



TERRAIN MINERALS LTD
ABN 45 116 153 514
ASX: TMX

INTERIM FINANCIAL REPORT 31 DECEMBER 2020

*Note: The information contained in this condensed report is to be read in conjunction with Terrain Minerals Limited 30 June 2020 annual report and any announcements made by the company during the half-year period ended
ended
31 December 2020*

TERRAIN MINERALS LIMITED

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

CONTENTS

	<u>PAGE</u>
CORPORATE DIRECTORY	1
DIRECTORS' REPORT	2
AUDITOR'S INDEPENDENCE DECLARATION	5
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	6
STATEMENT OF FINANCIAL POSITION	7
STATEMENT OF CHANGES IN EQUITY	8
STATEMENT OF CASH FLOWS	9
NOTES TO THE FINANCIAL STATEMENTS	10
DIRECTORS' DECLARATION	19
INDEPENDENT AUDITOR'S REVIEW REPORT	20

TERRAIN MINERALS LIMITED

CORPORATE DIRECTORY

Terrain Minerals Limited Board

Justin Virgin

Executive Director

Trevor Bradley

Non-Executive Director - Geology

Johannes Lin

Non-Executive Director

Melissa Chapman and Catherine Grant-Edwards

Company Secretaries

Share Register

Computershare Investor Services Pty Ltd

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Perth WA 6000

Telephone +61 8 9323 2000

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Auditor

BDO Audit (WA) Pty Ltd

38 Station Street

Subiaco WA 6008

Solicitors

Price Sierakowski

Level 24, St Martins Tower

44 St Georges Terrace

Perth WA 6000

Banker

NAB

100 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

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TERRAIN MINERALS LIMITED

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Your directors present their report, together with the financial statements of Terrain Minerals Limited (“Terrain” or “the Company”) for the half year ended 31 December 2020.

DIRECTORS

The names of the directors in office at any time during, or since the end of the half year are:

Current Directors

Mr Justin Virgin	Executive Director
Mr Trevor Bradley	Non-Executive Director – Geology
Mr Johannes Lin	Non-Executive Director

COMPANY SECRETARIES

Melissa Chapman and Catherine Grant-Edwards

OPERATING RESULTS AND REVIEW OF OPERATIONS FOR THE HALF YEAR

The loss from ordinary activities after providing for income tax for the half year amounted to \$340,991 (2019: loss of \$441,874) and had a net cash outflow from operations of \$365,383 for the half-year (2019: \$209,248 outflow).

Review of Operations

Terrain has had a busy six months which has seen the Company carry out 3 drill programs and extensive field work, as well as reviewing new opportunities. Exploration work will continue as the new data continues to highlight the high prospectively over Terrain’s Gold exploration packages.

Smokebush Gold Exploration Project

Terrain conducted its maiden RC drill program at Smokebush, consisting of 12 holes for 921m of RC drilling. This successful program was followed up with a ground based geophysical survey which also covered Paradise City and Wildflower prospects to generate better drill targeting data for future drill programs. A more detailed mapping program was also conducted over a greater area of the tenement package.

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Monza - Best Gold (Au) Results Include:

- **4m at 4.46 g/t Au** (incl 1m at 10.3 g/t) from 51 metres SBRC003
- **7m at 2.72 g/t Au (incl 1m at 11.1 g/t) from 25 metres and 1m at 0.85g/t from 43m SBRC005**
- **6m at 2.12 g/t Au** (incl 1m at 7.2 g/t) from 80 metres SBRC011
- **8m at 1.37 g/t Au** from 85 metres and **2m at 0.8 g/t** from 96m SBRC006
- **3m at 1.14 g/t Au** from 103 metres and **1m at 0.74 g/t** from 111m SBRC002 - New Zone*
- **1m at 0.63 g/t Au** from 28m, **1m at 0.57 g/t** from 33m & **1m at 0.53 g/t** from 54m SBRC008
- **1m at 0.72 g/t Au** from 14 metres SBRC009 – hole failed to reach target depth.

*Hole 2 identified a new foot wall mineralised zone hosted in a felsic intrusive that sits beneath the known structure.
Note: Holes SBRC007 and 010 were collared into the foot wall and drilling was stopped.

This program has confirmed that mineralisation remains open down dip and along trend. The structure that is evident in the northern most drill line trends further north towards the newly identified workings ~500m away. Rock chip samples from these workings returned several higher-grade assays of up to 100 g/t Au. The structure and historic workings remain untested and require follow up drilling.

Refer to ASX release: 12 October 2020 - Exciting Drilling Results at Smokebush Gold Project

The Smokebush JV Exploration package (80% Terrain) consists of five tenements that cover approximately 1,732 hectares within the Yalgoo Mineral Field of Western Australia. The mineral tenements are located approximately 65 kilometres West of the town of Paynes Find and adjacent to Mt Mulgine. Terrain has also acquired adjoining tenements which it owns 100%.

The geology of the area consists predominantly of a complexly folded, regionally metamorphosed Archaean greenstone sequence at the southern end of the Yalgoo Singleton Greenstone Belt that has been subjected to multi-phase granitoid intrusion. Located adjacent to a large tungsten resource at Mt Mulgine (Tungsten Mining NL) and a number of recently developed gold open pit mines (Minjar Gold Pty Ltd).

Refer to ASX release: 2 December 2019 - Farm-in Agreement for the Smokebush Gold Project at Mt Mulgine, 65km West of Paynes Find WA.

Wild-viper

During the half year period, Terrain conducted a wide spaced 18-hole RC drill program 1,302m along the structural corridor from the Great Western deposit, testing for mineralisation. A further 2,650m air core drill program was then carried out over the most eastern area, which failed to explain the low grade intersection for the RC program. Review work continues over this area.

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Outlook & Project Review

Terrain Minerals is currently searching for and has been assessing potential Gold, Copper, Nickel and industrial minerals projects in Australia. Due to COVID-19 travel restrictions, all regions outside of WA as well as foreign jurisdictions are still being considered but are becoming more problematic as due diligence cannot be carried out and staff safety cannot be guaranteed. All economic commodities are being considered as indicated in previous Quarterly reports.

Due to the COVID-19 situation, Terrain has been concentrating on WA based opportunities. The Board will continue to monitor advice from the relevant authorities (WHO and Australian Government) about the virus and the factors effecting the health and safety of all Terrain's stake holders, as well as the current travel restrictions.

Details of all the exploration results for each of the Company's projects can be found in the quarterly activity reports located on the Company's website and on the ASX web site.

EVENTS AFTER THE END OF THE REPORTING PERIOD

On 23 February 2021 the Company announced that the Smokebush Joint Venture (JV) partners had confirmed that expenditure commitments of \$250,000 had been reached, resulting in 80% of ownership in the Smokebush JV, tenements are to be transferred.

Other than the above, there are no matters or circumstances that have arisen since the end of the half 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 that would require disclosure.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the half year ended 31 December 2020 has been received and can be found on page 5 of the interim financial report.

Signed in accordance with a resolution of the Board of Directors:



Mr Justin Virgin
Executive Director
Dated: 12 March 2021

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF TERRAIN MINERALS LIMITED

As lead auditor for the review of Terrain Minerals Limited for the half-year ended 31 December 2020, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.



Jarrad Prue
Director

BDO Audit (WA) Pty Ltd

Perth, 12 March 2021

TERRAIN MINERALS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

		31 DECEMBER	31 DECEMBER
		2020	2019
	NOTE	\$	\$
Revenue from Continuing Operations	2	55,594	181
Employee benefits expense		(124,100)	(98,550)
Depreciation		(5,680)	(5,559)
Share based payment expense	10	(156,001)	(16,866)
Exploration expenditure written off		-	(196,027)
Administrative expenses		(110,804)	(125,053)
Loss before income tax		(340,991)	(441,874)
Income tax expense		-	-
Loss for the half year after tax		(340,991)	(441,874)
Changes in the fair value of Financial assets through other comprehensive income	5	306,404	-
Total comprehensive loss for the half year		(34,587)	(441,874)
Total comprehensive loss for the half year attributable to members of Terrain Minerals Ltd:		(34,587)	(441,874)
Loss per share attributable to owners of TMX			
Basic and dilutive loss per share (cents)		(0.05)	(0.06)

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

TERRAIN MINERALS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

		31 DECEMBER	30 JUNE
	NOTE	2020	2020
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		1,779,518	2,084,876
Trade and other receivables	3	25,244	27,765
Prepayments		18,109	10,391
TOTAL CURRENT ASSETS		1,822,871	2,123,032
NON-CURRENT ASSETS			
Other receivables	3	20,000	20,000
Exploration and evaluation expenditure	4	743,072	278,662
Right of Use assets		6,612	1,855
Financial asset at fair value through other comprehensive income	5	910,000	1,000,000
TOTAL NON-CURRENT ASSETS		1,679,684	1,300,517
TOTAL ASSETS		3,502,555	3,423,549
CURRENT LIABILITIES			
Trade and other payables		107,941	302,512
Lease liability		6,737	1,994
TOTAL CURRENT LIABILITIES		114,678	304,506
TOTAL LIABILITIES		114,678	304,506
NET ASSETS		3,387,877	3,119,043
EQUITY			
Issued capital	6(a)	21,087,791	20,940,371
Reserves		2,404,655	1,942,250
Accumulated losses		(20,104,569)	(19,763,578)
TOTAL EQUITY		3,387,877	3,119,043

The above Statement of Financial Position should be read in conjunction with the accompany notes.

TERRAIN MINERALS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	ORDINARY SHARES	OPTIONS RESERVE	FAIR VALUE OTHER COMPREHENSIVE INCOME ("FVOCI") RESERVE	ACCUMULATED LOSSES	TOTAL
	\$	\$	\$	\$	\$
Balance at 1 July 2020	20,940,371	1,632,750	309,500	(19,763,578)	3,119,043
Profit/(loss) attributable to members of the parent entity	-	-	-	(340,991)	(340,991)
Other comprehensive income for the period	-	-	306,404	-	306,404
Total comprehensive profit/(loss) for the period	-	-	306,404	(340,991)	(34,587)
Transactions with owners, in their capacity as owners, and other transfers					
Contributions of equity, net of transaction costs	147,420	-	-	-	147,420
Issue of options	-	156,001	-	-	156,001
Balance at 31 December 2020	21,087,791	1,788,751	615,904	(20,104,569)	3,387,877
Balance at 1 July 2019	20,670,229	1,615,884	-	(21,082,400)	1,203,713
Loss attributable to members of the parent entity	-	-	-	(441,874)	(441,874)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(441,874)	(441,874)
Transactions with owners, in their capacity as owners, and other transfers					
Contributions of equity, net of transaction costs	270,142	-	-	-	270,142
Options based payments	-	16,866	-	-	16,866
Balance at 31 December 2019	20,940,371	1,632,750	-	(21,524,274)	1,048,847

The above Statement of Changes in Equity should be read in conjunction with the accompany notes.

TERRAIN MINERALS LIMITED

STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	31 DECEMBER 2020 \$	31 DECEMBER 2019 \$
CASH FROM OPERATING ACTIVITIES:		
Payments to suppliers and employees	(420,977)	(209,429)
Interest received	539	181
Government Stimulus Grants	55,055	-
Net cash used in operating activities	<u>(365,383)</u>	<u>(209,248)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for exploration expenditure	(483,800)	(47,807)
Proceeds from sale of investments	396,405	-
Proceeds from sale of tenements	-	300,000
Net cash (used)/provided by investing activities	<u>(87,395)</u>	<u>252,193</u>
CASH FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	-	262,000
Proceeds from exercise of options	147,420	-
Share issue costs	-	(11,859)
Net cash provided by financing activities	<u>147,420</u>	<u>250,141</u>
Net cash increase/(decrease) in cash and cash equivalents	(305,358)	293,086
Cash and cash equivalents at beginning of the half year	2,084,876	388,666
Cash and cash equivalents at end of the half year	<u>1,779,518</u>	<u>681,752</u>

The above Statement of Cash Flows should be read in conjunction with the accompany notes.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

Statement of compliance

These interim financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by Terrain Minerals Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period other than those identified below under 'Basis of preparation and changes to the Company's accounting policies'.

Standards and Interpretations applicable to 31 December 2020

In the half-year ended 31 December 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2020.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and therefore no material change is necessary to Company accounting policies.

Standards and Interpretations in issue not yet adopted

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Critical accounting estimates and significant judgements

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the Company accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2020.

Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Company incurred a net loss of \$340,991 for the half-year to 31 December 2020 and had cash outflows from operations activities of \$365,383 for the half-year. Notwithstanding this, the financial report has been prepared on a going concern basis which the Directors consider to be appropriate based upon the available cash assets of \$1,779,518 as at 31 December 2020.

The ability of the Company to continue as a going concern is dependent on the Company being able to raise additional funds as required to meet ongoing exploration commitments and for working capital. These conditions indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

As a result, the financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity, realization of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Directors are confident in the Company's ability to raise the capital mentioned above due to historical experience in securing funding for ongoing operational requirements, ongoing communications with funding providers and major shareholders; and
- The Directors are also confident they are able to manage discretionary spending to ensure that cash is available to meet debts as and when they fall due.

However, should the Company be unsuccessful in undertaking additional raisings, the Company may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Company not continue as a going concern.

Should the going concern basis not be appropriate, the entity may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

TERRAIN MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 2: REVENUE FROM CONTINUING OPERATIONS

	31 DECEMBER	31 DECEMBER
	2020	2019
	\$	\$
Interest income	539	181
Government stimulus grants	55,055	-
	<u>55,594</u>	<u>181</u>

Accounting policy

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).

NOTE 3: TRADE AND OTHER RECEIVABLES

	31 DECEMBER	30 JUNE
	2020	2020
	\$	\$
Current		
Trade receivables	2,723	12,723
GST	22,521	15,042
	<u>25,244</u>	<u>27,765</u>
NON-CURRENT		
Other receivables	<u>20,000</u>	<u>20,000</u>

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 4: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

The following table details the movement in deferred exploration and evaluation expenditure reported in the statement of financial position during the half year.

	31 DECEMBER	30 JUNE
	2020	2020
	\$	\$
Carrying amount at beginning of period	278,662	809,040
Capitalised Expenditure	464,410	182,230
Smokebush farm-in agreement	-	20,000
Proceeds from option fee (i)	-	(520,211)
Written off exploration expenditure	-	(212,397)
	<u>743,072</u>	<u>278,662</u>

- (i) The option of the sale of the Great Western project is subject to due diligence. Under the terms of the agreement, an option fee of \$300,000 non-refundable cash consideration was received.

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 prior period, the Company has identified that there were 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 nil (June 2020: \$212,397) during the financial period in the Statement of Profit or Loss and other Comprehensive Income.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 5: FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(i) Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise of equity securities which are not held for trading, and which the Company has irrevocably elected at initial recognition to recognise in this category.

(ii) Financial assets at fair value through other comprehensive income

Financial assets at FVOCI comprise the following individual investments:

Non-current	31 December 2020
	\$
Financial assets at fair value through other comprehensive income	
<i>Balance for the period ended 30 June 2020</i>	
Red 5 Limited	1,000,000
Financial assets at fair value through other comprehensive income	
<i>Movement during the period</i>	
Proceeds from sale of financial assets at fair value	(396,404)
Gain recognised in other comprehensive income	306,404
Balance for the period ended 31 December 2020	910,000

On 6 April 2020 11,542,498 Red 5 Limited ("Red 5") shares were issued to Terrain for the exercise of the option to purchase Great Western gold project at cost of \$2,200,000. The Red 5 shares have been disposed for the period ending 31 December 2020 are as follows:

	Gain on disposal for the financial period ended 31 December 2020		
	Net proceeds \$	Carrying value at 31 Dec 2020 \$	Gain \$
Sold in the period ended 31 December 2020	396,574	(285,900)	110,674
	396,574	(285,900)	110,674

The gain recognised of \$110,674 for the period ended 31 December 2020 was disclosed in the profit and loss as other comprehensive income as per AASB 9.

The balance as at 31 December 2020 of \$910,000 represents the investment in Red 5 Ltd. The Company holds 3,500,000 shares and the share price as at 31 December 2020 was \$0.26 per share.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 5: FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

(ii) Amounts recognised in other comprehensive income

During the period, the following gain was recognised in other comprehensive income.

	31 December	30 June
	2020	2020
	\$	\$
Gains recognised in other comprehensive income	<u>306,404</u>	<u>309,500</u>

The movement of gain recognised in other comprehensive income for the period ended 31 December 2020 was as follows:

	31 December	30 June
	2020	2020
	\$	\$
Gain on sale of Red 5 shares during the period	309,500	262,500
(Decrease)/Increase in value of Red 5 shares	(3,096)	47,000
Gain recognised in other comprehensive income	<u>306,404</u>	<u>309,500</u>

TERRAIN MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 6: ISSUED CAPITAL

	31 DECEMBER	30 JUNE
	2020	2020
	\$	\$
735,761,009 (30 June 2020: 723,161,009) Ordinary shares	21,087,791	20,940,371

(A) Ordinary Shares

Movements in ordinary share capital

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Entity in proportion to the number of shares held. Every holder of ordinary shares present at a meeting or by proxy, is entitled to one vote. Upon a poll every holder is entitled to one vote per share held.

2020

Description	Date	Number of shares	Issue Price	\$
Opening balance	30 Jun 2020	723,161,009		20,940,371
Exercise of options	26 Nov 2020	12,600,000	\$0.0117	147,420
Less: transaction costs				-
Closing balance	31 Dec 2020	735,761,009		21,087,791

2019

Description	Date	Number of shares	Issue Price	\$
Opening balance	30 Jun 2019	643,732,009		20,670,229
Share Placement	30 Sep 2019	71,429,000	\$0.0035	250,001
Exercise of options	12 Dec 2019	3,000,000	\$0.004	12,000
Issue for acquisition of tenements	20 Dec 2019	5,000,000	\$0.004	20,000
Less: transaction costs				(11,859)
Closing balance	30 June 2020	723,161,009		20,940,371

(B) Options

For information relating to Terrain Minerals Limited employee option plan, including details of options issued, exercised and lapsed during the financial half year and the options outstanding at half year end refer to **Note 10**.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 7: OPERATING SEGMENTS

Management has determined that the company has one reportable segment, being mineral exploration in Western Australia. As the company is focused on mineral exploration, the Board (the chief operating decision maker) monitors the company based on actual versus budgeted exploration expenditure incurred by the company as a whole. This 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. The reportable segment is represented by the primary statements forming this financial report.

NOTE 8: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at reporting date, there has been no change to the contingent liabilities or contingent assets from 30 June 2020.

NOTE 9: 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. There were no significant changes in the nature of related party transactions since 30 June 2020. Refer to **Note 10** for options issued to Directors.

NOTE 10: SHARE-BASED PAYMENTS

The fair value of services received in return for share options granted is measured by reference to the fair value of options granted. The estimate of the fair value of the services is measured based on a Black-Scholes option valuation methodology. This life of the options and early exercise option are built into the option model.

On 20 November 2020, Terrain shareholders approved the issue of 16,000,000 options as compensation to the following key management personnel of the Company:

	Number of Options Issued	Fair Value
Justin Virgin	8,000,000	\$78,001
Trevor Bradley	4,000,000	\$39,000
Johannes Lin	4,000,000	\$39,000
	<hr/> 16,000,000	<hr/> \$156,001

Each of the options are exercisable at \$0.0214 on or before 25 November 2025 and vested immediately on the date of issue, being 25 November 2020.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 10: SHARE-BASED PAYMENTS (CONTINUED)

The weighted average fair value of those equity instruments, determined by reference to market price, was \$0.010. The assumptions used for the options, prepared by using the Black Scholes valuation, are as follows:

Exercise Price	\$0.0214
Expected Life	5 years
Share Price at grant date	\$0.0110
Expected Volatility	155%
Risk Free Interest Rate	0.30%
Option Value	\$0.010

Included under employee benefits expense in the statement of profit or loss and other comprehensive income is \$156,001 which relates to equity-settled share-based payment transactions (2019: \$16,866).

NOTE 11: EVENTS AFTER THE END OF THE REPORTING PERIOD

On 23 February 2021 the Company announced that the Smokebush Joint Venture (JV) partners had confirmed that expenditure commitments of \$250,000 had been reached, resulting in 80% of ownership in the Smokebush JV tenements are to be transferred.

Other than the above, there are no matters or circumstances that have arisen since the end of the half 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 that would require disclosure.

TERRAIN MINERALS LIMITED

DIRECTORS DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 18, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standard 134, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the financial position as at 31 December 2020 and of the performance for the half year ended on that date of the company.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Mr Justin Virgin

Executive Director

Dated: 12 March 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Terrain Minerals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Terrain Minerals Limited (the Company), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Company does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the company's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.



Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

BDO


Jarrad Prue

Director

Perth, 12 March 2021