
Share based payments	45,163	4,449
Other non-deductible expenses	1,164	44
Tax effect of timing differences not recognised		
Exploration expenditure	(33,482)	162,487
Other	(16,119)	(5,062)
Deferred tax assets relating to revenue losses	165,578	175,530
Deferred tax assets relating to capital losses	4,391	1,144,269
Income tax attributable to entity	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

3 INCOME TAX (CONTINUED)

UNRECOGNISED DEFERRED TAX ASSETS/LIABILITIES	2016	2015
	\$	\$
Deferred Tax Assets		
Revenue losses	4,335,682	4,170,104
Capital losses	1,148,660	1,144,269
Other	9,320	19,692
	5,493,662	5,334,065
Deferred Tax Liabilities		
Exploration expenditure	(71,904)	(38,422)
Other	(596)	(304)
	(72,500)	(38,726)
Net Unrecognised Deferred Tax Assets	5,421,162	5,295,339

The tax benefits of the above deferred tax assets will only be obtained if:

- a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- b) the company continues to comply with the conditions for deductibility imposed by law; and
- c) no changes in income tax legislation adversely affect the company in utilising the benefits.

4 CASH AND CASH EQUIVALENTS

Cash at bank	143,936	41,089
Term deposits	473,151	670,000
Petty cash	200	200
	617,287	711,289

The company's exposure to interest rate risk is disclosed in note 15. The maximum exposure to credit risk at the end of the reporting year is the carrying amount of each class of cash and cash equivalents.

5 TRADE AND OTHER RECEIVABLES

CURRENT

Trade receivables	1,302	11,926
GST paid	6,629	17,227
	7,931	29,153

Due to the short-term nature of these receivables, their carrying value is assumed to approximate fair value. No trade receivables are past due or impaired.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

6 FINANCIAL ASSETS

	2016	2015
	\$	\$
Convertible note receivable at fair value	-	200,000
Shares in Bligh Resources	-	19,200
Loss on revaluation of shares	-	(11,200)
	<hr/>	<hr/>
	-	208,000
	<hr/> <hr/>	<hr/> <hr/>

On 28 November 2014, Bligh Resources Limited issued the Company \$200,000 face value of convertible note at 0.05 cents per share expiring on 28 January 2016 and automatically converted into cash at expiry date. The note may be converted in whole or in part at any time from the issue date of 28 November 2014 into shares at 0.05 cents.

On 30 November 2015, the Company announced that the convertible note had been exercised and the \$200,000 had been received in full.

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 June 2016	30 June 2015		
1) Convertible note receivable	Asset -Nil	Asset -\$200,000	Level 3	Based on effective cash flow
2) Shares	Listed securities in ASX - Nil	Listed securities in ASX - \$8,000	Level 1	Quoted bid prices in an active market

The fair value hierarchy consists of the following levels:

- Quoted prices in active markets for identical assets or liabilities (Level 1)
- Inputs other than quote prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Valuation techniques used to derive level 3 fair values:

The fair value of the convertible notes not traded in an active market is determined using an internally prepared discounted cash flow valuation using observable inputs, such as share price and the terms and conditions of the convertible note and release of the initial calibration adjustment to the profit or loss.

The fair value of the convertible note option not traded in an active market is determined using Black Scholes valuation.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

7 PLANT AND EQUIPMENT

	2016	2015
	\$	\$
PLANT AND EQUIPMENT		
- at cost	216,123	216,123
- accumulated depreciation	(211,844)	(209,594)
Total plant and equipment	<u>4,279</u>	<u>6,529</u>

MOVEMENTS IN CARRYING AMOUNTS

Movement in the carrying amount for each class of plant and equipment between the beginning and the end of the current financial year:

	PLANT AND EQUIPMENT	TOTAL
	\$	\$
Balance at 30 June 2016		
Balance at the beginning of the year	6,529	6,529
Depreciation expense	(2,250)	(2,250)
Carrying amount at the end of 30 June 2016	<u>4,279</u>	<u>4,279</u>
Balance at 30 June 2015		
Balance at the beginning of the year	11,064	11,064
Depreciation expense	(4,535)	(4,535)
Carrying amount at the end of 30 June 2015	<u>6,529</u>	<u>6,529</u>

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

8 OTHER ASSETS

	2016	2015
	\$	\$
Current		
Prepayments	13,960	11,439
	<u>13,960</u>	<u>11,439</u>

9 EXPLORATION EXPENDITURE

Balance at beginning of the year	236,931	669,697
Expenditure during the year	164,702	263,745
Acquisition Great Western Gold Project	-	91,350
Written off exploration expenditure	(625)	(787,861)
	<u>401,008</u>	<u>236,931</u>

The recoupment of deferred exploration and evaluation costs carried forward is dependent upon the successful development and commercialisation or sale of the areas of interests being explored and evaluated.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. During the period, the Company has identified that there are assets where no exploration program can be justified and the tenements should be relinquished and therefore capitalised expenditure allocated to these tenements was written off in accordance with AASB 6 'Exploration for and Evaluation of Mineral Resources'. The Board has approved the write down of \$625 (June 2015: \$787,861) during the financial period in the Statement of Profit or Loss and Other Comprehensive Income.

10 TRADE AND OTHER PAYABLES

CURRENT

Trade payables – unsecured	35,731	71,565
Other payables – unsecured	862	1,200
	<u>36,593</u>	<u>72,765</u>

All trade payables are non-interest bearing and are normally settled on 30 day terms.

The company's exposure to risks arising from trade and other payables is disclosed in note 15. The carrying amounts of trade and other payables approximate the fair values.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

11 ISSUED CAPITAL

	2016 Number	2016 \$	2015 Number	2015 \$
Fully paid ordinary shares	409,032,224	19,056,224	349,032,224	18,773,806

Description	Date	Number of shares	Issue Price	\$
2016				
Opening balance	1 July 2015	349,032,224		18,773,806
Placement (i)	13 October 2015	60,000,000	\$0.005	300,000
Options finder fee (ii)	16 March 2016			600
Less: Transaction costs				(18,182)
Closing balance	30 June 2016	<u>409,032,224</u>		<u>19,056,224</u>

Description	Date	Number of shares	Issue Price	\$
2015				
Opening balance	1 July 2014	349,032,224		18,773,806
Closing balance	30 June 2015	<u>349,032,224</u>		<u>18,773,806</u>

- (i) On 13 October 2015 Terrain completed a Placement. The placement was 60,000,000 shares issued at \$0.005. The issue costs of \$18,182 are in relation to the Placement.
- (ii) On the 21 August 2015 the Company issued 6,000,000 options exercisable at \$0.03 to be exercised on or before 1 August 2018, to parties in accordance with agreed Finder Fee at a cost of \$600 for the introduction of the Gimlet Project E63/1740.

OPTIONS

As at reporting date, the Group has the following options on issue:

2016 Number	Exercise Price	Grant	Expiry
16,500,000	\$0.0078	26 November 2013	1 December 2016
12,000,000(i)	\$0.0040	28 November 2014	24 December 2019
6,000,000	\$0.0300	21 August 2015	1 August 2018
<u>22,600,000(i)</u>	\$0.0117	24 November 2015	24 November 2020
<u>57,100,000</u>			

- (i) On the 21 August 2015 the Company issued 6,000,000 options exercisable at \$0.03 to be exercised on or before 1 August 2018, to parties in accordance with agreed Finder Fee at a cost of \$600 for the introduction of the Gimlet Project E63/1740.

Options carry no dividend or voting rights. Upon exercise, each option is convertible into one ordinary share to rank pari passu in all respects with the Group's existing fully paid ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

11 ISSUED CAPITAL (CONTINUED)

Movements in the number of options on issue during the year are as follows:

Description	2016 Number	Weighted Average Exercise Price	2015 Number	Weighted Average Exercise Price
Options				
Opening balance	28,500,000	0.006	23,900,000	0.560
Issued during the period (i)	6,000,000	0.006	-	-
Issued during the period (ii)	22,600,000	0.009	12,000,000	0.004
Exercised during the period	-	-	-	-
Expired during the period	-	-	(7,400,000)	0.162
Balance at 30 June	<u>57,100,000</u>	0.022	<u>28,500,000</u>	0.006

(ii) On the 21 August 2015 the Company issued 6,000,000 options exercisable at \$0.03 to be exercised on or before 1 August 2018, to parties in accordance with agreed Finder Fee at a cost of \$600 for the introduction of the Gimlet Project E63/1740.

(iii) Options (valued at \$0.007) were issued to the Directors were valued using Black Scholes with the below assumptions:

2016	Unlisted options
Number of options in series	22,600,000
Grant date share price	\$0.007
Exercise price	\$0.0117
Expected volatility	184%
Option life	5 years
Dividend yield	0.00%
Interest rate	2.10%

Options (valued at \$0.00127) were issued to the Directors were valued using Black Scholes with the below assumptions:

2015	Unlisted options
Number of options in series	12,000,000
Grant date share price	\$0.002
Exercise price	\$0.0044
Expected volatility	95%
Option life	4 years
Dividend yield	0.00%
Interest rate	2.54%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

11 ISSUED CAPITAL (CONTINUED)

CAPITAL RISK MANAGEMENT

The board controls the capital of the company in order to maintain a good debt to equity ratio, ensure the company can fund its operations and continue as a going concern. The company's debt and capital includes ordinary shares and financial liabilities.

Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Company at 30 June 2016 and 30 June 2015 are as follows:

	2016	2015
	\$	\$
Cash and cash equivalents	617,287	711,289
Trade and other receivables	7,931	29,153
Trade and other payables	(36,593)	(72,765)
Working capital position	588,625	667,677

There are no externally imposed capital requirements. The board effectively manages the company's capital by assessing the financial risks and adjusting its capital structure in response to changes in risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

12 RESERVES AND ACCUMULATED LOSSES

(A) OPTION RESERVE

	2016	2015
	\$	\$
Opening balance	1,310,521	1,295,692
Option expenses	150,528	14,829
Closing balance	1,461,049	1,310,521

(B) ACCUMULATED LOSSES

Opening balance	18,953,751	14,014,694
Net loss for the year	555,650	4,939,057
Closing balance	19,509,401	18,953,751

(C) NATURE AND PURPOSE OF OTHER RESERVES

SHARE - BASED PAYMENTS

The share-based payments reserve is used to recognise:

- the grant date fair value of options issued to employees but not exercised
- the grant date fair value of shares issued to employees

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

13 LOSS PER SHARE

	\$	\$
Loss used to calculate basic EPS	(555,650)	(4,939,057)
Loss used in calculation of dilutive EPS	(555,650)	(4,939,057)
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS		
	NUMBER	NUMBER
Weighted average number of ordinary shares outstanding during the year - No. used in calculating basic EPS	391,032,224	349,032,224
Weighted average number of ordinary shares outstanding during the year - No. used in calculating diluted EPS	391,032,224	349,032,224
<hr/>		
Total basic loss per share attributable to the ordinary equity holders of the Company	(\$0.14)	(\$1.42)
Total diluted loss per share attributable to the ordinary equity holders of the Company	(\$0.14)	(\$1.42)
	<hr/> <hr/>	

14 CAPITAL AND LEASING COMMITMENTS

CAPITAL EXPENDITURE COMMITMENTS

Payable:

- not later than 12 months	173,000	194,406
- between 12 months and 5 years	606,160	664,717
- greater than 5 years	241,040	275,906
	<hr/>	
	1,020,200	1,135,029
	<hr/> <hr/>	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

15 FINANCIAL RISK MANAGEMENT

Financial instruments consist mainly of deposits with banks, trade and other receivables, trade and other payables.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	NOTE	2016 \$	2015 \$
FINANCIAL ASSETS			
Cash and cash equivalents	4	617,287	711,289
Trade and other receivables - current	5	1,302	11,926
Trade and other receivables - non-current	6	-	208,000
TOTAL FINANCIAL ASSETS		618,589	931,215
FINANCIAL LIABILITIES			
Trade and other payables	10	36,593	72,765
TOTAL FINANCIAL LIABILITIES		36,593	72,765

The carrying amounts of these financial instruments approximate their fair values.

FINANCIAL RISK MANAGEMENT POLICIES

Exposure to key financial risks is managed in accordance with the Company's risk management policy with the objective to ensure that the financial risks inherent in mineral exploration activities are identified and then managed or kept as low as reasonably practicable.

The main financial risks that arise in the normal course of business are market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Different methods are used to measure and manage these risk exposures. Liquidity risk is monitored through the ongoing review of available cash and future commitments for exploration expenditure. Exposure to liquidity risk is limited by anticipating liquidity shortages and ensures capital can be raised in advance of shortages. Interest rate risk is managed by limiting the amount interest bearing loans entered into by the company. It is the Board's policy that no speculative trading in financial instruments be undertaken so as to limit exposure to price risk.

Primary responsibility for identification and control of financial risks rests with the Board. The Board is apprised of these risks from time to time and agrees any policies that may be undertaken to manage any of the risks identified.

Details of the significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each financial instrument are disclosed in Note 1 to the financial statements. The carrying values less the impairment allowance for receivables and payables are assumed to approximate fair values due to their short term nature. Cash and cash equivalents are subject to variable interest rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

15 FINANCIAL RISK MANAGEMENT (CONTINUED)

SPECIFIC FINANCIAL RISK EXPOSURES AND MANAGEMENT

(A) CREDIT RISK

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to a financial loss to the company.

The company has no customers and consequently no significant exposure to bad debts or other credit risks.

With respect to credit risk arising from financial assets, which comprise cash and cash equivalents and receivables, the exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. At reporting date cash and deposits were held with Westpac Banking Corporation, which has a A credit rating.

(B) LIQUIDITY RISK

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash reserves to meet the ongoing operational requirements of the business. It is the company's policy to maintain sufficient funds in cash and cash equivalents. Furthermore, the company monitors its ongoing research and development cash requirements and raises equity funding as and when appropriate to meet such planned requirements. The company has no undrawn financing facilities. Trade and other payables, the only financial liability of the company, are due within 3 months.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

FINANCIAL LIABILITY AND FINANCIAL ASSET MATURITY ANALYSIS	WITHIN 1 YEAR		1 TO 5 YEARS		TOTAL CONTRACTUAL CASH FLOW	
	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$
FINANCIAL LIABILITIES						
DUE FOR PAYMENT						
Trade and other payables	36,593	72,765	-	-	36,593	72,765
Total contractual outflows	36,593	72,765	-	-	36,593	72,765
Total expected outflows	36,593	72,765	-	-	36,593	72,765
FINANCIAL ASSETS - CASH FLOWS REALISABLE						
Trade and other receivables	1,302	11,926	-	-	1,302	11,926
Total anticipated inflows	1,302	11,926	-	-	1,302	11,926

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

15 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) MARKET RISK

i. Interest rate risk

The company's cash-flow interest rate risk primarily arises from cash at bank and deposits subject to market bank rates. At reporting date, the company does not have any borrowings. The company does not enter into hedges. An increase/ (decrease) in interest rates by 1% during the whole of the respective periods would have led to an increase/ (decrease) in both equity and losses of less than \$10,000. 1% was thought to be appropriate because it represents four 0.25 basis point rate rises/falls, which is appropriate in the recent economic climate.

ii. Price risk

Price risk relates to the risk that the commodity price of the underlying resource being targeted by the company's exploration activities could fluctuate. Management does not currently hedge nor participate in diversification of the type of minerals explored for in an attempt to mitigate the price risk.

Price risk also relates to the risk that share price can fluctuate and where assets are held in shares, as tradeable on a recognisable exchange, then the price of these shares and therefore the value of the assets can fluctuate.

16 OPERATING SEGMENTS

Terrain Minerals Limited has determined that the Group has one reportable segment, being mineral exploration. As the Group is focused on mineral exploration, the Board monitors the Group based on actual versus budgeted revenues and expenditure incurred by area of interest. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the company and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

17 INTERESTS OF KEY MANAGEMENT PERSONNEL

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of Terrain Minerals Limited's key management personnel for the year ended 30 June 2016.

The totals of remuneration paid to key management personnel of the company during the year are as follows:

	2016	2015
	\$	\$
Short-term employee benefits	193,117	226,201
Post-employment benefits	11,440	9,357
Share-based payments	146,531	14,828
	351,088	250,386

OTHER KEY MANAGEMENT PERSONNEL TRANSACTIONS

There have been no other transactions involving equity instruments other than those described in the Remuneration Report. For details of other transactions with key management personnel, refer to Note 20: Related Party Transactions and the Remuneration Report.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

18 AUDITOR'S REMUNERATION

	2016	2015
	\$	\$
Remuneration of the auditor of the company for: BDO Audit (WA) Pty Ltd - auditing or reviewing the financial report	27,000	35,323
	27,000	35,323

19 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There has been no change in contingent liabilities since the last annual reporting date.

20 RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2016	2015
	\$	\$
Payments to director-related parties (i)	-	18,266
Payments received from director related parties (ii)	-	(6,597)

(i) The payments were made to Drake Resources Limited a company of which Jay Stephenson is a director and beneficial shareholder. The payments were for rent payments on an arm's length basis. At the year-end no amounts were outstanding

(ii) Payments received from Blina Minerals NL a company which David Porter and Justin Virgin are directors and beneficial shareholders. The payment received was for geological services provided.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

21 CASH FLOW INFORMATION

(A) RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH LOSS AFTER INCOME TAX

	2016	2015
	\$	\$
Net loss for the year	(555,650)	(4,939,057)
Other income		
Non-cash items in profit/(loss)		
Depreciation	2,250	4,535
Share based payments	150,528	14,829
Exploration written off	625	787,861
Loss on impairment of receivable	468	3,787,733
Loss on revaluation of shares	-	11,200
Changes in assets and liabilities		
Decrease in trade and term receivables	21,222	140,159
(Increase)/Decrease in prepayments	(2,521)	3,583
Increase/(decrease) in trade payables and accruals	(4,539)	37,454
Increase/(decrease) in provisions	-	-
	<u>(387,617)</u>	<u>(151,703)</u>

(B) NON-CASH INVESTING ACTIVITIES

During the year, the Company had issued a total of 22,000,000 options to Mr Jonathan Lim, Paul Dickson, David Porter and Justin Virgin.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

22 SUBSIDIARIES

Name of entity	Country of incorporation	Ownership interest	
		2016	2015
Rembrandt Mining Pty Ltd	Australia	100% ⁽¹⁾	-

- (i) Rembrandt Mining Pty Ltd was acquired on 8 February 2016 for consideration of \$1.00. The condition precedent to proceeding with the transaction was the completion of a minimum \$25,000 exploration program across the Project. The condition precedent was completed and the associated drilling program yielded sufficiently positive results for Terrain to elect to proceed with the acquisition.

Terrain agreed with the shareholders of Rembrandt Mining Pty Ltd that they, or their nominee, upon Terrain's election to proceed with the acquisition, were to receive a free carried profit share from any mining operations across the Project area. Profit share structure was agreed as:

- i. 25% Free carried profit share for up to 15,000 ounces of gold produced
- ii. 15% Free carried profit share for in excess of 15,000 ounces of gold produced
- iii. 1% Net Smelter Royalty will apply to all material mined other than gold
- iv. Both parties to maintain a mutual first right of refusal over each respective party's interest in the Project
- v. Rembrandt to retain prospecting rights

23 EVENTS AFTER THE END OF THE REPORTING DATE

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

24 PARENT ENTITY DISCLOSURES

FINANCIAL POSITION

	2016	2015
	\$	\$
Assets		
Current assets	639,178	959,881
Non-current assets	405,287	243,460
Total assets	1,044,465	1,203,341
Liabilities		
Current liabilities	(36,593)	(72,765)
Non-current liabilities	-	-
Total liabilities	(36,593)	(72,765)
Net Assets	1,007,872	1,130,576
Equity		
Issued capital	19,056,224	18,773,806
Accumulated losses	(19,509,401)	(18,953,751)
Reserves		
Share-based payments	1,461,049	1,310,521
Total equity	1,007,872	1,130,576

FINANCIAL PERFORMANCE

	2016	2015
	\$	\$
Loss for the period	(555,650)	(4,939,057)
Other comprehensive income	-	-
Total comprehensive loss	(555,650)	(4,939,057)

TERRAIN MINERALS LIMITED

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2016

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;
- (b) the financial statements and accompanying notes are prepared in compliance with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board;
- (c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group; and
- (d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.



Justin Virgin

Executive Director

Dated: 28 September 2016



INDEPENDENT AUDITOR'S REPORT

To the members of Terrain Minerals Limited

Report on the Financial Report

We have audited the accompanying financial report of Terrain Minerals Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 company's preparation of the financial report that gives a true and fair view 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 company'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 opinion.

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*, which has been given to the directors of Terrain Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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 consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1(B) in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the consolidated entity's tenements, and/or sale of non-core assets. These conditions, along with other matters as set out in Note 1(B), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 25 of the directors' report for the year ended 30 June 2016. 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.

Opinion

In our opinion, the Remuneration Report of Terrain Minerals Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO



Phillip Murdoch

Director

Perth, 28 September 2016

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

The Board of Directors of Terrain Minerals Ltd. (the “Company”) is responsible for the corporate governance of the Company. 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.

This statement sets out the main corporate governance practices in place throughout the financial year in accordance with 3rd edition of the ASX Principles of Good Corporate Governance and Best Practice Recommendations.

This statement is current as at the date of this Annual Report.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

ASX Recommendation 1.1: a listed entity should establish the functions reserved to the board and those delegated to senior executives and disclose those functions

The Company has complied with this recommendation.

The Board has adopted a formal charter that details the respective board and management functions and responsibilities. A copy of this board charter is available in the corporate governance section of the Company's website at www.terrainminerals.com.au.

ASX Recommendation 1.2: a listed entity should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director and provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director

The Company has complied with this recommendation.

The Company did not elect any new directors during the year.

Information in relation to Directors seeking reappointment is set out in the Directors report and Notice of Annual General Meeting.

ASX Recommendation 1.3: a listed entity should have a written agreement with each Director and Senior Executive setting out the terms of their appointment.

The Company has complied with this recommendation.

The Company has in place written agreements with each Director and Senior Executive

ASX Recommendation 1.4: the Company Secretary of a listed company should be accountable directly to the board, through the Chair, on all matters to do with the proper functioning of the board.

The Company has complied with this recommendation.

The Board Charter provides for the Company Secretary to be accountable directly to the board through the Chair.

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

ASX Recommendation 1.5: a listed entity should:

- have a diversity policy which includes the requirement for the board to set measurable objectives for achieving gender diversity and assess annually the objectives and the entity's progress to achieving them;
- disclose the policy or a summary of it;
- disclose the measurable objectives and progress towards achieving them; and
- disclose the respective proportions of men and women on the board and at each level of management and the company as a whole

The Company partly complies with this recommendation.

The Company has a Diversity Policy.

The Board considers that, due to the size, nature and stage of development of the Company, setting measurable objectives for the Diversity Policy at this time is not appropriate. The Board will consider setting measurable objectives as the Company increases in size and complexity.

The Company currently does not have any employees other than Board members, none of which are female.

ASX Recommendation 1.6: a listed entity should disclose the process for evaluating the performance of the board, its committees and individual directors and disclose in relation to each reporting period where a performance evaluation was undertaken in accordance with a process.

The Company has complied with this recommendation.

The Company's board charter outlines the process for evaluating the performance of the Board and its Committees. This provides that, once a year, the Board shall review and discuss the performance of the Board as a whole, its Committees and individual Directors. If it is apparent that there are problems which cannot be satisfactorily considered by the Board itself, the Board may decide to engage an independent adviser to undertake this review.

The Company's Nomination and Remuneration Committee is also required to review the performance of the Board, its committees and individual Directors.

The Company currently does not have any executives other than the Executive Director.

ASX Recommendation 1.7: a listed entity should have and disclose a process for periodically evaluating the performance of its senior executives and disclose in relation to each reporting period where a performance evaluation was undertaken in accordance with a process.

The Company has complied with this recommendation.

The Company has in place procedures for evaluating the performance of its senior executives overseen by the Nomination and Remuneration Committee. This evaluation is based on specific criteria, including the business performance of the Company and its subsidiaries, whether strategic objectives are being achieved and the development of management and personnel.

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

ASX Recommendation 2.1: The board of a listed entity should establish a nomination committee:

- with at least three members the majority of which are independent directors
- chaired by an independent Director; and
- disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings

The Company has not complied with this recommendation.

The directors consider that given the small size of the company and the board itself, that the functions of this committee are best dealt with by the entire board.

ASX Recommendation 2.2: a listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership

The Company has complied with this recommendation.

The Board has established a skill matrix. On a collective basis the Board has the following skills:

Strategic expertise - ability to identify and critically assess strategic opportunities and threats and develop strategies

Specific Industry knowledge - All members of the Board have a general background and experience in the resources sector

Accounting and finance - the ability to read and comprehend the company's accounts, financial material presented to the board, financial reporting requirements and an understanding of corporate finance

Legal - overseeing compliance with numerous laws, ensuring appropriate legal and regulatory compliance frameworks and systems are in place and understanding an individual director's legal duties and responsibilities

Risk management - Identify and monitor risks to which the Company is, or has the potential to be exposed to

Experience with financial markets - Experience in working in or raising funds from the equity or capital markets

Investor relations - Experience in identifying and establishing relationships with Shareholders, potential investors, institutions and equity analysts

ASX Recommendation 2.3: a listed entity should disclose the names of the directors considered by the board to be independent directors and provide details in relation to the length of service of each Director

The Company has complied with this recommendation.

Mr Paul Dickson is considered to be independent.

Mr Justin Virgin is an Executive director and are not considered an independent director as he is employed in an executive capacity.

Mr Jonathan Lim is a substantial shareholder of the Company and is therefore not considered an independent director.

Mr Dickson has been a director since 8 November 2012, Mr Lim has been a director since 11 September 2009 and Mr Virgin has been a director since 31 July 2012.

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

ASX Recommendation 2.4: the majority of the board of a listed entity should be independent directors

The Company has not complied with this recommendation.

As in ASX recommendation 2.1, the majority of the Board is not considered to be independent.

The Board considers that its current composition is appropriate given the current size and stage of development of the Company and allows for the best utilisation of the experience and expertise of its members.

Directors having a conflict of Interest in relation to a particular Item of business must absent themselves from the Board meeting before commencement of discussion on the topic.

ASX Recommendation 2.5: The Chair of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity

The Company has complied with this recommendation.

The Chairperson, Mr Paul Dickson is considered to be an independent Director.

Mr Justin Virgin is Executive Director of the Company. As the Board has agreed, the Company has set out a clear statement of division of responsibility between the roles of the Chairman and the Executive Director.

ASX Recommendation 2.6: a listed entity should have a program for inducting new directors and provide appropriate professional development opportunities

The Company has not complied with this recommendation.

The Board has responsibility for the approval and review of induction procedures for new appointees to the Board to ensure that they can effectively discharge their responsibilities which will be facilitated by the Company Secretary. There were no new directors appointed during the reporting period. The Board is also responsible for the program for providing adequate professional development opportunities for directors and management.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

ASX Recommendation 3.1: a listed entity should establish a code of conduct and disclose the code or a summary of the code.

The Company has complied with this recommendation.

The Company has established a code of conduct that sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behaviour expected from Directors and employees.

A copy of the Company's code of conduct is available in the corporate governance section of the Company's website at www.terrainminerals.com.au.

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

ASX Recommendation 4.1: The Board of a listed entity should establish an audit committee:

- with at least three members, all of whom are non-executive directors and a majority of which are independent directors
- chaired by an independent Director; and
- disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings

The Company has not complied with this recommendation.

The Board considers that, due to the size, nature and stage of development of the Company, that the Board itself, perform the functions of the audit committee.

ASX Recommendation 4.2: The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Company complies with this recommendation.

The Board has received the assurance required by ASX Recommendation 4.2 in respect of the financial statements.

ASX Recommendation 4.3: a listed entity should ensure that the external auditor attends its Annual General Meeting and is available to answer questions from security holders relevant to the audit.

The Company has complied with this recommendation.

The external auditor attends the Annual General Meeting and is available to answer questions from shareholders relevant to the audit and financial statements. The external auditor will also be allowed a reasonable opportunity to answer written questions submitted by shareholders to the auditor as permitted under the Corporations Act.

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

ASX Recommendation 5.1: a listed entity should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

The Company has complied with this recommendation.

The Company has established a continuous disclosure policy which is designed to guide compliance with ASX Listing Rule disclosure requirements and to ensure that all Directors, senior executives and employees of the Company understand their responsibilities under the policy. The Board has designated the Chairman, Executive Director and the Company Secretary as the persons responsible for ensuring that this policy is implemented and enforced and that all required price sensitive information is disclosed to the ASX as required.

In accordance with the Company's continuous disclosure policy, all information provided to ASX for release to the market is posted to its website at www.terrainminerals.com.au after ASX confirms an announcement has been made. A copy of the continuous disclosure policy is available in the corporate governance section of the Company's website at www.terrainminerals.com.au

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

ASX Recommendation 6.1: a listed entity should provide information about itself and its governance to investors via its website

The Company has complied with this recommendation.

The Company's website at www.terrainminerals.com.au contains information about the Company's projects, Directors and management and the Company's corporate governance practices, policies and charters. All ASX announcements made to the market, including annual and half year financial results are posted on the website as soon as they have been released by the ASX. The full text of all notices of meetings and explanatory material, the Company's Annual Report and copies of all investor presentations are posted on website.

ASX Recommendation 6.2: a listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors

The Company has complied with this recommendation.

The Company's Chairman and Executive Director are the Company's main contacts for investors and potential investors and make themselves available to discuss the Company's activities when requested. In addition to announcements made in accordance with its continuous disclosure obligations Company, from time to time, prepares and releases general investor updates about the Company. Contact with the Company can be made via an email address provided on the website and investors can subscribe to the Company's mailing list.

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

ASX Recommendation 6.3: a listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders

The Company has complied with this recommendation.

The Company encourages participation of shareholders at any general meetings and its Annual General Meeting each year. Shareholders are encouraged to lodge direct votes or proxies subject to the adoption of satisfactory authentication procedures if they are unable to attend the meeting.

The full text of all notices of meetings and explanatory material are posted on the Company's website at www.terrainminerals.com.au.

ASX Recommendation 6.4: a listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security register electronically

The Company has complied with this recommendation.

Contact with the Company can be made via an email address provided on the website and investors can subscribe to the Company's mailing list.

The company's share register provides a facility whereby investors can provide email addresses to receive correspondence from the company electronically and investors can contact the share register via telephone, facsimile or email.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

ASX Recommendation 7.1: The Board of a listed entity should have a committee to oversee risk:

- **with at least three members, all of whom are non-executive directors and a majority of which are independent directors**
- **chaired by an independent Director; and**
- **disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings**

The Company has partly complied with this recommendation.

The Board has adopted a Risk Management charter.

The directors consider that given the small size of the company and the board itself, that the functions of this committee are best dealt with by the entire board.

A copy of the charter is available in the corporate governance section of the Company's website at www.terrainminerals.com.au.

ASX Recommendation 7.2: The Board or a committee of the Board, of a listed entity should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and disclose in relation to each reporting period whether such a review was undertaken

The Company has complied with this recommendation.

The Risk Management charter provides that the Board will annually review the Company's risk management framework to ensure that it remains sound. The Board conducted such a review during the reporting period

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

ASX Recommendation 7.3: a listed entity should disclose if it has an internal audit function and if it does not have an internal audit function that fact and the processes it employs for evaluating and continually improving the effectiveness of risk management and internal control processes

The Company has complied with this recommendation.

Given the Company's current size and level of operations it does not have an internal audit function. The Board oversees the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements and monitors the quality of the accounting function.

ASX Recommendation 7.4: a listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and if it does how it manages or intends to manage those risks.

The Company has complied with this recommendation.

The Company has exposure to economic risks, including general economy wide economic risks and risks associated with the economic cycle which impact on the price and demand for minerals which affects the sentiment for investment in exploration companies.

There will a requirement in the future for the Company to raise additional funding to pursue its business objectives. The Company's ability to raise capital may be effected by these economic risks.

Company has in place processes to identify, manage and minimise its exposure to these economic risks where appropriate.

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceed. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The Board currently considers that the Company does not have any material exposure to social sustainability risk. The Company's Corporate Code of Conduct outlines the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders. The code sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behavior expected from employees when dealing with stakeholders.

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

ASX Recommendation 8.1: The board of a listed entity should establish a remuneration committee:

- with at least three members the majority of which are independent directors
- chaired by an independent Director; and
- disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings

The Company has partly complied with this recommendation.

The Board has adopted a Remuneration charter. The directors consider that given the small size of the company and the board itself, that the functions of this committee are best dealt with by the entire board.

A copy of the charter is available in the corporate governance section of the Company's website at www.terrainminerals.com.au.

ASX Recommendation 8.2: a listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives

The Company has complied with this recommendation.

Mr Paul Dickson and Mr Jonathan Lim are paid a fixed annual fee for their service to the Company as a Non-Executive Director. Non-Executive Directors may, subject to shareholder approval, be granted options.

While the Company currently has only one Executive Director and no other executive, the Company will typically provide remuneration comprising a base salary component and other fixed benefits based on the terms of their employment agreements with the Company and potentially the ability to participate in bonus arrangements and may be subject to shareholder approval if appropriate, be granted options.

ASX Recommendation 8.3: a listed entity which has an equity based remuneration scheme should have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme and disclose the policy or a summary of that policy.

The Company has complied with this recommendation.

Participants in any Company equity based remuneration scheme are not permitted to enter into transactions which limit the economic risk of participating in the scheme.

ASX INFORMATION

FOR THE YEAR ENDED 30 JUNE 2016

The Shareholder information set out below was applicable as at 21 September 2016.

1. Twenty Largest Shareholders

Ordinary Shares	Number	Percentage
Grande Pacific Ltd	26,536,223	6.49
Mr Jonathan Keng Hock Lim	24,689,081	6.04
Mr Keng Hock Jonathan Lim	21,910,115	5.36
Mr Johannes Y Lin	15,811,626	3.87
Ms Giovanna Lina Gan	14,750,000	3.61
HSBC Custody Nominees (Australia) Limited	13,803,698	3.37
Armco Barriers Pty Ltd	13,000,000	3.18
Van Am Marketing Pty Ltd	10,000,000	2.44
Mr Justin Anthony Virgin <J Virgin T/A Stockfeed A/C>	9,000,000	2.20
Mr Boon Kheng Ong	8,070,569	1.97
Mr Warwick Hugh Brook + Ms Lisa Kym Russell <Brook & Co Superfund A/C>	6,236,975	1.52
Mrs Waltraud Marie Lamaro	4,000,000	0.98
Mr Hugh Jonathan Berry	3,818,590	0.93
Mr Sin Jen Hwang	3,500,000	0.86
Westrock Holdings Pty Ltd <The West Super Fund A/C>	3,230,434	0.79
Skycross Pty Ltd <The Skycross Super Fund A/C>	3,176,000	0.78
Mr David Kenneth Jensen & Mrs Vanessa Toni Jensen <Dave&Vanessa Jensen S/F A/C>	3,126,782	0.76
Mr Barry Clive Robinson + Ms Angela Hui Li Teoh <Morgan Quest Super Fund A/C>	3,100,000	0.76
Mr Mark Richard Jensen	3,000,000	0.73
Max Cameron Superannuation Pty Ltd <Max Cameron Super Fund A/C>	3,000,000	0.73
Total Top 20	193,760,093	47.37
Other	215,272,131	52.63
Total ordinary shares on issue	409,032,224	100.00

2. Substantial Shareholders

Substantial Holder	Number	Percentage
Grande Pacific Limited/Mr Jonathan Lim	73,135,419	18.01

3. Distribution of Equity Securities (31 August 2016)

	Holders	Ordinary Shares
1 - 1,000	28	3,789
1,001 - 5,000	22	79,524
5,001 - 10,000	44	395,275
10,001 - 100,000	275	14,275,648
100,001 - 9,999,999,999	361	394,277,988
Total	729	409,032,224
Number being held less than a marketable parcel	229	

4. Tenement Listing

The Company has an interest in the following tenements:

Project	Tenement	Interest
Great Western	E37/0054	100%
Gimlet	M63/1740	100%
	M37/1214	
Rembrandt	E29/867	100%
	E29/863	100%
	P29/2262	100%
	P26/2263	100%

5. Mineral Resources (JORC Code, 2012 Edition)

The Company engaged independent consultants to prepare the Mineral Resource estimate for Great Western. In the course of preparing this Mineral Resource estimate, these consultants have:

- Reviewed all historical data available for the Great Western deposit;
- Recent drilling was incorporated and mineralisation interpretation was updated for inclusion;
- Mineralisation interpretation was based on 147 RC and diamond holes totalling approximately 15,000m;
- Mineralisation was solid modelled and loaded into a block model with parent block size of 10mE x 5mN x 5mRL;
- Grade was estimated using ordinary kriging techniques;
- Resource tonnes were determined by default specific gravity values;
- The Mineral Resource was validated against the input data and classified according to geological confidence, continuity of grade and proximity to previously recorded workings that delivered 27,000 tonnes at 13.85g/t Au;
- Open cut mining to a maximum of 100m below surface was considered with underground mining below that level;
- Economic grades of +2g/t for open cut and +4g/t for underground were utilised;
- Knowledge of similar mined deposits in the area were used as the basis of likely metal recovery and amenability of the deposit to conventional processing; and
- Reported the Mineral Resource estimate and compiled the supporting documentation in accordance with the JORC Code, 2012 Edition.

Further information in relation to the Mineral Resource is available in the ASX announcement dated 24 August 2015.

COMPETENT PERSONS STATEMENT:

The information relates to the Mineral Resource estimate is based on information compiled by Peter Ball, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy, membership number 109775.

Mr Ball is employed by and is a Director of DataGeo Geological Consultants and was contracted by Terrain Minerals Ltd to estimate the mineral resource stated within this announcement.

Mr Ball has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Ball consents to the use of the information within this report in the form and context in which it appears.

Competent Person Statement: (Rembrandt Project Only)

The information in this Report that relates to Exploration Results was compiled by Mr Robert Jewson, who is a member of the Australian Institute of Geoscientists, and a consultant to Terrain Minerals limited. Mr Jewson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves'. Mr Jewson consents to the inclusion in the Report of the matters based on his information in the form and context in which it appears.

6. Unquoted Securities

Other than as detailed in the Directors shareholding sections of the Annual Report, there are no investors holding more than 20% of the Company's unlisted options.

7. Voluntary Escrow

There are currently no ordinary shares in voluntary escrow.

8. Voting Rights

See Note 11 to the Financial Statements.

9. On-Market Buy Back

There is currently no on-market buyback program for any of the Company's listed securities.