



TERRAIN MINERALS LTD
ACN 116 153 514
ASX: TMX

INTERIM FINANCIAL REPORT 31 DECEMBER 2014

Note: The information contained in this condensed report is to be read in conjunction with Terrain Minerals Ltd's 2014 annual report and any announcements made by the company during the half-year period ending 31 December 2014

TERRAIN MINERALS LIMITED

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

CONTENTS

	<u>PAGE</u>
DIRECTORS' REPORT	1
AUDITOR'S INDEPENDENCE DECLARATION	3
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	4
STATEMENT OF FINANCIAL POSITION	5
STATEMENT OF CHANGES IN EQUITY	6
STATEMENT OF CASH FLOWS	7
NOTES TO THE FINANCIAL STATEMENTS	8
DIRECTORS' DECLARATION	16
INDEPENDENT AUDITOR'S REVIEW REPORT	17

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

Your directors present their report, together with the financial statements of company for the half year ended 31 December 2014.

DIRECTORS

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

NAMES	POSITION
Mr David Porter	Non-Executive Chairman
Mr Paul Dickson	Vice Chairman, Non-Executive Director
Mr Justin Virgin	Executive Director
Mr Jonathan Lim	Non-Executive Director

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 \$4,247,416 (2013: loss of \$326,567). The significant increase in loss of the Company was due to the impairment of Great Western amounting to \$3,787,733 at fair value.

On 24 November 2014, SR Mining ("SRM") which is 71.9% owned by ASX listed Bligh Resources Limited ("Bligh") and all other related parties have signed a binding term sheet with the Company in relation to the Bundarra Tenement Sales Agreement (TSA) and the Inter Creditors Deed (ICD).

On 4 December 2014, all the parties have agreed on the default settlement and obligations with the Company for the following:

- Immediate return of tenement M37/54 Great Western and all relating data;
- Cash consideration of \$165,000 plus GST at settlement received during the period;
- 400,000 fully paid ordinary Bligh's shares with no escrow received during the period;
- \$200,000 face value of convertible note at 0.05 cents per share expiring on 28 January 2016 and automatically converted to 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; and
- All parties release each other of all contractual obligations and any future claims relating to the TSA, ICD or other related agreements to this transaction once all obligations have been fulfilled.

During the period, as part of the ongoing portfolio review and cost cutting initiative, the Company has relinquished the East Kambalda E26/97 tenement and all remaining tenements in the Black Cat Joint Venture and the relating JV agreements have now been cancelled.

The Company is currently searching and assessing potential company making projects in Australia and Africa, looking at all economic commodities including but not limited to Gold, Copper, Iron Ore and Coal.

Great Western is now a priority project for the Company.

Details of the exploration results of each of the Company's projects can be found in the quarterly activity reports located on the Company's website.

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

EVENTS AFTER THE END OF THE REPORTING PERIOD

No matters or circumstances 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 in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the half year ended 31 December 2014 has been received and can be found on page 3 of the interim financial report.

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



Mr Justin Virgin

Executive Director

Dated: 13 March 2015

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

As lead auditor for the review of Terrain Minerals Limited for the half-year ended 31 December 2014, 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.



Chris Burton

Director

BDO Audit (WA) Pty Ltd

Perth, 13 March 2015

TERRAIN MINERALS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

		HALF YEAR	
		31 DECEMBER	31 DECEMBER
		2014	2013
	NOTE	\$	\$
Revenue from Continuing Operations			-
Other income	2	39,602	32,543
Depreciation expense		(2,286)	(4,001)
Employee benefits expense		(83,975)	(173,954)
Impairment of exploration	5	(267,124)	(63,883)
Loss on impairment of receivable		(3,787,733)	-
Occupancy expenses		(11,900)	(29,460)
Share based payment	11	(14,829)	-
Administrative expenses		(119,171)	(87,812)
Loss before income tax		(4,247,416)	(326,567)
Income tax expense		-	-
Loss for the half year after tax		(4,247,416)	(326,567)
Other comprehensive income		-	-
Total comprehensive loss for the half year		(4,247,416)	(326,567)
Total comprehensive loss for the half year attributable to members of Terrain Minerals Ltd:		(4,247,416)	(326,567)
Loss per share attributable to owners of TMX			
Basic loss per share (cents)		(1.22)	(0.09)

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 2014

		31 DECEMBER	30 JUNE
	NOTE	2014	2014
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		1,066,106	1,125,515
Trade and other receivables	3	21,548	605,535
Financial assets	4	221,964	-
Other assets		11,745	15,022
TOTAL CURRENT ASSETS		1,321,363	1,746,072
NON-CURRENT ASSETS			
Trade and other receivables	3	-	3,663,283
Plant and equipment		8,779	11,064
Exploration expenditure	5	586,650	669,697
TOTAL NON-CURRENT ASSETS		595,429	4,344,044
TOTAL ASSETS		1,916,792	6,090,116
CURRENT LIABILITIES			
Trade and other payables		94,575	35,312
TOTAL CURRENT LIABILITIES		94,575	35,312
TOTAL LIABILITIES		94,575	35,312
NET ASSETS		1,822,217	6,054,804
EQUITY			
Issued capital	6(a)	18,773,806	18,773,806
Reserves		1,310,521	1,295,692
Accumulated losses		(18,262,110)	(14,014,694)
TOTAL EQUITY		1,822,217	6,054,804

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 2014

31 DECEMBER 2014

			SHARE BASED	
	ORDINARY	ACCUMULATED	PAYMENT	TOTAL
	SHARES	LOSSES	RESERVE	
	\$	\$	\$	\$
Balance at 1 July 2014	18,773,806	(14,014,694)	1,295,692	6,054,804
loss attributable to members of the company	-	(4,247,416)	-	(4,247,416)
Other comprehensive loss for the half year	-	-	-	-
Total comprehensive loss for the half year	-	(4,247,416)	-	(4,247,416)
Transactions with owners, in their capacity as owners, and other transfer				
Options issued to directors	11	-	14,829	14,829
Balance at 31 December 2014	18,773,806	(18,262,110)	1,310,521	1,822,217

31 DECEMBER 2013

			SHARE BASED	
	ORDINARY	ACCUMULATED	PAYMENT	TOTAL
	SHARES	LOSSES	RESERVE	
	\$	\$	\$	\$
Balance at 1 July 2013	18,773,806	(12,426,105)	1,253,415	7,601,116
loss attributable to members of the company	-	(326,567)	-	(326,567)
Other comprehensive loss for the half year	-	-	-	-
Total comprehensive loss for the half year	-	(326,567)	-	(326,567)
Transactions with owners, in their capacity as owners, and other transfer				
Options issued to directors	11	-	42,277	42,277
Balance at 31 December 2013	18,773,806	(12,752,672)	1,295,692	7,316,826

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 2014

	31 DECEMBER 2014 \$	31 DECEMBER 2013 \$
CASH FROM OPERATING ACTIVITIES:		
Payments to suppliers and employees	(201,212)	(397,169)
Receipt from customers	-	7,849
Interest received	15,482	24,694
Net cash used in operating activities	<u>(185,730)</u>	<u>(364,626)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	20,750	-
Purchase of available for sale financial asset	-	(120,000)
Proceeds from the settlement of debt (inclusive GST)	181,500	-
Payments for exploration expenditure	(75,929)	(127,381)
Net cash provided by (used in) investing activities	<u>126,321</u>	<u>(247,381)</u>
Net cash decreases in cash and cash equivalents	<u>(59,409)</u>	<u>(612,007)</u>
Cash and cash equivalents at beginning of the half year	1,125,515	1,823,034
Cash and cash equivalents at end of the half year	<u>1,066,106</u>	<u>1,211,027</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 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

This interim financial report for the half year ending 31 December 2014 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting.

The interim financial report is intended to provide users with an update on the latest annual financial report of Terrain Minerals Limited. As such it does not contain information that represents relatively insignificant changes occurring during the half year within Terrain Minerals Limited. This interim financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this interim financial report be read in conjunction with the annual financial report of Terrain Minerals Limited for the year ended 30 June 2014, together with any public announcements made during the half year.

The same accounting policies and methods of valuation have been followed in this interim financial report as were applied in the most recent annual financial report, except in relation to notes disclosed below.

Financial assets – Convertible note receivable

Convertible note receivable includes a call option conversion feature which has been fair valued using a Black Scholes model, with the balance of the face value of the convertible note being a receivable. On initial recognition, the fair value of the convertible note will equate to the amount of the receivable and subsequently the financial asset is revalued at fair value at the end of reporting date until settlement. The fair value movements are recognised in the profit and loss.

Financial assets - Investment in listed shares

Investments in listed shares (classified as held for trading) have been recorded at closing bid prices at the end of the half-year reporting period. Gains and losses (increments and decrements) in fair value have been recognised in the statement of profit or loss and other comprehensive income.

(B) NEW AND REVISED ACCOUNTING REQUIREMENTS THAT ARE FIRST EFFECTIVE IN THE CURRENT HALF YEAR REPORTING PERIOD

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period. None of the new and revised standards and interpretations adopted during the period had a material impact nor did they result in any changes to the Company's presentation of, or disclosure in, its half-year financial report.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

There are no new and revised Standards and amendments thereof and Interpretations effective for future reporting periods issued during the current report period that are relevant to the Company.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

(C) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The critical estimates and judgments are consistent with those applied and disclosed in the 30 June 2014 annual report, except the following.

KEY JUDGEMENTS - SHARE BASED PAYMENTS

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 related assumptions are detailed in **Note 11**. 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.

2 OTHER INCOME

	31 DECEMBER	31 DECEMBER
	2014	2013
	\$	\$
Interest income	15,482	24,694
Sundry income	21,356	7,849
Unrealised gain on revaluation of convertible note	2,764	-
	<u>39,602</u>	<u>32,543</u>

3 TRADE AND OTHER RECEIVABLES

	31 DECEMBER	30 JUNE
	2014	2014
	\$	\$
CURRENT		
Trade receivables	750	600,085
GST	20,798	5,450
	<u>21,548</u>	<u>605,535</u>
NON-CURRENT		
Receivable from SR Mining Pty Ltd	-	3,663,283
	<u>-</u>	<u>3,663,283</u>

TERRAIN MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

3 TRADE AND OTHER RECEIVABLES (CONTINUED)

Breakdown of carrying value of debt as at 31 December 2014 as depicted below

	31 DECEMBER	
		2014
		\$
Carrying value of debt at transaction date		4,263,283
<i>Consideration received for the debt</i>		
• Cash	(165,000)	
• Convertible note receivable at fair value	(200,000)	
• Fair value of tenements	(91,350)	
• Shares in Bligh Resources	(19,200)	(475,550)
Loss on impairment of receivable		<u>3,787,733</u>

On 4 December 2014, SR Mining had agreed on the default settlement and obligations with the Company for the following:

- Immediate return of tenement M37/54 Great Western and all relating data at market value of \$91,350 [Note 5]
- Cash consideration of \$165,000 plus GST at settlement which received during the period
- 400,000 fully paid ordinary Bligh's shares with no escrow which received during the period [Note 4]
- \$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.
- All parties release each other of all contractual obligations and any future claims relating to the TSA, ICD or other related agreements to this transaction once all obligations have been fulfilled.

As a result of the agreed settlement, there was a significant loss on the impairment of the receivable of \$3,787,733 [Note 5]. There was no outstanding balance owed by SR Mining Pty Ltd at the end of the period.

The trade and other receivables balance do not contain impaired assets and are not past due. It is expected that these amounts will be received when due.

TERRAIN MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

4 FINANCIAL ASSETS

	NOTE	31 DECEMBER	30 JUNE
		2014	2014
		\$	\$
Convertible note option at fair value	2	2,764	-
Convertible note receivable at fair value	3	200,000	-
Shares in Bligh Resources		19,200	-
		<u>221,964</u>	<u>-</u>

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 the expiry date, the convertible note will be redeemed in the amount of the face value at the expiry date.

400,000 fully paid ordinary Bligh's shares with no escrow were issued to the company and they are valued at \$0.048 at the end of financial period.

5 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
		2014	2014
	NOTE	\$	\$
Carrying amount at beginning of period		669,697	1,664,324
Expenditure		92,727	179,768
Transferred Great Western at Fair Value	3	91,350	-
Impairments		(267,124)	(1,174,395)
		<u>586,650</u>	<u>669,697</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 reviewed the contemplated write down of \$267,124 (June 2014:\$1,174,395) during the financial period in the Statement of Profit or Loss and Other Comprehensive Income and approved it.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

5 DEFERRED EXPLORATION AND EVALUATION EXPENDITURE (CONTINUED)

During the period, the Company has engaged Geonomics Australia Pty Ltd to prepare a market valuation on Great Western Gold project and it has valued the tenement at \$91,350. As a result, there was a significant loss on impairment of \$3,787,733 [Note 3].

6 ISSUED CAPITAL

	31 DECEMBER	30 JUNE
	2014	2014
	\$	\$
349,032,224 (30 June 2014: 349,032,224) Ordinary shares	20,297,619	20,297,619
Costs of raising capital	(1,523,813)	(1,523,813)
Total	18,773,806	18,773,806

(A) ORDINARY SHARES

	31 DECEMBER	31 DECEMBER	30 JUNE	30 JUNE
	2014	2014	2014	2014
	NO.	\$	NO.	\$
At the beginning of the period	349,032,224	18,773,806	349,032,224	18,773,806
At reporting date	349,032,224	18,773,806	349,032,224	18,773,806

(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 11**.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

7 FAIR VALUE MEASUREMENT

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	31/12/2014	31/12/2013		
1) Convertible note receivable	Asset - \$200,000	Nil	Level 3	Based on effective cash flow
2) Convertible note option	Asset - \$2,764	Nil	Level 3	Black-Scholes valuation
3) Shares	Listed securities in ASX - \$19,200	Listed securities in ASX \$120,000	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 disclosed per **Note 4**) 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. Details on the observable inputs as below:

Exercise Price	\$0.005
Expected Life	1.2 years
Share Price at Time of Issue	\$0.047
Expected Volatility	95%
Risk Free Interest Rate	2.43%
Option Value	\$0.0182

The options were then valued at \$0.0189 as the market price of the share was \$0.048 as at 31 December 2014.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

8 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.

9 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In the opinion of the Directors, the company did not have any contingencies at 31 December 2014 (30 June 2014: Nil).

10 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 2014. (Refer to **Note 11** for options issued to Directors)

11 SHARE-BASED PAYMENTS

At 31 December 2014 Terrain Minerals Limited has the following options on issue:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE (CENTS)	START OF THE HALF YEAR	GRANTED DURING THE HALF YEAR	EXERCISED DURING THE HALF YEAR	FORFEITED DURING THE HALF YEAR	BALANCE AT THE END OF THE HALF YEAR	VESTED AND EXERCISABLE AT THE END OF THE HALF YEAR
15 December 2009	8 October 2014	11.00	1,900,000	-	-	(1,900,000)	-	-
21 December 2009	30 November 2014	18.00	5,500,000	-	-	(5,500,000)	-	-
26 November 2013	26 November 2016	0.91	16,500,000	-	-	-	16,500,000	16,500,000
28 November 2014	24 December 2019	0.44	-	12,000,000	-	-	12,000,000	12,000,000
	26 December 1988	140.60	23,900,000	12,000,000	-	(7,400,000)	28,500,000	28,500,000

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

11 SHARE-BASED PAYMENTS (CONTINUED)

The 12,000,000 options were issued to the directors include Messrs David Porter, Paul Dickson, Jonathan Lim and Justin Virgin respectively, which were valued at \$14,829 following shareholder approved at the annual general meeting held on 28 November 2014.

The weighted average fair value of those equity instruments, determined by reference to market price, was \$0.002 (2013: \$0.68)

These options were issued as compensation to key management personnel of the Company.

Included under employee benefits expense in the statement of profit or loss and other comprehensive income is \$14,829, which relates to equity-settled share-based payment transactions (2013:\$42,277).

Due to their short term nature, the carrying amounts of the current receivables and current payables are assumed to be approximately their fair values.

The assumptions used for the options valuation are as follows:

Exercise Price	\$0.0044
Expected Life	5 years
Share Price at Time of Issue	\$0.002
Expected Volatility	95%
Risk Free Interest Rate	2.43%
Option Value	\$0.0012

12 EVENTS AFTER THE END OF THE REPORTING PERIOD

No matters or circumstances 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 in future financial years.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 15, 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 2014 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: 13 March 2015

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Terrain Minerals Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Terrain Minerals Limited, which comprises the statement of financial position as at 31 December 2014, 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, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year 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 is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 2014 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*. As the auditor of Terrain Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Independence

In conducting our review, 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 review report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Terrain Minerals Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

BDO


Chris Burton

Director

Perth, 13 March 2015