



TERRAIN MINERALS LTD
ABN 45 116 153 514
ASX: TMX

INTERIM FINANCIAL REPORT 31 DECEMBER 2023

Note: The information contained in this condensed report is to be read in conjunction with Terrain Minerals Limited 30 June 2023 annual report and any announcements made by the company during the half-year period ended 31 December 2023

TERRAIN MINERALS LIMITED

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

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TERRAIN MINERALS LIMITED

CORPORATE DIRECTORY

Terrain Minerals Limited Board

Justin Virgin

Executive Director

Xavier Braud

Non-Executive Director – Technical

Johannes Lin

Non-Executive Director

Melissa Chapman and Catherine Grant-Edwards

Company Secretaries

Share Register

Computershare Investor Services Pty Ltd

Level 17

221 St Georges Terrace

Perth WA 6000

Telephone +61 8 9323 2000

Facsimile +61 8 9323 2033

Auditor

BDO Audit (WA) Pty Ltd

Level 9, Mia Yellagonga Tower 2

5 Spring Street

Perth WA 6000

Solicitors

Steinepreis Paganin

Level 4, The Read Building

16 Milligan Street

Perth WA 6000

Palisade Corporate Law

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

Suite 2, 28 Outram Street

West Perth, WA 6005

PO Box 79, West Perth, WA 6872

Telephone: +61 8 9381 5558

Email: terrain@terrainminerals.com.au

Website: www.terrainminerals.com.au

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

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 2023.

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 Xavier Braud	Non-Executive Director – Technical
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 \$684,425 (2022: loss of \$376,099) and had a net cash outflow from operations of \$334,503 for the half-year (2022: \$332,744 outflow).

Review of Operations

Smokebush - Gold & Lithium Exploration Project – 100%

Activities undertaken during the half-year period include:

- Terrain completed a large Mobile Metal Ions (MMI) soil campaign over the Larin’s Lane area and consequently followed up the anomalies with 108 holes, 6,611-meter Air-Core Drilling Program. That was completed in late December 2023.
- On the gold front, at Smokebush, Terrain conducted a small RC Drilling campaign and tested multiple induced polarization (IP) targets, which confirmed gold mineralization at the new Lightning target. Lightning is a 600m long IP target that runs parallel to the historic Monza drilling. Only two holes 400m apart were drilled into Lightning with both returning gold intersections, refer to ASX release 14/11/2023.
- Exploration activities continue over the Project area.

Note: For additional information refer to ASX announcement:

5 July 2023 - Smokebush 'Phase 2' Gold & Pegmatite RC drilling commenced
26 July 2023 - Smokebush 'Phase 2' drilling completed & Project update
16 August 2023 - Gallium (Ga) discovered at Smokebush RC drilling campaign
18 October 2023 - Larin's Lane - MMI stage 2 'New Poly-metallic Target'
14 November 2023 - High Grade Gold intersected at Lightning
28 November 2023 - Larin's Lane - Maiden Drilling testing Poly-metallic targets
19 December 2023 - Larin's Lane - Maiden Drill Program completed

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

Review of Operations (continued)

Lort River Project – Rare Earth Elements (REE) – 100%

- Terrain executed its maiden roadside Air-Core drilling campaign at Lort River. A total of 16 holes spaced 3km apart were drilled across the 3 tenements.
- All 16-roadside Air-Core holes intersect Gallium (Ga), refer to ASX release 23 October 2023
- Rare Earth Elements (REE) were also intersected across 7 of the 16 holes, refer ASX release 19 October 2023. Follow up drilling is planned to build onto the success of the maiden drilling program.
- After the half-year end, a new tenement was granted at Lort River, which adjoins existing tenements and is also strategically located within the southern end of the Fraser Range geological belt. Terrain conducted a geological review which identified an exciting Eye feature with similarities to the Nova Eye discovered by Sirius Resources Ltd and currently being mined by IGO Ltd (formerly Independence Group NL (ASX:IGO)). The new 100% Terrain Eye feature is an exciting and potential base metals target. For further information refer to ASX release on the 22/02/2024.

Note: For additional information refer to ASX announcement:

5 May 2022 - Lort River (320km²) Rare Earth Project highly prospective tenements granted

30 May 2022 - High-Grade Clay Type Rare Earths (REE) soil anomaly identified at Lort River Project

21 November 2022 - Rare Earths (REE) Exploration Planning for 2023 has commenced at Lort River

14 August 2023 - Heritage approval received maiden REE drilling at Lort River

22 August 2023 - Lort River 'REE' Maiden Drilling has commenced

28 August 2023 - Lort River 'REE' - drilling intersected large Clay Zones

19 October 2023 - Lort River Drilling Results intersects REE mineralisation

23 October 2023 - Gallium Clays Mineralisation across Lort River (REE) Project

Wildviper - Gold Exploration Project - 100%

- Continued desktop studies on the project.
- Planning of the next phase of field activities is now underway.

Note: For additional information refer to ASX announcement:

2 February 2022 - High Grade Rock Chips from New Areas at Wild Viper Gold Project

23 August 2022 - New Project Calytrix & Smokebush & Wild-viper Gold Project updates

Calytrix – Gold Exploration Project

- The Calytrix Project failed to prove to be economically viable. As a result, Terrain decided to surrender the right to tenure for this Project. The exploration expenditure incurred to date totalling \$225,631, has been written off in the Statement of Profit or Loss and other Comprehensive Income.

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

Review of Operations (continued)

Pending Applications

Terrain has several pending tenement (packages) applications across Western Australia and Queensland. These applications include:

- The Biloela Copper & Gold Project located along strike of the Cracow Gold Mine in QLD (ASX release 21 June 2023).
- The Carlindie Lithium Project situated near Lithium Power International Ltd's (LPI) Tabba Tabba Lithium Project and is located between the tenements of Wildcat Resources Ltd (WC8) and Kali Metals Ltd (KM1). The application of this Project is currently a top priority for the company.
- The Mukinbudin (WA) Rare Earths and Lithium Project which neighbours to Rio Tinto's and Independence Group's landholdings in the region.

Corporate

Placement

On 20 September 2023, the Company issued 174,444,451 shares at an issue price of \$0.0045 per share, together with 43,611,124 unlisted options (exercisable at \$0.009 each and expiring 20 January 2024) and 43,611,107 unlisted options (exercisable at \$0.015 each and expiring 20 May 2024) to raise proceeds of \$785,000 (before expenses).

On 30 October 2023, the Company issued 86,205,574 shares at an issue price of \$0.005 per share, together with 9,578,484 free attaching shares, 21,551,363 unlisted options (exercisable at \$0.009 each and expiring 20 January 2024) and 21,551,425 unlisted options (exercisable at \$0.015 each and expiring 20 May 2024) to raise proceeds of \$431,028 (before expenses).

New Opportunities & Project Review

Terrain continues to search and identify potential 'company making' projects including Gold, Copper, Nickel, REEs, Lithium and industrial minerals throughout Australia. Other regions are also being considered around the world with several jurisdictions of interest being identified. Geological assessment and discussion opportunity are ongoing on a continual basis as opportunities present. All economic commodities will be considered on their merits as indicated in previous quarterly reports.

Details of the companies' projects and exploration results can be found in the quarterly activity reports located on the Company's website as well as on the ASX website.

TERRAIN MINERALS LIMITED
DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

EVENTS AFTER THE END OF THE REPORTING PERIOD

On 24 January 2024, the Company raised funds of \$352,000 (before costs) from the issue of 70,400,000 shortfall shares at an issue price of \$0.005 per share under the shortfall facility of the non-renounceable rights issue (Entitlement Offer). In addition, and in accordance with the terms of the Entitlement Offer, the Company has issued 7,822,225 free attaching shares and granted 17,600,000 unlisted options exercisable at \$0.015 and expiring 20 May 2024. This allotment of shares and granting of options represents the final tranche of shares available under the Entitlement Offer in the Prospectus dated 20 September 2023.

Other than matters disclosed 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 2023 has been received and can be found on page 6 of the interim financial report.

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

A handwritten signature in blue ink, consisting of a stylized 'J' and 'V' followed by a long horizontal line.

Mr Justin Virgin
Executive Director
Dated: 11 March 2024



Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

Level 9
Mia Yellagonga Tower 2
5 Spring Street
Perth, WA 6000
PO Box 700 West Perth WA 6872
Australia

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 2023, 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.

A handwritten signature in black ink, appearing to read 'J Prue', is written in a cursive style.

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth

11 March 2024

TERRAIN MINERALS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

		31 DECEMBER	31 DECEMBER
		2023	2022
	NOTE	\$	\$
Revenue from continuing operations		3,211	2,335
Employee benefits expense		(138,750)	(138,125)
Depreciation		-	(1,914)
Exploration expenditure write off	3	(252,422)	(69,997)
Share-based payments expense	8	(89,046)	-
Administrative expenses		(207,418)	(168,398)
Loss before income tax		(684,425)	(376,099)
Income tax expense		-	-
Loss for the half-year after tax		(684,425)	(376,099)
Changes in the fair value of financial assets through other comprehensive loss		-	(14,375)
Total comprehensive loss for the half-year		(684,425)	(390,474)
Total comprehensive loss for the half-year attributable to members of Terrain Minerals Ltd:		(684,425)	(390,474)
Loss per share attributable to owners of TMX			
Basic and dilutive loss per share (cents)		(0.07)	(0.05)

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

TERRAIN MINERALS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

		31 DECEMBER	30 JUNE
	NOTE	2023	2023
ASSETS		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		931,213	1,309,307
Trade and other receivables	2	37,008	80,640
Prepayments		15,894	10,095
TOTAL CURRENT ASSETS		984,115	1,400,042
NON-CURRENT ASSETS			
Other receivables	2	-	20,000
Exploration and evaluation expenditure	3	3,122,692	2,638,236
TOTAL NON-CURRENT ASSETS		3,122,692	2,658,236
TOTAL ASSETS		4,106,807	4,058,278
CURRENT LIABILITIES			
Trade and other payables		48,720	489,642
TOTAL CURRENT LIABILITIES		48,720	489,642
TOTAL LIABILITIES		48,720	489,642
NET ASSETS		4,058,087	3,568,636
EQUITY			
Issued capital	4(A)	24,205,771	23,123,664
Reserves		1,936,357	1,844,588
Accumulated losses		(22,084,041)	(21,399,616)
TOTAL EQUITY		4,058,087	3,568,636

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

TERRAIN MINERALS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	ORDINARY SHARES	OPTIONS RESERVE	FAIR VALUE OTHER COMPREHENSIVE INCOME ("FVOCI") RESERVE	ACCUMULATED LOSSES	TOTAL
	\$	\$	\$	\$	\$
Balance at 1 July 2023	23,123,664	1,844,588	-	(21,399,616)	3,568,636
Loss attributable to members of the parent entity	-	-	-	(684,425)	(684,425)
Total comprehensive loss for the period	-	-	-	(684,425)	(684,425)
Transactions with owners, in their capacity as owners, and other transfers					
Contributions of equity, net of transaction costs	1,082,107	-	-	-	1,082,107
Options based payments	-	91,769	-	-	91,769
Balance at 31 December 2023	24,205,771	1,936,357	-	(22,084,041)	4,058,087
Balance at 1 July 2022	21,285,504	1,824,315	623,655	(20,964,855)	2,768,619
Loss attributable to members of the parent entity	-	-	-	(376,099)	(376,099)
Other comprehensive loss for the period	-	-	(14,375)	-	(14,375)
Total comprehensive loss for the period	-	-	(14,375)	(376,099)	(390,474)
Transactions with owners, in their capacity as owners, and other transfers					
Contributions of equity, net of transaction costs	828,084	-	-	-	828,084
Options based payments	-	-	-	-	-
Balance at 31 December 2022	22,113,588	1,824,315	609,280	(21,340,954)	3,206,229

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

TERRAIN MINERALS LIMITED

STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	31 DECEMBER	31 DECEMBER
	2023	2022
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Payments to suppliers and employees	(337,714)	(335,080)
Interest received	3,211	2,336
Net cash (used) in operating activities	<u>(334,503)</u>	<u>(332,744)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for exploration expenditure	(1,128,420)	(382,194)
Proceeds from sale of investments	-	102,375
Net cash (used) in investing activities	<u>(1,128,420)</u>	<u>(279,819)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	1,216,028	800,000
Share issue costs	(131,199)	(51,916)
Net cash provided by financing activities	<u>1,084,829</u>	<u>748,084</u>
Net cash (decrease)/increase in cash and cash equivalents	(378,094)	135,521
Cash and cash equivalents at beginning of the half-year	1,309,307	1,084,926
Cash and cash equivalents at end of the half-year	<u>931,213</u>	<u>1,220,447</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 HALF-YEAR ENDED 31 DECEMBER 2023

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 2023 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 2023

In the half-year ended 31 December 2023, 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 2023.

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 2023

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 2023.

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 \$684,425 for the half-year to 31 December 2023 (31 December 2022: net loss \$376,099) and had cash outflows from operating activities of \$334,503 for the half-year (31 December 2022: outflows \$332,744). 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 \$931,213 as at 31 December 2023 (30 June 2023: \$1,309,307).

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, realisation 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 can 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 2023

NOTE 2: TRADE AND OTHER RECEIVABLES

	31 DECEMBER	30 JUNE
	2023	2023
	\$	\$
<u>Current</u>		
Deposits	1,205	-
Trade receivables	2,147	2,723
GST	33,656	77,917
	37,008	80,640
<u>Non-Current</u>		
Other receivables	-	20,000
	-	20,000

NOTE 3: 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
	2023	2023
	\$	\$
Carrying amount at beginning of period	2,638,236	1,437,459
Capitalised Expenditure	736,877	1,472,208
Shares issued for acquisition of projects (ii)	-	90,000
Written off exploration expenditure (i)	(252,421)	(361,431)
	3,122,692	2,638,236

- I. 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 \$252,421 exploration expenditure incurred during this half-year financial period in the Statement of Profit or Loss and other Comprehensive Income based on the grounds that (1) the tenements are still in the application phase, the Company does not currently hold the right to tenure and (2) the tenements have been assessed as not economically viable and the Company has decided to surrender the right to tenure (June 2023: \$361,431).

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

NOTE 3: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE (CONTINUED)

- ii. No shares were issued during this 6 monthly period for acquisition of tenement. (On 6 December 2022 Terrain issued 10,000,000 shares valued at \$70,000 for the successful acquisition of the outstanding 20% of the Smokebush project and Terrain also issued 1,428,571 shares and paid \$10,000 cash for the acquisition of Tenement E27/2700.) In measuring the fair value of the exploration tenements acquired, management considers general accepted technical valuation methodologies and comparable transactions in determining the fair value. Due to the subjective nature of valuation with respect to the exploration tenements with limited exploration results, management have determined the consideration paid to be indicative of its value.

TERRAIN MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

NOTE 4: ISSUED CAPITAL

	31 DECEMBER 2023		30 JUNE 2023	
	Number	\$	Number	\$
Ordinary Shares	1,353,427,816	24,205,771	1,083,199,307	23,123,664
	1,353,427,816	24,205,771	1,083,199,307	23,123,664

(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.

	Date	Number of Shares	Issue Price	Balance \$
Opening Balance	1 Jul 2023	1,083,199,307		23,123,664
Placement	20 Sep 2023	174,444,451	\$ 0.0045	785,000
Placement	30 Oct 2023	86,205,574	\$ 0.005	431,028
1 free for 9 shares issued	30 Oct 2023	9,578,484	\$ -	-
Less: transaction costs				(131,199)
Less: transaction costs (share-based payments)				(2,722)
Closing Balance	31 Dec 2023	1,353,427,816		24,205,771

	Date	Number of Shares	Issue Price	Balance \$
Opening Balance	1 Jul 2022	760,761,009		21,285,504
Issued for tenements acquisition	6 Dec 2022	10,000,000	\$ 0.007	70,000
Issued for tenements acquisition	6 Dec 2022	1,428,571	\$ 0.007	10,000
Placement	14 Dec 2022	133,333,333	\$ 0.006	800,000
Share Purchase Plan	6 Feb 2023	177,676,394	\$ 0.006	1,066,058
Less: transaction costs				(107,898)
Closing Balance	30 June 2023	1,083,199,307		23,123,664

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

(B) Options

The Company is unable to determine the fair value of the services received, hence 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. The life of the options and early exercise option are built into the option model. On 20 September 2023, 5 million options were granted to Novus Capital Ltd as share-based payments for acting as broker to the placement on 20 September 2023. On 5 December 2023, 20 million options were granted to Directors and Consultant as share-based payment which formed part of their remuneration package. (30 June 2023: \$20,273). Refer to Note 8 for options granted to Directors, Consultant and broker. On 22 November 2023, 3 million options which were previously granted to Directors expired without exercise.

NOTE 5: 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 6: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at reporting date, there has been no change to the contingent liabilities or contingent assets from 30 June 2023.

NOTE 7: 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 2023. Refer to Note 8 for options granted to Directors and consultant.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

NOTE 8: SHARE-BASED PAYMENTS

The Company is unable to determine the fair value of the services received, hence 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. The life of the options and early exercise option are built into the option model.

On 20 September 2023, the Company granted 5,000,000 options to Novus Capital Ltd as share-based payments for acting as broker to the placement on 20 September 2023 split between 50% of the options exercisable at \$0.009 expiring on 20 January 2024 and 50% of the options exercisable at \$0.015 expiring on 20 May 2024. These options were later ratified by shareholders at the AGM on 30 November 2023.

		No of Options Granted	Fair Value \$
Novus Capital Ltd	(1) expiring 20 Jan 24	2,500,000	65
Novus Capital Ltd	(2) expiring 20 May 24	2,500,000	2,658

Options (1) are exercisable at \$0.0090 on or before 20 January 2024 and vested immediately on the date of grant, being 20 September 2023. The weighted average fair value of those equity instruments, determined by reference to market price, was \$0.00003.

Options (2) are exercisable at \$0.015 on or before 20 May 2024 and vested immediately on the date of grant, being 20 September 2023. The weighted average fair value of those equity instruments, determined by reference to market price, was \$0.0011.

Included under Note 4(A) placement transaction cost is \$2,722 which relates to equity-settled share-based payment transactions (2022: Nil).

On 30 November 2023, the shareholders of Terrain approved the granting of 20,000,000 options as compensation to the following key management personnel and consultants of the Company:

	No of Options Granted	Fair Value \$
Justin Virgin	10,000,000	44,523
Xavier Braud	5,000,000	22,261
Benjamin Bell - Consultant (Head of Exploration)	5,000,000	22,262

Each of the options are exercisable at \$0.0056 on or before 30 November 2028 and vested immediately on the date of grant, being 5 December 2023.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

NOTE 8: SHARE-BASED PAYMENTS (CONTINUED)

The weighted average fair value of those equity instruments, determined by reference to market price, was \$0.0045. The assumptions used for the options, prepared by using the Black Scholes valuation, are as follows:

Exercise Price	\$0.0056
Expected Life	5 years
Share Price at grant date	\$0.005
Expected Volatility	141.27%
Risk Free Interest Rate	3.86%
Option Value	\$0.0045

Included under Share-based payments expense in the statement of profit or loss and other comprehensive income is \$89,046 which relates to equity-settled share-based payment transactions (30 June 2023: \$20,273).

NOTE 9: EVENTS AFTER THE END OF THE REPORTING PERIOD

On 24 January 2024, the Company raised funds of \$352,000 (before costs) from the issue of 70,400,000 shortfall shares at an issue price of \$0.005 per share under the shortfall facility of the non-renounceable rights issue (Entitlement Offer). In addition, and in accordance with the terms of the Entitlement Offer, the Company has issued 7,822,225 free attaching shares and granted 17,600,000 unlisted options exercisable at \$0.015 and expiring 20 May 2024. This allotment of shares and granting of options represents the final tranche of shares available under the Entitlement Offer in the Prospectus dated 20 September 2023 and the Entitlement Offer is now closed.

Other than matters disclosed 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 7 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 2023 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 and is signed for and on behalf of Directors by:



Mr Justin Virgin

Executive Director

Dated: 11 March 2024



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 2023, 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 2023 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 2023 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, 11 March 2024