



TERRAIN MINERALS LIMITED

ANNUAL REPORT

30 JUNE 2019

ABN: 45 116 153 514

TERRAIN MINERALS LIMITED

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TERRAIN MINERALS LIMITED

CORPORATE DIRECTORY

Terrain Minerals Limited Board

Justin Virgin

Executive Director

Trevor Bradley

Non-Executive Director - Geology

Johannes Lin

Non-Executive Director

Erlyn Dale and Winton Willesee

Joint Company Secretaries

Share Register

Computershare Investor Services Pty Ltd

Level 11

172 St Georges Terrace

Perth WA 6000

Telephone 1300 787 272

Facsimile +61 8 9323 2033

Auditor

BDO Audit (WA) Pty Ltd

38 Station Street

Subiaco WA 6008

Solicitors

Price Sierakowski

Level 24, St Martins Tower

44 St Georges Terrace

Perth WA 6000

Banker

National Australia Bank

Level 12, 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

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Facsimile: +61 8 6141 3599

Email: terrain@terrainminerals.com.au

Website: www.terrainminerals.com.au

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

Your Directors present their report for the financial year ended 30 June 2019. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

DIRECTORS

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

Current Directors

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

Former Directors

Mr Paul Dickson	Non-Executive Chairman (resigned 22 November 2018)
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COMPANY SECRETARIES

Miss Eryn Dale and Mr Winton Willesee are joint Company Secretaries. Miss Dale and Mr Willesee are experienced company secretaries with a broad range of experiences with ASX listed and other companies over a number of years. Both are Chartered Secretaries with qualification in Accounting and a number of other relevant areas.

PRINCIPAL ACTIVITIES

During the year, the principal activities of Terrain Minerals Limited consisted of exploration for gold, base metals and energy metals as well as other mineral resources. New project opportunities have been examined in many jurisdictions outside of Australia including Africa, Continental Europe and the Americas. There has been no significant change in the nature of these activities during the year.

OPERATING RESULTS

The loss of the company for the year ended 30 June 2019 from ordinary activities after providing for income tax amounted to \$446,554 (30 June 2018: loss of \$452,276).

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

REVIEW OF OPERATIONS

Throughout the last twelve months the Company has successfully made progress on several fronts. The main two principal activities during the financial year included the identification and review of new exploration opportunities both in Australia and abroad, across many commodities. Company representatives conducted a due diligence trip for a project in South America and discussions are ongoing.

Terrain has also focused on advancing the Wild-viper gold tenement that surrounds Great Western. The Company conducted a new targeting program, a six-hole RC drilling program and also identified a new gold exploration target on the 382-shear which returned high grade rock chips from an area of exposed stop works along a road cutting. A trenching program has been designed and will be executed later in 2019.

Terrain's 100% owned Great Western Gold Project continues to be advanced with excellent metallurgical recovery results and mine scheduling studies are being completed. Terrain has continued to advance divestment discussions with multiple Companies to unlock value. Exploration and RC drilling activities at Red Mulga base metal project showed promising results and desk top studies are continuing over the area.

Management has continued to maintain a hands-on approach to achieve and maintain a low-cost base as well as being focused on asset rationalisations. A cost-conscious mindset continues to be part of the Company's culture.

The board is excited with the exploration advancements at its 100% owned projects. Terrain's new targeting program has highlighted multiple opportunities at Wild-viper and Great Western and continues to deliver positive study results. Red Mulga is also showing promise for an early stage exploration project. The board aims to continue to advance these projects and add value for shareholders while assessing new project opportunities aimed at increasing shareholder wealth.

ACTIVITIES UNDERTAKEN DURING THE YEAR

Great Western Gold Project (100% owned) – Located 76km north of Leanora and 1km off the Goldfield Highway, Great Western is an advanced measured and indicated JORC 2012 mineral resource. Ongoing studies are advancing the project towards being production ready. Pit scheduling design work was completed by independent consultants and Bureau Veritas Minerals Pty Ltd has completed more comprehensive metallurgical testwork with the aim of lifting the current measured and indicated JORC 2012 gold deposit to a reserve status and a high valuation. Refer to the corresponding section below for further details.

Wild-viper gold exploration (Area around Great Western)

Terrain conducted a regional structural interpretation to identify multiple new exploration targets, and a ~650m reverse circulation (RC) drilling program (6 holes) was executed. The target is located on a previously unidentified structure and is located under transported soil cover within a seasonal floodway. This area has not previously been identified or tested due to it being under cover.

The RC drilling targeted a dilational jog (structural trap), with similar dimensions to those which host Great Western and other deposits in the immediate area (Refer Diagram 2). The drilling intercepted the correct lithologies, however, no significant mineralisation was identified.

Additional areas identified from these studies were visited during a reconnaissance mapping program and confirmed several new targets. Most notably, along the 382-shear, south of the Great Western Gold deposit, one grab sample returned 4.67 g/t gold over a small part of the exposed structure which is mainly under shallow cover. The program exposed a 3-4-metre-wide target area with multiple stockwork structures.

The first program over the 382-shear will consist of trenching, mapping and sampling along the structure to identify potential drill target locations. Work is expected to be carried out in the later part of 2019 now that work permits have been approved. This trenching program is seen as the most efficient and cost-effective technique available to assess and define drill targets.

Red Mulga (100% owned) – Base metals project that was identified and pegged by Terrain. The project is located ~170km NNE of the town of Geraldton and ~150km north of the town of Mullewa. This early stage base metals project is an exciting project located on a large magnetic high which has previously seen no drilling and limited exploration. Five priority drill targets were identified and an inaugural 8-hole, 936 metre RC drilling program was undertaken in July 2018 (refer to the 2018/19 reporting period). Refer below to the corresponding section for further details.

New Opportunities - Multiple projects were assessed throughout the year and several showed potential to become company making assets and remain of interest. Terrain continues to negotiate potential new opportunities that will deliver value for shareholders. This includes considering multiple commodities such as gold, base metals, and energy metals. Projects that have been considered during the year were located in Australia, Africa, Continental Europe and a field trip was undertaken to assess an opportunity in South America.

GREAT WESTERN GOLD PROJECT

Advancing Great Western Gold Project to Production Ready Status

Works completed this year to lift Resource towards a Reserve Status:

1. Pit Scheduling Studies
2. Metallurgical Testing
3. New structural studies & interpretation over the adjoining Wild-Viper tenement

Refer to corresponding heading below for additional information:

1Pit Scheduling Studies:

The Great Western pit scheduling studies were completed to design the pit shell and the ore and waste scheduling. Data is assisting in generating a cash flow model and will be used to lifting the resource to a reserve status. The board is pleased with the initial findings of the pit scheduling studies and the advanced metallurgical studies.

2Metallurgical Findings:

Bureau Veritas Minerals Pty Ltd was appointed to conduct larger and more comprehensive metallurgical testing from the samples held in secure storage from the previous Great Western RC drilling program. The larger volume of material will allow for a more representative data set across each of the three ore zones at the Great Western deposit (oxide, transitional and fresh rock). Results from metallurgical testwork will be added into the existing resource studies, with the aim of lifting the current measured and indicated JORC 2012 gold resource to a reserve status and a higher valuation.

Great Western Project Gold Recovery by oxidation (weathering) status:

- Oxide (completely weathered) mineralisation 96.6% Au Recovery
- Transition (partially weathered) mineralisation 95.8% Au Recovery
- Fresh (unweathered) mineralisation 96.4% Au Recovery

"A total of 66 - 1 metre RC drill intervals were designated into 20 composites, of which 10 were used for these studies. Each one-metre interval had a sub sample split for assay. Both Oxide and Transition result were from 4 samples each and from representative grades within each zone. The Fresh materials average was made up from 2 sample Company's both being of representative grades." (Bureau Veritas Minerals Pty Ltd, Project No. 4193 – Terrain Minerals Limited Gold Ore Testwork. August 2018).

Refer to ASX release: 17 September 2018 – Excellent Metallurgical Recovery Results & Update on Priority Drilling at Great Western Gold Project

3 New structural studies & interpretation over the adjoining Wild-Viper tenement

An important part of the development work at Great Western during the year has been to generate additional regional exploration opportunities in the immediate target area that have the potential to add meaningful ounces to the project. Terrain conducted a new regional structural interpretation which has been applied to its Wild-viper E37/1214 tenement that surrounds Great Western M37/54. Two new areas were identified as highlighted in diagram 1 and drill tested. The target on the 362 shear is scheduled to be tested in late 2019.

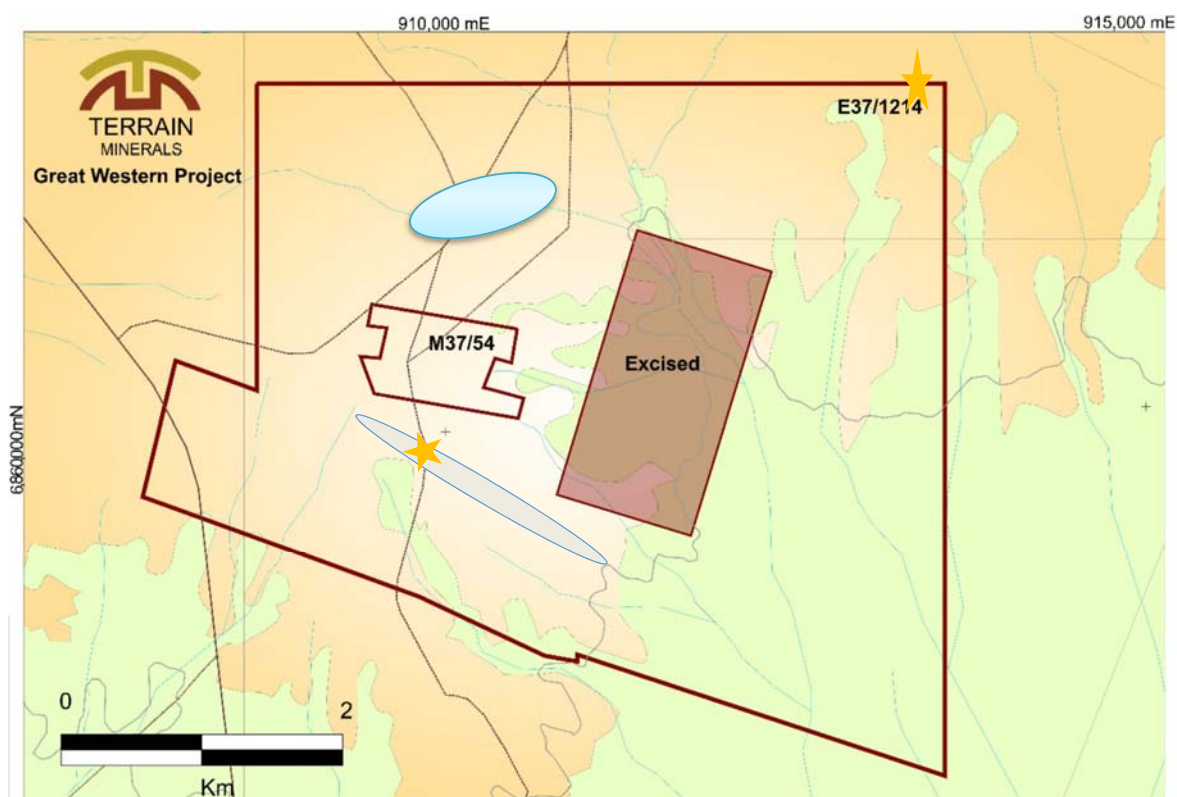


Diagram 1. Great Western Tenements M37/54 and Wild-viper E37/1214. The blue ellipse indicates the general area of the recent drilling program at Wild-viper. The light grey coloured ellipse indicates the approximate position of the 382-shear from which a recent rock chip sample (★) returned an assay result of 4.67 g/t Au

Grab sample data

Sample Id	Assay Au g/t	Sample Weight Kg	Assay Method
WV65001	4.67	2.18	FA40 AAS

Additional Information on Great Western can be found by referring to the following ASX release:

- 17th August 2018 - Great Western Gold Project - New Structural Interpretation at Wild-viper
- 27th July 2017 - Quarterly Activities Report: June 2017
- 22nd January 2019 - Wild-Viper Gold POW Granted & Drilling to Commence ASAP at the Great Western Gold Project
- 27th March 2019 - Great Western Gold Project Update & New Exploration Program
- 21st May 2019 - Wild Viper 382-shear Trenching Program New Gold Exploration Program

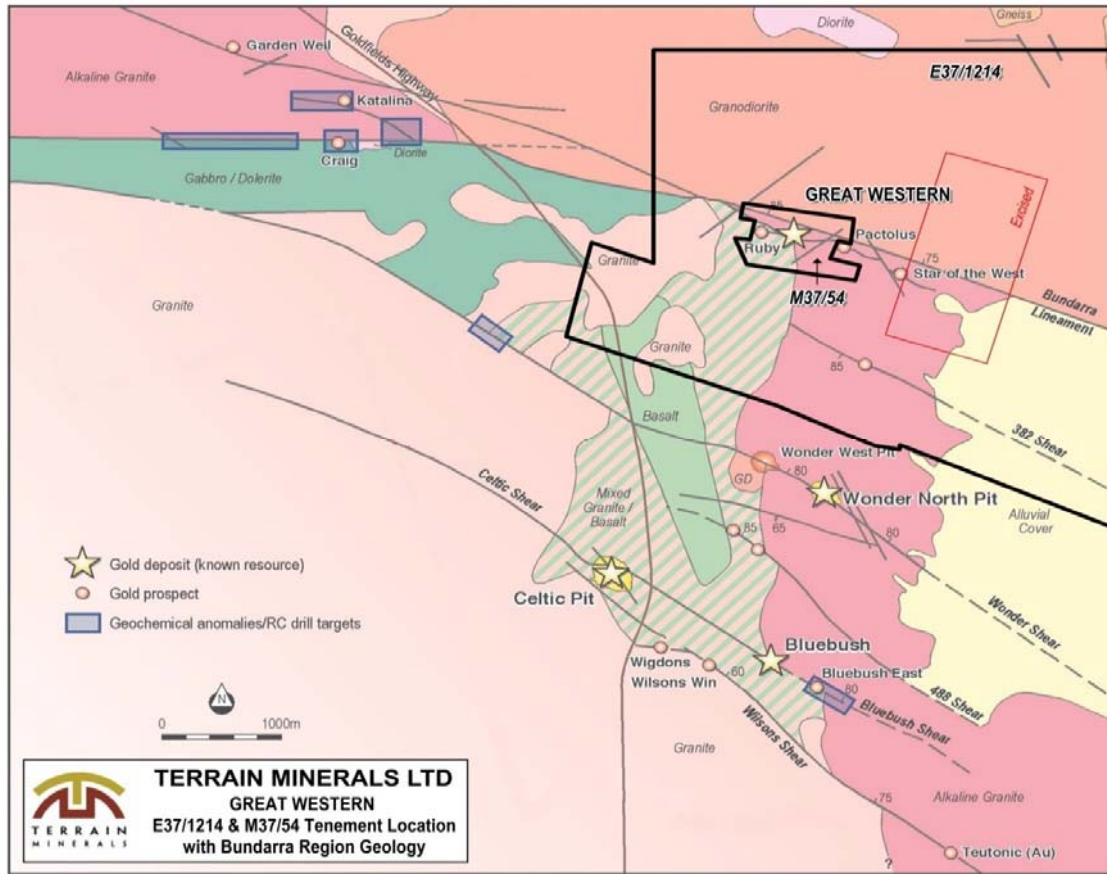


Diagram 2. Great Western Project Location Map Highlighted in Black. Regional geological map highlights other known gold deposits in the region. All these gold deposits have been analysed and included into the modelling of the new structural interpretation to identify possible repeats.

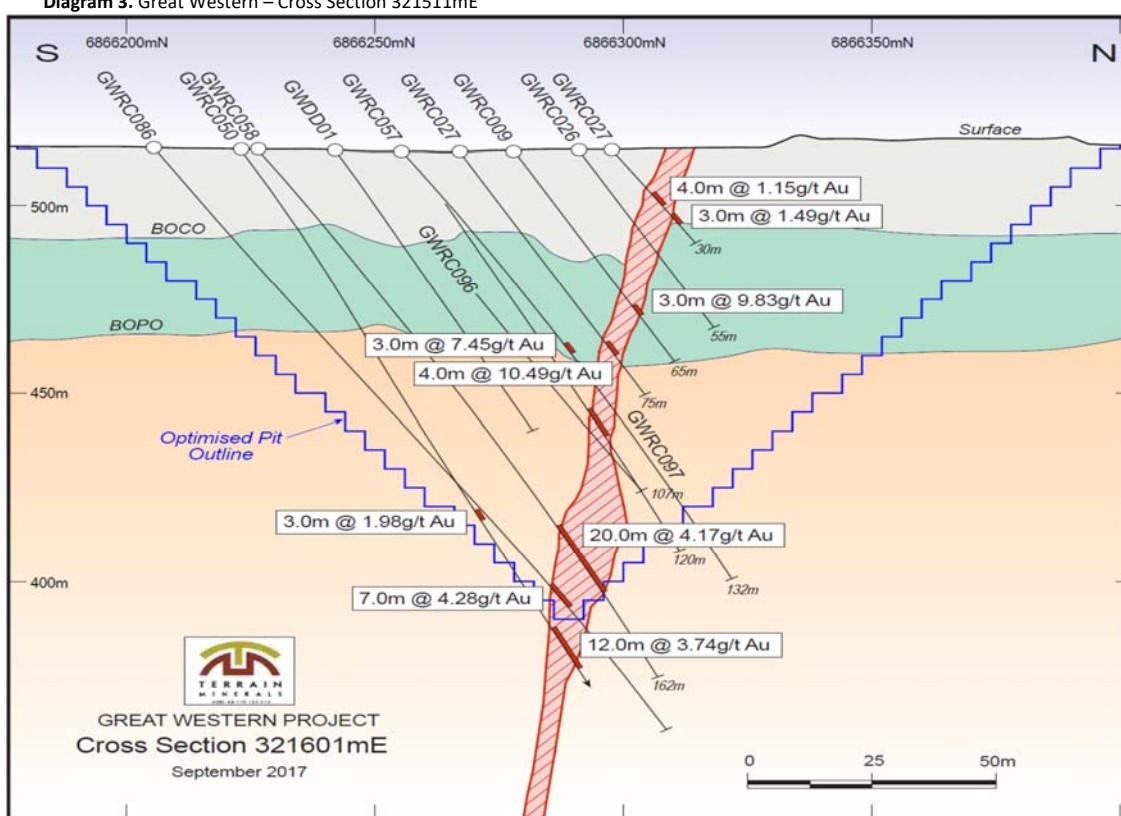
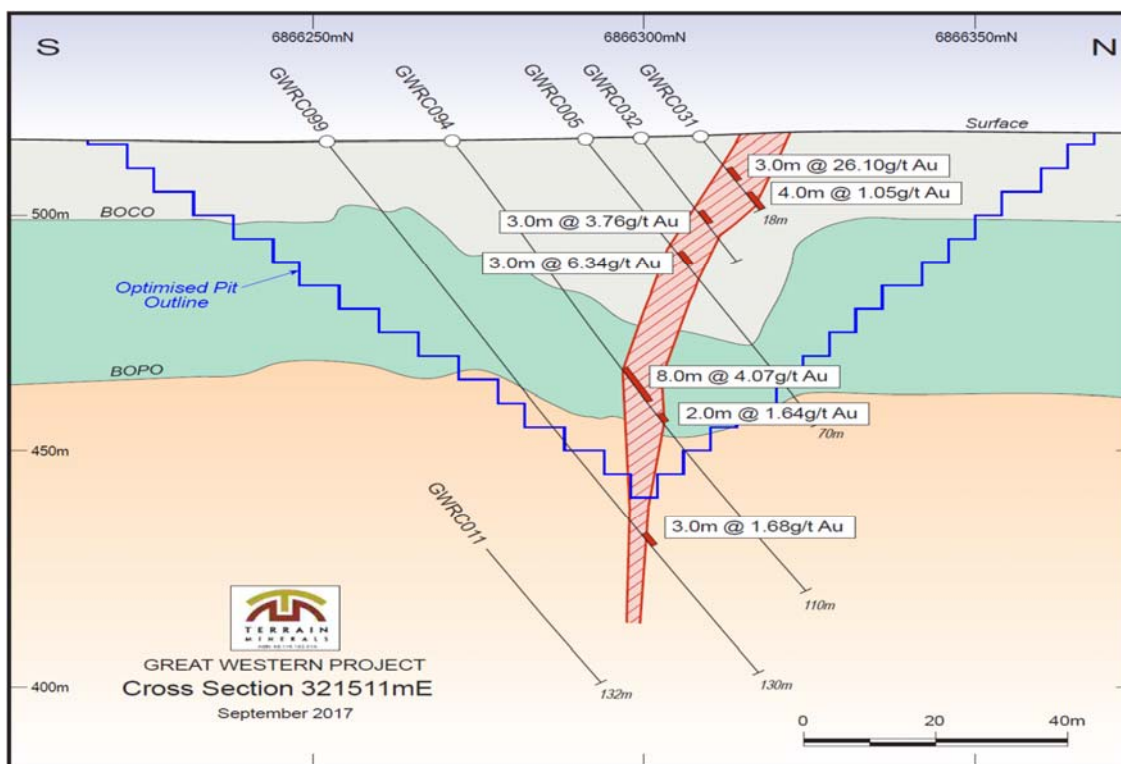
Compliance Notice

The Company notes that the following technical information on its Great Western Gold Project is referenced directly from the relevant original ASX market releases.

Terrain would like to confirm that the Company is not aware of any new information or data that materially affects the information included in this Annual Report and Review of Operations. Further, in the case of the estimates of mineral resources, the Company would like to confirm that all material assumptions and technical parameters underpinning the mineral resources estimates in this Annual Report and Review of Operations continue to apply and have not materially changed.

All referenced articles can be found on the ASX website and at www.terrainminerals.com.au

Selected Great Western Drill Cross Section



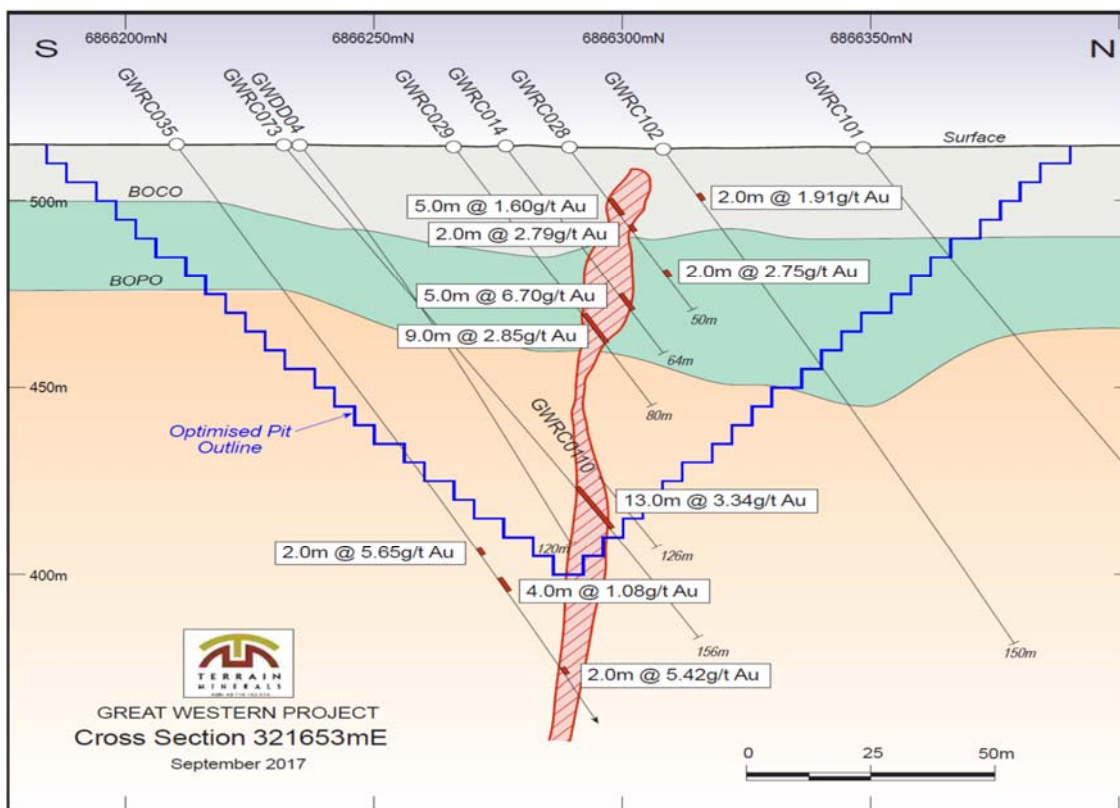


Diagram 5. Great Western – Cross Section 321653mE

JORC 2012 Resource Upgrade at Great Western

Terrain updated the JORC resource at Great Western in February 2017 to incorporate the reverse circulation (RC) drilling completed in December 2016. These results are providing support to the continuity of the mineralised zones in the upper levels as well as the eastern end of the deposit. Also, the nearer to surface drilling was used in conjunction with a review of previous logging to enable a defensible interpretation of the position of the underground stopes. As a result, the Great Western model is now even more robust than before. The mineral resource, adjusted to the recent mining scoping studies, is shown in the following Table.

Reportable Mineral Resource No Changes Made During the Year

Great Western Deposit						
Reportable in situ Mineral Resource depleted for mining						
	Open Cut (0.5g/t)		Underground (1.5g/t)		Combined	
Class	Tonnes	Au g/t	Tonnes	Au g/t	Tonnes	Au g/t
Measured	131,000	2.58			131,000	2.58
Indicated	332,000	3.15	17,000	4.03	349,000	3.19
Inferred	128,000	1.45	101,000	2.89	229,000	2.08
TOTAL	591,000	2.65	118,000	3.05	709,000	2.72

The tonnes have been rounded to the nearest 1000 - See resource details in Appendix 1

Refer to ASX release: 27 March 2017 – JORC 2012 Resource Update at Great Western

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Cautionary Statement: The Scoping Study referred to in this announcement has been undertaken to assess the economic viability of an open pit and processing facility at Great Western gold project. It is a preliminary technical and economic study of the potential viability of the Great Western project. It is based on low level technical and economic assessments that are not sufficient to support the estimation of ore reserves. Further evaluation work and appropriate studies are required before Terrain Minerals Limited will be in a position to estimate any ore reserves or to provide any assurance of an economic development case.

The study is based on material assumptions that are outlined. Terrain considers the material assumptions are based on reasonable grounds, but there is no certainty they will be correct or that the range of outcomes indicated in this study will be realised. The study includes the existing JORC 2012 code measured, indicated and inferred resources are defined within the project. Investors are cautioned that there is low level geological confidence in inferred resources and additional drilling may not upgrade this material.

Additional funding will be required to fund mining and processing equipment. This could have a dilutionary effect to Terrain's shares and there is no guarantee that funds can be raised. It is also possible that funding could come via selling part of the project or by entering into a Joint venture arrangement. In this case the project's ownership percentage would change. Terrain could also extract value by an outright asset sale which would mean that the Company would not mine the deposit itself.

Given the uncertainty involved investors should not make any investment decisions based solely on the results of these studies.

RED MULGA - BASE PROJECT

The Red Mulga project is located within the Yilgarn Craton and lies within the boundaries of Yallalong station some 170km NNE of Geraldton in the Murchison region of Western Australia. Exploration leases E09/2246 & E09/2247 have recently been granted and other lease applications are pending.

Pegging of the Red Mulga project has enabled Terrain to secure a complex geological feature situated within a magnetic high, located in a prospective and under explored area of Western Australia.

The tenements are located proximal to the edge of the Yilgarn Craton and the Darling Fault. Little to no sampling has previously been carried out and none of these targets have been drilled.

Terrain completed several field reconnaissance visits where geological mapping and limited surface sampling were undertaken. This work focused on the central tenement area E09/2247. Of interest was the anomalous cobalt and nickel content.

Table 1. Cobalt & Nickel Rock Chip Sample Results at Anomaly MG1:

Sample	Cobalt	Nickel	Chromium
S1	62.7	907	3,510
S2	23.5	107	160
S3	77.1	806	3,000
S4	3	36	40
S5	76.9	949	3,130
S6	113	1330	3,340
S7	127	1470	4,110
S8	75.5	740	2,910

Note: Readings in PPM (description & locations on table 3)

Terrain identified the area as prospective after initiating a high-level geophysical study using publicly available data sets (refer to diagram 9). Modelling of a significant gravity feature also supported Terrain's interpretation that this tenement package is situated within a prospective structural corridor that has seen little modern-day exploration. The interpretation suggests that mafic or ultramafic intrusive rocks may occur on surface or at shallow depths within this area which could potentially host base metal mineralisation.

Initial field assessment further supports this interpretation. Field mapping and limited rock chip sampling has shown that outcropping rocks in the project area are predominantly felsic granite-gneisses of the Archaean Yilgarn Craton. However, smaller mafic and ultramafic dykes, pipes and fault slices were found to outcrop. This suggests the possibility that a mafic-ultramafic intrusive complex may occur at shallow depths (reflected in the gravity data, diagram 6). The complex has not been de-roofed by erosion, and the potential exists for the discovery of base metal deposits associated with these rocks.

Geochemical analysis has resulted in the identification of five distinct anomalous targets that are untested. These surficial targets are all situated within highly weathered material and drilling will seek to intersect the target zones below the weathered soil profile.

At Red Mulga, a drilling program consisting of 8 exploration drill holes was completed (Diagram 8). Four of the drill holes were targeted to test epithermal veins in the north eastern part of the tenement area while the remaining four tested outcrops of mafic/ultramafic rocks in the south.

A total of 936 metres were drilled and 427 samples taken from 1-metre intervals where sulphides were encountered or at lithological changes. The results are considered to be the first positive indications of mineralisation in the area. The remaining six drill holes intersected multiple narrow or weakly mineralised zones which require further analysis (Refer to diagram 11 and table 2).

The information gained from this drilling program will be further analysed and is contributing to increasing the geological understanding of the area. Terrain will continue to advance this exciting and early stage project.

Drill Targets:

MG1 & MG2 Ultramafic Anomalies - Two pipe-like ultramafic intrusions about 200 metres in diameter located in the southwest of the project. The intrusions contain what are considered to be anomalous cobalt, nickel and chrome geochemical results. Highly weathered remnants of the original ultramafic rocks outcrop near the centre of one of the intrusions. These rocks have an intense boxwork texture, possibly after sulphides or a micro-breccia.

Thumbo Epithermal Vein - An east-west trending epithermal vein of 0.5 to 2m width which extends for over 2km through the central part of the project. A 300m section of this vein has been shown to contain elevated gold, silver, copper and lead geochemistry.

Northeast Epithermal Veins - A northeast trending epithermal vein swarm in the northeast of the project area has been identified. Some of the larger veins contain anomalous antimony (up to 228ppm) with minor silver (over 0.5g/t).

Refer to ASX release drilling field report, and relevant compliance notes: 12 September 2018 – Positive First Round Drilling Results at Red Mulga

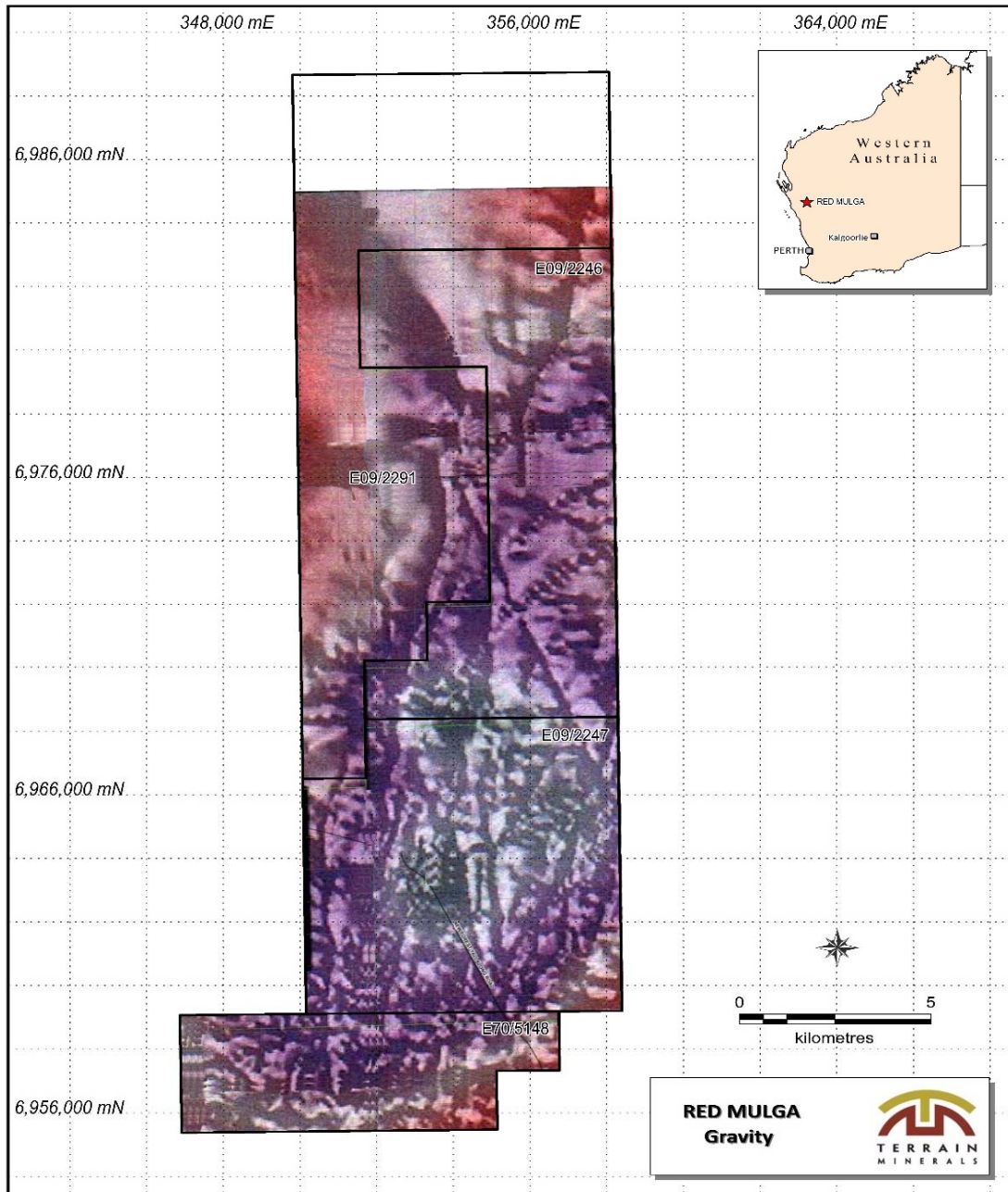


Diagram 6: Combined Magnetics & Gravity High Feature Relative to Red Mulga Tenements

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

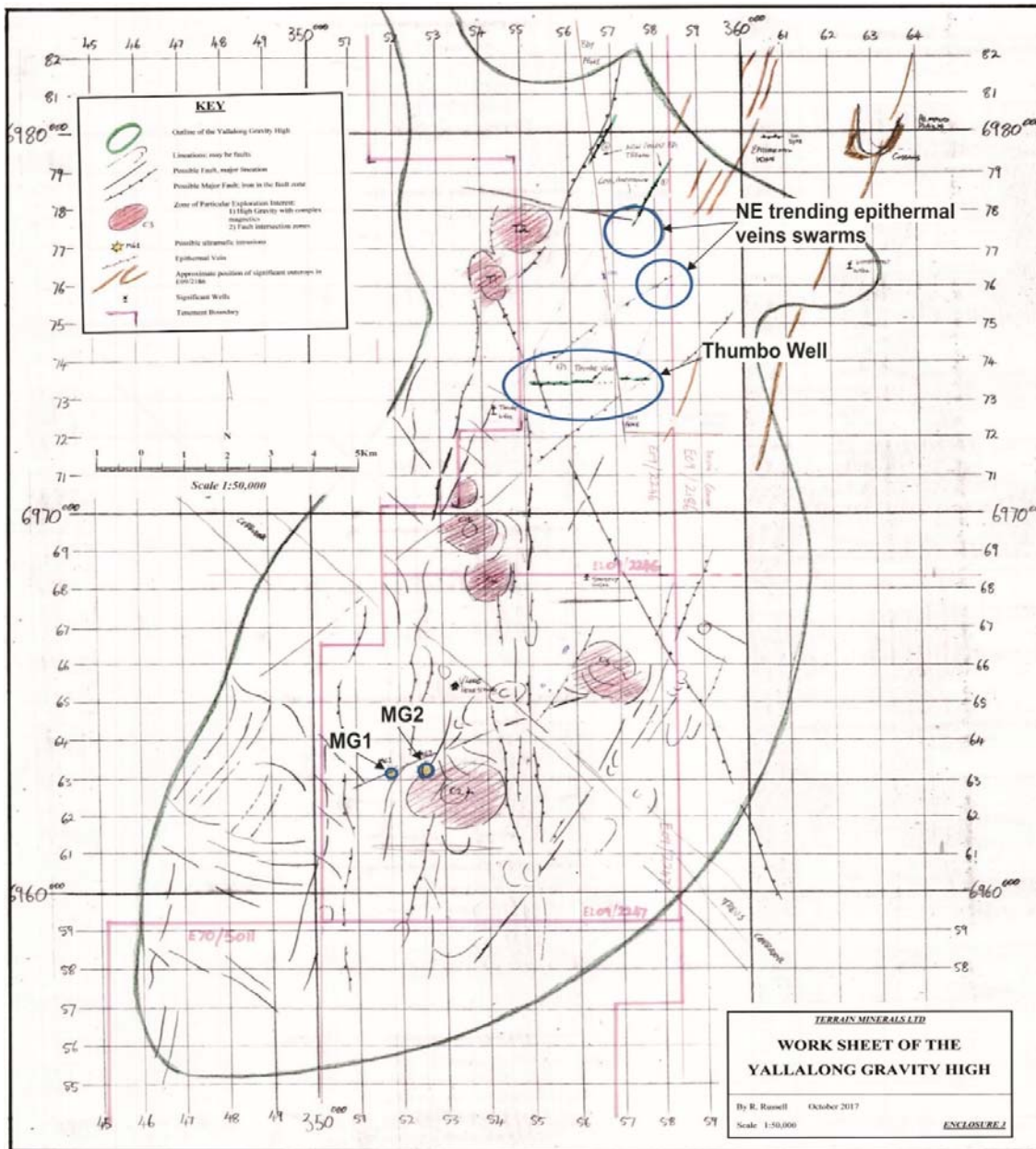
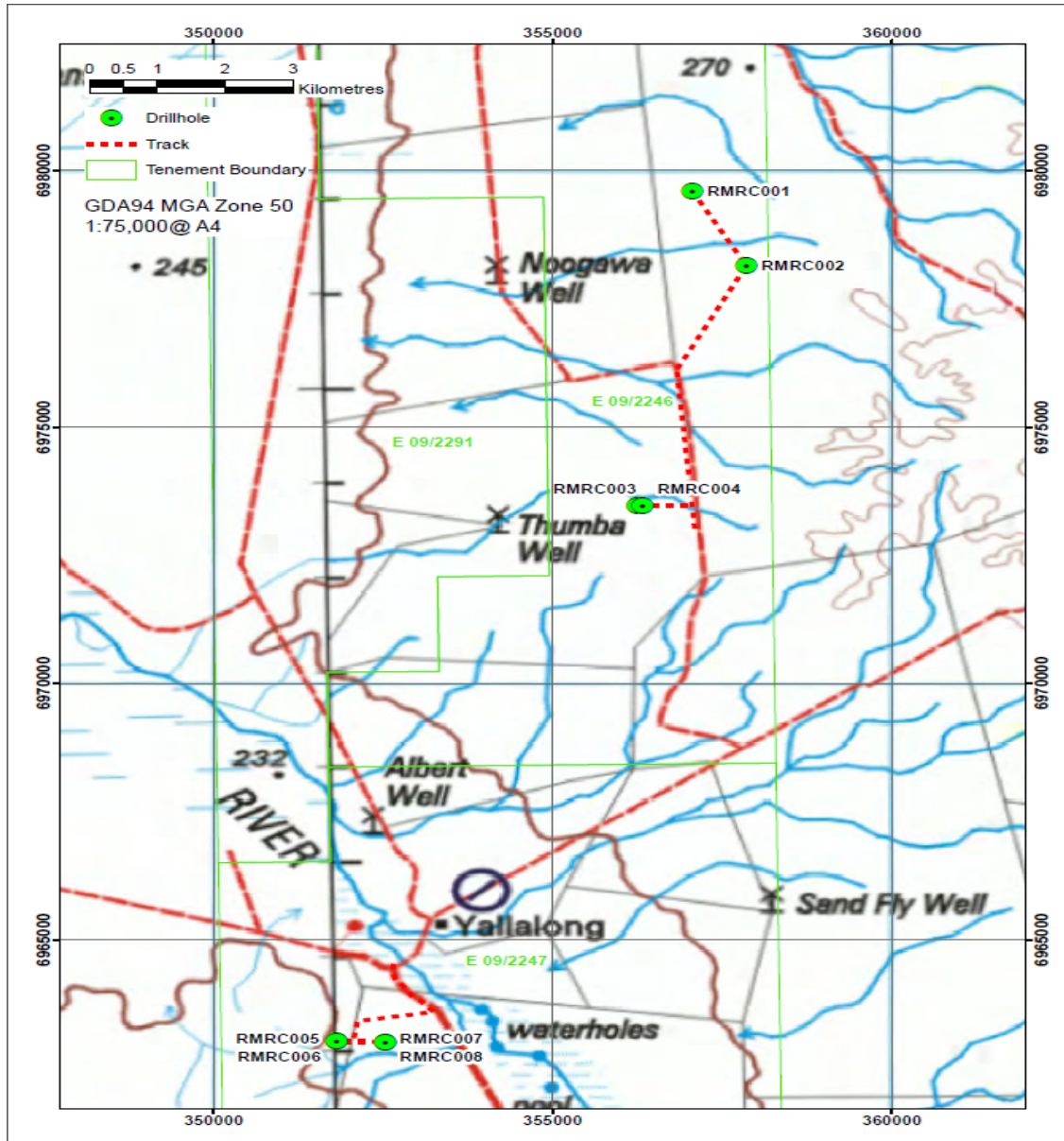


Diagram 7. Red Mulga Field Map & Key Areas

TERRAIN MINERALS LIMITED**DIRECTORS' REPORT (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2019**

Drill Hole Number	Easting	Northing	Elevation	Azimuth	Dip	Hole Length	Significant Intersection Levels
RMRC 001	357054	6979597	287m	290 ^o	-50	120m	
RMRC 002	357850	6978142	291m	310 ^o	-60	114m	52m to 57m; 86 to 90m
RMRC 003	356242	6973464	278m	000 ^o	-50	120m	
RMRC 004	356312	6973475	275m	000 ^o	-50	132m	
RMRC 005	351820	6963016	258m	000 ^o	-60	138m	
RMRC 006	351820	6963016	258m	000 ^o	-50	102m	34m to 38m; 70m to 80m
RMRC 007	352528	6963002	248m	000 ^o	-50	102m	
RMRC 008	352528	6963002	248m	000 ^o	-60	108m	

Table 2. Drill Hole Information Drill Program, Red Mulga Project





Photograph 1: The silcretised outcrops of the ultramafic rocks at the centre of the MG1 anomaly have a fibrous boxwork texture which may be derived from a massive sulphide or micro-breccia in the original rock.



Photograph 2: Magnesite (foreground) forms an apron around outcrops of highly altered ultramafic units in the background at the MG1 anomaly.



Photograph 3: Chalcedonic quartz in the Thumbo epithermal vein. The characteristic 'dogs tooth' intergrowth of crystals is common along the trend.



Photograph 4: Mineralised quartz from the Thumbo epithermal vein at rock chip sample site S033. This sample returned 551ppm Cu (although much of the copper was lost during sampling), over 2000ppm Pb, 0.9g/t Ag and 84ppb Au.



Photograph 5: Calcrete from MG1 Apron, Sample 8 (Scale in mm).



Photograph 6: Silcretised ultramafic, Sample 7 (Scale mm).



Photograph 7: Silcretised ultramafic, Sample 7 (Scale mm).

GEOPHYSICAL MODELLING

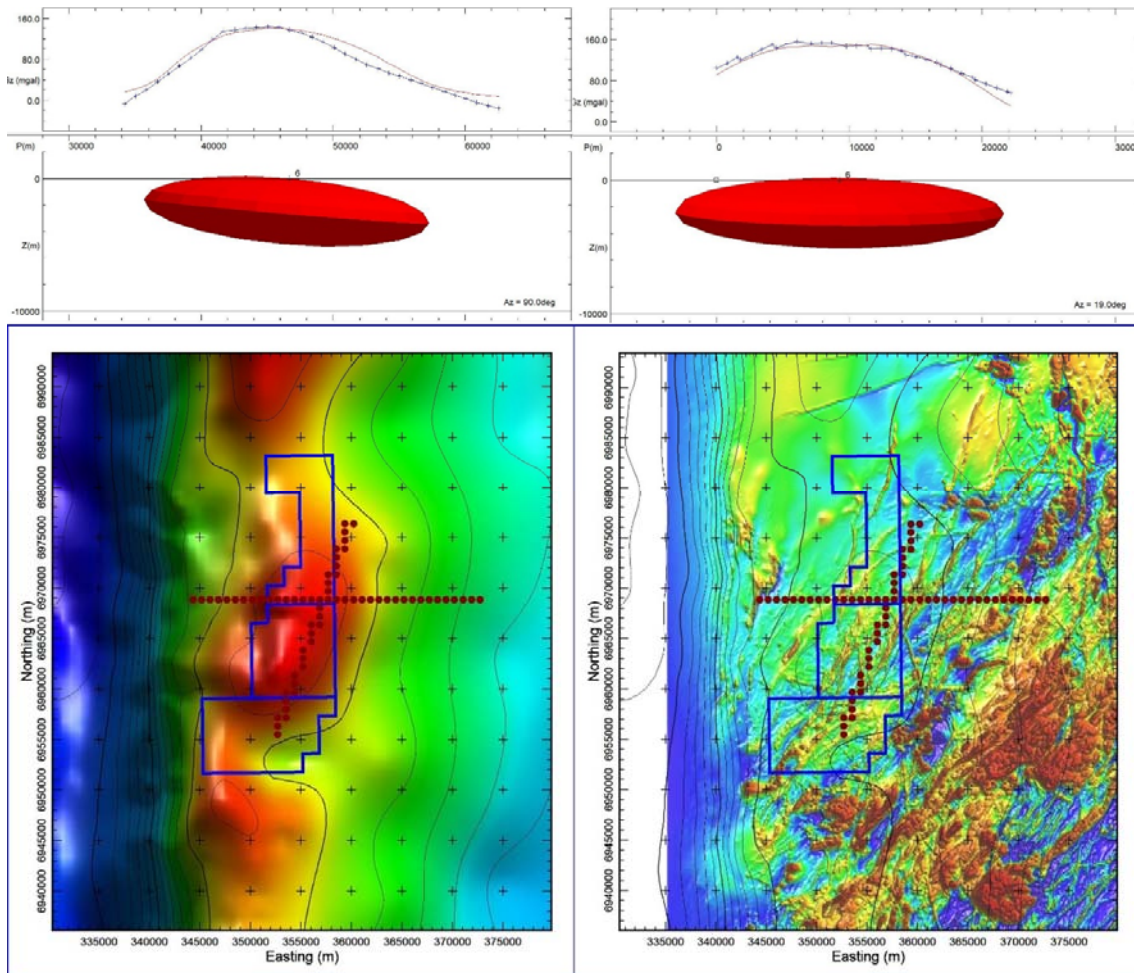


Diagram 9. Geophysical modelling

Diagram 11 shows the modelled gravity feature which can be modelled as a large high-density intrusion that could represent a mafic-ultramafic complex. As the country rock is said to be felsic, such intrusion, if shallow, would require a density in the upper ultramafic rock density range. The top panels are the results of the modelling of the East-West traverse of gravity data (left), and NNE-SSW traverse (right). Measured data illustrated by black line with '+' markers, and modelled data with a red line. The bottom two panels are plan view maps of gravity (left) and magnetics (right), with the two gravity traverses (data points) used in the modelling in dark red circles. Terrain's Exploration Permit Applications are indicated with blue outlines.

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Table 3. Location & Details of Rock Chip Samples S1 to S8

Sample No.	Easting	Northing	Area	Geology	Rock Type	Type
S1	351817	6963035	Rockhole Anomaly MG1	Ultramafic pipe	Iron Silcrete	Rock chip
S2	351810	6963034	"	Calcrete apron	Magnesite, calcrete	"
S3	351821	6963077	"	Ultramafic pipe	Iron Silcrete	"
S4	351801	6963086	"	Dyke	Amphibolite/ quartz	"
S5	351792	6963098	"	Xenolith Raft	Amphibolite	"
S6	351760	6963053	"	Ultramafic pipe	Iron Silcrete	"
S7	351791	6963123	"	Ultramafic pipe	High Mg, Fe, Iron Silcrete	"
S8	351884	6963107	"	Calcrete apron	High Mg & Cr in Calcrete	"

Additional information on Red Mulga can be found by referring to following ASX releases:

- 28th November 2017 - Cobalt & Nickel Assay Hits at Red Mulga
- 15th March 2018 - Red Mulga Exploration Update
- 10th April 2018 - Red Mulga Cobalt, Nickel and Copper Drilling Update & Combined Magnetics and Gravity Map
- 04th May 2018 - Presentation - Drilling Campaign
- 12th July 2018 - Commencement of Drilling at Red Mulga
- 12th September 2018 - Positive First Round Drilling Results at Red Mulga

PROJECT GENERATION

Throughout the year Terrain has been searching and assessing potential projects. These come from a variety of sources and industry networks that have been established and continue to be developed. Once an internal process of review has been undertaken the more promising opportunities are re-examined by external consultants in order to maintain a high degree of objectivity in the project selection process. Terrain is focused on acquiring quality assets that have the potential to drive the company forward and increase shareholder value. Terrain will concurrently continue to seek out near term cash flow opportunities and consider advanced exploration projects. It is important to ensure opportunities are in favourable jurisdictions and provide access to potential deposits of minerals that are in demand.

Commodities that have been pursued include Gold, Copper, Nickel, Energy metals and Industrial minerals in jurisdictions such as Australia, Africa, the America's, Continental Europe and Asia. All potentially economic commodity opportunities are being considered as indicated in previous Quarterly reports.

GREAT WESTERN CORPORATE AND DEVELOPMENT INITIATIVES

Terrain has been identifying and speaking with many Company's throughout the year who have indicated interest in developing, purchasing and joint venturing the Great Western gold project. All Companies have signed confidentiality agreements and continue to express interest in the project.

This process to unlock value from Great Western has been ongoing, as additional information has become available throughout the year and as various studies were completed. Results were added to existing models and distributed to the various interested parties. All studies have focused on adding value and attracting potential partners to the project.

The board will consider all proposals and has not ruled out mining Great Western and continuing regional exploration to add to its gold inventory.

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

DIVIDENDS PAID OR RECOMMENDED

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

FINANCIAL POSITION

The net assets of Terrain Minerals Limited has decreased by \$437,469 from 30 June 2018 to \$1,203,713 on 30 June 2019 year end.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

EVENTS SUBSEQUENT TO REPORTING DATE

On 26 September 2019 the Company announced a Placement to sophisticated investors at an issue price of \$0.035 to raise \$250,000 before costs. The funds will be applied in the continuous exploration of the Company's Great Western, Wild Viper and Red Mulga projects.

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

ENVIRONMENTAL REGULATIONS

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

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

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

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

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

INFORMATION ON DIRECTORS

Mr Justin Virgin

Executive Director

Experience

Mr Virgin has over fourteen years of experience in the financial services and Securities industry with expertise in providing a wide range of financial services which includes capital raisings, promotion, providing general corporate advice listed small-cap companies and other investment advice involved in negotiations, mergers, acquisitions and valuations. Mr Virgin also has over ten years of on site mining experience operating in remote and isolated sites throughout WA and NT on site. His experience covers mine closures and rehabilitation works as well as extensive preventative maintenance planning and execution on onsite mobile fleet.

Interest in Shares and Options 19,000,000 options over ordinary shares and 20,794,686 shares.

Special Responsibilities

Nil

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

Mr Virgin held no other directorships of ASX listed companies.
Former Non-Executive Director of the ASX listed Blina Minerals NL resigned 25 October 2016.

Mr Trevor Bradley

Non-Executive Director

Experience

Trevor Bradley B(App) Sc. Hons, LL.M (*Distinction*), M.A.I.G.
Trevor is a geologist with over thirty years' experience in key technical, operational, and managerial aspects of exploration and development of mineral projects in Australia, South East Asia and Central Asia. He holds an Applied Science Degree with Honors (geology) from UTS Sydney, and a Masters of Law Degree with Distinction (Natural Resource Law and Policy) from the Centre for Energy, Petroleum, Mineral Law and Policy (CEPMLP) at the University of Dundee in the UK.
Prior to entering private practice Trevor held senior technical and management positions within several large Australian and Canadian mining companies' as well as Principal Consultant and managerial roles within two of Australia's leading multi-national mineral industry consulting Companies.
Currently Trevor practices as an Independent consultant who specializes in the provision of mineral asset valuation, technical audit, and due diligence studies across a range of commodities for the purposes of investment decision, project finance and exchange listing requirements. Trevor also specializes in assisting clients in his capacity as an Independent Expert in court matters, mediation and arbitration proceedings.

Interest in Shares and Options 7,000,000 options over ordinary shares

Special Responsibilities

Nil

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

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

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Mr Johannes Lin

Non-Executive Director

Experience

Mr Lin has over nine years of management experience as an entrepreneur and presently manages as Finance Director of Windsor Capital Pte Ltd, and Managing Director of both Windsor F&B Pte Ltd and Oprian Investments Pte Ltd which collectively owns and manages a diversified portfolio in Commercial Leasing in Manila, Philippines, a duo of Japanese Restaurants in Sentosa, Singapore, a Confectionery chain with franchisees and Automated Central Kitchen in Nanjing, China, a joint-development project for Hotel Development in Boracay, Philippines and a software development company in Singapore.

Past experience includes serving as a member of advisory team in the restructuring of a Singapore SGX listed Enzer Holdings Limited where series of debt negotiations, debt buy-out, capital raising by placements, right issues, debt to equity conversion and eventual takeover by a marine Company successfully. He has also overseen the development of Pasir Ria Apartments in Singapore, and a key investment team member in the development of Monarch Parksuites Condominium Manila, Philippines.

Mr Lin holds a Bachelor of Commerce, Accounting and Finance from the University of Western Australia.

Interest in Shares and Options 2,000,000 options over ordinary shares and 15,451,548 shares.

Special Responsibilities

Nil

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

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

Mr Paul Dickson

Non-Executive Chairman (resigned 22 November 2018)

Experience

Mr Dickson has over twenty nine years' experience in the Securities and Finance Industries since 1988, with an initial three years in banking followed by approximately thirteen years in stock broking

Interest in Shares and Options 10,000,000 options over ordinary shares and 3,687,837 shares.

Special Responsibilities

Nil

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

Mr Dickson is also Non-Executive Director of the ASX listed company. Alligator Energy Ltd, which listed in February 2011.

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

INFORMATION ON DIRECTORS (CONTINUED)

MEETINGS OF DIRECTORS

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

	DIRECTORS' MEETINGS	
	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED
Mr Justin Virgin	4	4
Mr Trevor Bradley	4	4
Mr Johannes Lin	4	4
Mr Paul Dickson	1	1

INDEMNIFYING OFFICERS OR AUDITORS

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

OPTIONS

At the date of this report, the unissued ordinary shares of Terrain Minerals Limited under option, including those options issued during the year and since 28 November 2014 to the date of this report, are as follows:

OPTIONS

GRANT DATE	DATE OF EXPIRY	EXERCISE PRICE	NUMBER UNDER OPTION
28 November 2014	24 December 2019	0.0040	12,000,000
24 November 2015	24 November 2020	0.0117	22,600,000
7 December 2016	7 December 2021	0.0188	12,000,000
18 December 2017	18 December 2022	0.0175	6,000,000
22 November 2018	22 November 2023	0.0085	3,000,000
			<u>55,600,000</u>

For details of options issued to Directors and executives as remuneration, refer to the remuneration report. During the year, no ordinary shares (2018: Nil) of Terrain Minerals Limited were issued on the exercise of options granted.

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

PROCEEDINGS ON BEHALF OF COMPANY

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

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

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on page 36 of the financial report.

The auditor did not provide any non-audit services for the year ended 30 June 2019 (30 June 2018: Nil).

REMUNERATION REPORT (AUDITED)

REMUNERATION POLICY

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

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

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

Assessing performance:

The Board is responsible for assessing performance against KPIs and determining the STI and LTI to be paid. To assist in this assessment, the Board receives detailed reports on performance from management which are based on independently verifiable data such as financial measures and market performance of the Company and peer Company.

Alignment to shareholders' interests:

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

Alignment to program participants' interests:

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

The framework currently consists of fixed salaries and options.

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

Non-executive Directors

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

Directors' Fees

The current base remuneration was last reviewed with effect from November 2015. Directors' remuneration is inclusive of committee fees.

REMUNERATION REPORT (CONTINUED) (AUDITED)

REMUNERATION POLICY (CONTINUED)

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

Retirement allowances for Directors

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

Performance Based Remuneration

All staff (including executive and non-executive Directors) are eligible to participate in the Employee Share Scheme. The scheme is designed to reward employees for a significant improvement in the share price.

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

The fees paid to non-executive Directors have not increased since November 2013. Executive remuneration remains in the bottom quartile of remuneration for comparable positions in the minerals industry.

Executive Pay

The executive pay and reward framework have three components:

- i. base pay and benefits
- ii. long-term incentives through participation in the Employee Share Option Scheme
- iii. other remuneration such as superannuation.

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

- i. Base pay

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

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

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

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

- ii. Incentives

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

- iii. Other

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

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

REMUNERATION REPORT (CONTINUED) (AUDITED)

EMPLOYMENT DETAILS OF MEMBERS OF KEY MANAGEMENT PERSONNEL AND OTHER EXECUTIVES

The following table provides employment details of persons who were, during the financial year, members of key management personnel of Terrain Minerals Limited.

KEY MANAGEMENT PERSONNEL	POSITION HELD AS AT 30 JUNE 2019	CONTRACT DETAILS (DURATION & TERMINATION)
Mr Justin Virgin	Executive Director	Executive agreement effective 1 December 2015
Mr Trevor Bradley	Non-Executive Director	On-going basis with no termination benefits
Mr Johannes Lin	Non-Executive Director	On-going basis with no termination benefits
Mr Paul Dickson ¹	Non-Executive Chairman	On-going basis with no termination benefits

¹ Mr Paul Dickson resigned on 22 November 2018

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

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

- Mr Virgin will be paid a minimum remuneration package of \$120,000 p.a. base salary plus superannuation.
- The Company may terminate this agreement in writing if the Executive becomes incapacitated by illness or accident for an accumulated period of two months or a period aggregating more than three months in any twelve month period.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. On termination with cause, the Executive is not entitled to any payment.
- If the Company terminates the agreement for any reason other than the above, the Company must pay the Executive an amount equal to six month's salary.
- If Mr Virgin terminates the agreement, he must provide the Company with 60 days' notice period.

TERRAIN MINERALS LIMITED**DIRECTORS' REPORT (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2019****REMUNERATION REPORT (CONTINUED) (AUDITED)****REMUNERATION DETAILS FOR THE YEAR ENDED 30 JUNE 2019**

Details of the nature and amount of each element of the emoluments of each member of the key management personnel of Terrain Minerals for the year ended 30 June 2019 and 30 June 2018 are set out in the following tables:

For the year ended 30 June 2019

KEY MANAGEMENT PERSONNEL	SHORT-TERM BENEFITS		POST- EMPLOYMENT BENEFITS	EQUITY-SETTLED SHARE-BASED PAYMENTS		TOTAL \$
	SALARY, FEES AND LEAVE	OTHER	SUPERANNUATION	SHARES	OPTIONS	
	\$	\$		\$	\$	
Mr Justin Virgin	115,476	-	10,970	-	-	126,446
Mr Trevor Bradley	33,100	19,700	3,145	-	9,085	65,030
Mr Johannes Lin	30,000	-	2,850	-	-	32,850
Mr Paul Dickson ¹	12,500	-	1,188	-	-	13,688
TOTAL KEY MANAGEMENT PERSONNEL	191,076	19,700	18,153	-	9,085	238,014

¹ Mr Paul Dickson resigned on 22 November 2018

REMUNERATION DETAILS FOR THE YEAR ENDED 30 JUNE 2018

KEY MANAGEMENT PERSONNEL	SHORT-TERM BENEFITS		POST- EMPLOYMENT BENEFITS	EQUITY-SETTLED SHARE-BASED PAYMENTS		TOTAL \$
	SALARY, FEES AND LEAVE	OTHER	SUPERANNUATION	SHARES	OPTIONS	
	\$	\$		\$	\$	
Mr Justin Virgin	100,000	-	9,500	-	-	109,500
Mr Trevor Bradley	30,000	-	2,850	-	24,419	57,269
Mr Johannes Lin	30,000	-	2,850	-	12,209	45,059
Mr Paul Dickson ¹	30,000	-	2,850	-	-	32,850
TOTAL KEY MANAGEMENT PERSONNEL	190,000	-	18,050	-	36,628	244,678

¹ Mr Paul Dickson resigned on 22 November 2018

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

REMUNERATION REPORT (CONTINUED) (AUDITED)

SHARE-BASED PAYMENTS

During the year ended 30 June 2019, 3,000,000 (30 June 2018: 6,000,000) options were issued to the directors.

KEY MANAGEMENT PERSONNEL	REMUNERATION TYPE	GRANT DATE	NUMBER OF OPTIONS	GRANT VALUE \$	PERCENTAGE VESTED/PAID DURING THE YEAR	PERCENTAGE FORFEITED DURING YEAR	PERCENTAGE REMAINING AS UNVESTED
					%	%	%
Mr Trevor Bradley	Options	22 November 2018	3,000,000	9,085	100	-	-

DESCRIPTION OF OPTIONS/RIGHTS ISSUED AS REMUNERATION

2019

The options granted to Directors, in the year 30 June 2019 were for nil consideration as remuneration, exercisable at \$0.0085 options with an expiry date of on or before 22 November 2023. They vested immediately. The value per option was \$0.003.

They were valued using Black Scholes with the below assumptions:

Number of options in series	3,000,000
Grant date share price	\$0.004
Exercise price	\$0.0085
Expected volatility	120%
Option life	5 years
Dividend yield	0.00%
Interest rate	2.34%

2018

The options granted to Directors, in the year 30 June 2018 were for nil consideration as remuneration, exercisable at \$0.0175 options with an expiry date of on or before 18 December 2022. They vested immediately. The value per option was \$0.006.

They were valued using Black Scholes with the below assumptions:

Number of options in series	6,000,000
Grant date share price	\$0.008
Exercise price	\$0.0175
Expected volatility	122%
Option life	5 years
Dividend yield	0.00%
Interest rate	2.34%

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

REMUNERATION REPORT (CONTINUED) (AUDITED)

KEY MANAGEMENT PERSONNEL OPTIONS AND RIGHTS HOLDINGS

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

30 JUNE 2019	BALANCE AT BEGINNING OF YEAR	GRANTED AS REMUNERATION DURING THE YEAR	EXERCISED DURING THE YEAR	PRICE PAID FOR EXERCISED OPTIONS \$	OTHER CHANGES DURING THE YEAR	BALANCE AT END OF YEAR	VESTED DURING THE YEAR	VESTED AND EXERCISABLE	VALUE OF OPTIONS GRANTED AS REMUNERATION \$
Mr Justin Virgin	19,000,000	-	-	-	-	19,000,000	-	19,000,000	-
Mr Trevor Bradley	4,000,000	3,000,000	-	-	-	7,000,000	3,000,000	7,000,000	9,085
Mr Johannes Lin	2,000,000	-	-	-	-	2,000,000	-	2,000,000	-
Mr Paul Dickson	10,000,000	-	-	-	(10,000,000) ¹	-	-	-	-
	35,000,000	3,000,000	-	-	(10,000,000)	28,000,000	3,000,000	28,000,000	9,085

¹ Balance held on date of resignation of Director

TERRAIN MINERALS LIMITED**DIRECTORS' REPORT (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2019****REMUNERATION REPORT (CONTINUED) (AUDITED)****KEY MANAGEMENT PERSONNEL SHAREHOLDINGS**

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

	BALANCE AT BEGINNING OF YEAR	GRANTED AS REMUNERATION DURING THE YEAR	ISSUED ON EXERCISE OF OPTIONS DURING THE YEAR	OTHER CHANGES DURING THE YEAR	BALANCE AT END OF YEAR
30 June 2019					
Mr Justin Virgin	18,420,000	-	-	2,374,686	20,794,686
Mr Trevor Bradley	-	-	-	-	-
Mr Johannes Lin	15,451,548	-	-	-	15,451,548
Mr Paul Dickson	3,687,837	-	-	(3,687,837) ¹	-
	37,559,385	-	-	(1,313,151)	36,246,234

¹ Balance held on date of resignation of Director

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

VOTING AND COMMENTS MADE AT THE COMPANY'S 2018 ANNUAL GENERAL MEETING

At the Annual General Meeting held on 22 November 2018, the Company's shareholders did not record a vote of more than 25% against the Remuneration Report and no questions were raised at the meeting relating to the Remuneration Report.

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

END OF AUDITED REMUNERATION REPORT

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



Justin Virgin
Executive Director
Dated: 26 September 2019

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

As lead auditor of Terrain Minerals Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 26 September 2019

TERRAIN MINERALS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

		2019	2018
	NOTE	\$	\$
Revenue from continuing operations		3,110	3,709
Net income	2	3,110	3,709
Administrative expenses		(94,795)	(88,354)
Share based payments	2	(9,085)	(36,628)
Exploration expenditure write off	7	(23,211)	-
Employee benefits expenses		(206,128)	(205,050)
Other expenses		(116,445)	(125,953)
Loss before income taxes		(446,554)	(452,276)
Income tax expense	3	-	-
Loss after income tax for the year		(446,554)	(452,276)
Other comprehensive income			
Total comprehensive loss for the year attributable to owners of Terrain Minerals Limited		(446,554)	(452,276)
Loss from continuing operations attributable to owners of Terrain Minerals Limited		(446,554)	(452,276)
Loss per share attributable to owners of TMX			
From continuing operations:			
Basic loss per share (cents)	11	(0.07)	(0.08)
Diluted loss per share (cents)	11	(0.07)	(0.08)

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 30 JUNE 2019**

	NOTE	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	388,666	1,056,776
Trade and other receivables	5	7,840	11,604
Prepayments		12,062	8,564
TOTAL CURRENT ASSETS		408,568	1,076,944
NON-CURRENT ASSETS			
Other receivables	5	20,000	20,000
Exploration expenditure	7	809,040	578,892
TOTAL NON-CURRENT ASSETS		829,040	598,892
TOTAL ASSETS		1,237,608	1,675,836
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	33,895	34,654
TOTAL CURRENT LIABILITIES		33,895	34,654
TOTAL LIABILITIES		33,895	34,654
NET ASSETS		1,203,713	1,641,182
EQUITY			
Issued capital	9	20,670,229	20,670,229
Reserves	10	1,615,884	1,606,799
Accumulated losses	10	(21,082,400)	(20,635,846)
TOTAL EQUITY		1,203,713	1,641,182

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 YEAR ENDED 30 JUNE 2019

	ORDINARY SHARES \$	OPTIONS RESERVE \$	ACCUMULATED LOSSES \$	TOTAL \$
Balance at 1 July 2018	20,670,229	1,606,799	(20,635,846)	1,641,182
Loss attributable to members of the parent entity	-	-	(446,554)	(446,554)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(446,554)	(446,554)
Transactions with owners, in their capacity as owners, and other transfers				
Contributions of equity, net of transaction costs	-	-	-	-
Issue of options	-	9,085	-	9,085
Balance at 30 June 2019	20,670,229	1,615,884	(21,082,400)	1,203,713
Balance at 1 July 2017	19,829,146	1,570,171	(20,183,570)	1,215,747
Loss attributable to members of the parent entity	-	-	(452,276)	(452,276)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(452,276)	(452,276)
Transactions with owners, in their capacity as owners, and other transfers				
Contributions of equity, net of transaction costs	841,083	-	-	841,083
Options based payments	-	36,628	-	36,628
Balance at 30 June 2018	20,670,229	1,606,799	(20,635,846)	1,641,182

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 YEAR ENDED 30 JUNE 2019**

	NOTE	2019 \$	2018 \$
CASH FROM OPERATING ACTIVITIES:			
Payments to suppliers and employees		(423,567)	(426,296)
Interest received		3,284	3,535
Net cash used in operating activities	18	(420,283)	(422,761)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net Exploration and evaluation expenditure		(247,827)	(89,837)
Net cash used in investing activities		(247,827)	(89,837)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		-	877,000
Payment of share issue costs		-	(35,917)
Net cash provided by financing activities		-	841,083
OTHER ACTIVITIES:			
Net cash (decrease)/increase in cash and cash equivalents		(668,110)	328,485
Cash and cash equivalents at beginning of year		1,056,776	728,291
Cash and cash equivalents at end of the year	4	388,666	1,056,776

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

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: BASIS OF PREPARATION

This financial report includes the financial statements and notes of Terrain Minerals Limited (the company) and was approved for issue on 25 September 2019 by the Board of directors of the Company.

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

The financial statements of Terrain Minerals Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

Historical cost convention

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

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

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 \$446,554 for the year ended 30 June 2019 and had a net cash outflow from operations including exploration and evaluation activities of \$668,110 for the 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 \$388,666 as at 30 June 2019.

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. The Directors believe that they will be able to raise additional capital as required. Subsequent to year end, the company received additional funds via capital raisings as disclosed in Note 19. The Directors believe that the Company will continue as a going concern. As a result, the financial report has been prepared on a going concern basis.

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 YEAR ENDED 30 JUNE 2019

NOTE 2: REVENUE AND SIGNIFICANT EXPENSES ITEMS

	2019	2018
	\$	\$
Revenue from continuing operations:		
Interest income	3,110	3,709
	<u>3,110</u>	<u>3,709</u>
Expenses:		
Share based payments (Refer Note 9)	(9,085)	(36,628)

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: INCOME TAX

THE COMPONENTS OF TAX EXPENSE COMPRISE

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

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

Prima facie tax benefit on loss from continuing activities before income tax at 30% (2018: 30%)	(133,966)	(135,683)
Add/(less) tax effect of:		
- Share based payments	2,726	10,988
- Other non-deductible expenses	261	32
- Revenue losses not recognised	138,778	130,196
- Deferred tax balances not recognised	(7,799)	(5,533)
	<u>-</u>	<u>-</u>

NOTE 3: INCOME TAX (CONTINUED)

	2019	2018
	\$	\$
Deferred tax recognised at 30% (2018:30%) (%) (i):		
Deferred tax liabilities:		
- Exploration expenditure	(218,618)	(146,337)
- Other	-	(93)
Deferred tax assets:		
- Carry forward revenue losses	218,618	146,430
Net deferred tax	-	-
Unrecognised deferred tax assets at 30% (2018: 30%) (i):		
Carry forward revenue losses	4,689,755	4,550,977
Carry forward capital losses	1,148,660	1,148,660
Other	19,571	29,155
	5,857,986	5,728,792

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

- (a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
 - (b) the company continues to comply with the conditions for deductibility imposed by law; and
 - (c) no changes in income tax legislation adversely affect the company in utilising the benefits.
- (i) the corporate tax rate for eligible companies will reduce from 30% to 25% by 30 June 2027 providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised or the liability is settled. The Directors have determined that the deferred tax balances be measured at the tax rates stated.

The current and deferred tax position has not changed

Accounting policy

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

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 3: INCOME TAX (CONTINUED)

Accounting policy (continued)

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

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

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

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

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

NOTE 4: CASH AND CASH EQUIVALENTS

	2019	2018
	\$	\$
Cash at bank	386,102	1,056,576
Petty cash	2,564	200
	388,666	1,056,776

The company's exposure to interest rate risk is disclosed in note 13. The maximum exposure to credit risk at the end of the reporting year is the carrying amount of each class of cash and cash equivalents.

Accounting policy

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

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 5: TRADE AND OTHER RECEIVABLES

CURRENT	2019	2018
	\$	\$
Other receivables	2,723	174
GST paid	5,117	11,430
	7,840	11,604
NON-CURRENT		
Other receivables	20,000	20,000

Trade and other receivables are non-trade receivables, non-interest bearing and have an average term of 3 months and for GST generally received from the ATO in that time. The carrying amount is equivalent to their face value. No trade and other receivables and other receivables were impaired during the current year.

Accounting policy

AASB 9 *Financial Instruments* (AASB 9) replaces the provisions of AASB 139 *Financial Instruments: Recognition and Measurement* ("AASB 139") that relate to the recognition, classification and measurement of financial assets (include trade and other receivables), financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. It eliminates the previous AASB139 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of AASB 9 Financial Instruments from 1 July 2018 did not give rise to any material transitional adjustments. From 1 July 2018, trade and other receivables continue to recognise at fair value initially and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. The classification is based on two criteria: The Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criteria'). Trade and other receivables met both criteria.

Trade receivables are generally due for settlement within 30 days.

Impairment – Trade receivables

From 1 July 2018, the Company assess on a forward-looking basis the expected credit loss associated with its trade and other receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and other receivables, the Company applies the simplified approach permitted by AASB9 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 6: OTHER ASSETS

	2019	2018
	\$	\$
Current		
Prepayments	12,062	8,564
	<u>12,062</u>	<u>8,564</u>

NOTE 7: EXPLORATION EXPENDITURE

Balance at beginning of the year	578,892	482,337
Expenditure during the year	253,359	96,555
Written off exploration expenditure	(23,211)	-
	<u>809,040</u>	<u>578,892</u>

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

The recoverability of the carrying amount of the exploration and evaluation assets is dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. During the period, the Company has identified that there are assets where no exploration program can be justified, and the tenements should be relinquished and therefore capitalised expenditure allocated to these tenements was written off in accordance with AASB 6 'Exploration for and Evaluation of Mineral Resources'. The Board has approved the write down of \$23,211 (June 2018: Nil) during the financial period in the Statement of Profit or Loss and Other Comprehensive Income.

Accounting policy

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

- i) the rights to tenure of the area of interest are current;
- ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is budgeted or planned; and
- iii) at least one of the following conditions is also met:

NOTE 7: EXPLORATION EXPENDITURE (CONTINUED)

Accounting policy (continued)

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

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

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

KEY JUDGEMENTS - EXPLORATION AND EVALUATION EXPENDITURE

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

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 8: TRADE AND OTHER PAYABLES

	2019	2018
	\$	\$
CURRENT		
Trade payables – unsecured	27,505	28,400
Other payables – unsecured	6,390	6,254
	33,895	34,654

All trade payables are non-interest bearing and are normally settled on 30-day terms. The Company's exposure to risks arising from trade and other payables is disclosed in Note 13. The carrying amounts of trade and other payables approximate the fair values.

Accounting policy

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

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

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

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 9: ISSUED CAPITAL

	2019 Number	2019 \$	2018 Number	2018 \$
Fully paid ordinary shares	643,732,009	20,670,229	643,732,009	20,670,229

Description	Date	Number of shares	Issue Price	\$
2019				
Opening balance	1 July 2018	643,732,009		20,670,229
Closing balance	30 June 2019	643,732,009		20,670,229

Description	Date	Number of shares	Issue Price	\$
2018				
Opening balance	1 July 2017	515,032,224		19,829,146
Placement (i)	18 December 2017	25,000,000	\$0.0077	192,500
Placement (i)	18 December 2017	14,930,556	\$0.0072	107,500
Placement (ii)	2 May 2018	88,769,229	\$0.0065	577,000
Less: Transaction costs				(35,917)
Closing balance	30 June 2018	643,732,009		20,670,229

- (i) On 18 December 2017 Terrain completed a placement with Acuity Capital under the equity line. The placement was 39,930,556 at an average of \$0.00745.
- (ii) On 30 April 2018 Terrain completed a placement to sophisticated investors of 88,769,229 at \$0.0065. The issues costs are in relation to the placement.
- (iii) On 1 December 2016 Terrain completed a Share Purchase Plan ("SPP"). The SPP was 62,500,000 shares at \$0.008. The issue costs of \$48,983 are in relation to the SPP.

Accounting policy

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

OPTIONS

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

2019 Number	Exercise Price	Grant	Expiry
12,000,000	\$0.0040	28 November 2014	24 December 2019
22,600,000	\$0.0117	24 November 2015	24 November 2020
12,000,000	\$0.0188	7 December 2016	7 December 2021
6,000,000	\$0.0175	18 December 2017	18 December 2022
3,000,000	\$0.0085	22 November 2018	22 November 2023
55,600,000			

NOTE 9: ISSUED CAPITAL (CONTINUED)

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

Description	2019 Number	Weighted Average Exercise Price	2018 Number	Weighted Average Exercise Price
Options				
Opening balance	58,600,000	0.0534	52,600,000	0.0359
Issued during the period (i)	3,000,000	0.0085	6,000,000	0.0175
Exercised during the period	-	-	-	-
Expired during the period	(6,000,000)	(0.3000)	-	-
Balance at 30 June	55,600,000	0.2556	58,600,000	0.0534

- (i) Options (valued at \$0.003) were issued to the Directors were valued using Black Scholes with the below assumptions:

They were valued using Black Scholes with the below assumptions:

2019	Unlisted options
Number of options in series	3,000,000
Grant date share price	\$0.004
Exercise price	\$0.0085
Expected volatility	120%
Option life	5 years
Dividend yield	0.00%
Interest rate	2.34%
Total value	\$9,085

Options (valued at \$0.006) were issued to the Directors were valued using Black Scholes with the below assumptions:

2018	Unlisted options
Number of options in series	6,000,000
Grant date share price	\$0.008
Exercise price	\$0.0175
Expected volatility	122%
Option life	5 years
Dividend yield	0.00%
Interest rate	2.34%
Total value	\$36,628

NOTE 9: ISSUED CAPITAL (CONTINUED)

Accounting policy

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

CAPITAL RISK MANAGEMENT

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

Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Company at 30 June 2019 and 30 June 2018 are as follows:

	2019	2018
	\$	\$
Cash and cash equivalents	388,666	1,056,776
Trade and other receivables	7,840	11,604
Trade and other payables	(33,895)	(34,654)
Working capital position	362,611	1,033,726

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

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 10: RESERVES AND ACCUMULATED LOSSES

(A) OPTION RESERVE

	2019 \$	2018 \$
Opening balance	1,606,799	1,570,171
Option expenses (refer Note 9)	9,085	36,628
Closing balance	1,615,884	1,606,799

(B) ACCUMULATED LOSSES

Opening balance	(20,635,846)	(20,183,570)
Net loss for the year	(446,554)	(452,276)
Closing balance	(21,082,400)	(20,635,846)

(C) NATURE AND PURPOSE OF OTHER RESERVES

SHARE - BASED PAYMENTS

The share-based payments reserve is used to recognise:

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

NOTE 11: LOSS PER SHARE

	2019 \$	2018 \$
Loss used to calculate basic EPS	(446,554)	(452,276)
Loss used in calculation of dilutive EPS	(446,554)	(452,276)

Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

	NUMBER	NUMBER
Weighted average number of ordinary shares outstanding during the year - No. used in calculating basic EPS	643,732,009	550,604,587
Weighted average number of ordinary shares outstanding during the year - No. used in calculating diluted EPS	643,732,009	550,604,587

Total basic loss per share attributable to the ordinary equity holders of the Company (cents)

(0.07) (0.08)

Total diluted loss per share attributable to the ordinary equity holders of the Company (cents)

(0.07) (0.08)

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 11: LOSS PER SHARE (CONTINUED)

Accounting policy

Basic earnings per share is calculated by dividing the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares. Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

NOTE 12: CAPITAL AND LEASING COMMITMENTS

CAPITAL EXPENDITURE COMMITMENTS

	2019 \$	2018 \$
Payable:		
- not later than 12 months	120,000	117,000
- between 12 months and 5 years	470,000	552,000
- greater than 5 years	-	-
	<u>590,000</u>	<u>669,000</u>

NOTE 13: FINANCIAL RISK MANAGEMENT

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

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	NOTE	2019 \$	2018 \$
FINANCIAL ASSETS			
Cash and cash equivalents	4	<u>388,666</u>	<u>1,056,776</u>
TOTAL FINANCIAL ASSETS		<u>388,666</u>	<u>1,056,776</u>
FINANCIAL LIABILITIES			
Trade and other payables	8	<u>33,895</u>	<u>34,654</u>
TOTAL FINANCIAL LIABILITIES		<u>33,895</u>	<u>34,654</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 13: FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL RISK MANAGEMENT POLICIES

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

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

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

The carrying values less the impairment allowance for receivables and payables are assumed to approximate fair values due to their short term nature. Cash and cash equivalents are subject to variable interest rates.

SPECIFIC FINANCIAL RISK EXPOSURES AND MANAGEMENT

(A) CREDIT RISK

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

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

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

(B) LIQUIDITY RISK

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 13: FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL LIABILITY AND FINANCIAL ASSET MATURITY ANALYSIS	WITHIN 1 YEAR		1 TO 5 YEARS		TOTAL CONTRACTUAL CASH FLOW	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
FINANCIAL LIABILITIES						
DUE FOR PAYMENT						
Trade and other payables	33,895	34,654	-	-	33,895	34,654
Total contractual outflows	33,895	34,654	-	-	33,895	34,654
Total expected outflows	33,895	34,654	-	-	33,895	34,654
FINANCIAL ASSETS - CASH FLOWS REALISABLE						
Trade and other receivables	2,723	174	-	-	2,723	174
Total anticipated inflows	2,723	174	-	-	2,723	174

(c) MARKET RISK

i. Interest rate risk

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

ii. Price risk

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

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

NOTE 14: OPERATING SEGMENTS

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

Accounting policy

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

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 15: INTERESTS OF KEY MANAGEMENT PERSONNEL

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of Terrain Minerals Limited's key management personnel for the year ended 30 June 2019.

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

	2019	2018
	\$	\$
Short-term employee benefits	210,776	190,000
Post-employment benefits	18,153	18,050
Share-based payments	9,085	36,628
	238,014	244,678

OTHER KEY MANAGEMENT PERSONNEL TRANSACTIONS

There have been no other transactions with Key Management Personnel.

NOTE 16: AUDITOR'S REMUNERATION

	2019	2018
	\$	\$
Remuneration of the auditor of the company for:		
BDO Audit (WA) Pty Ltd - auditing or reviewing the financial report	27,627	29,272
	27,627	29,272

NOTE 17: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at reporting date, there are no known contingent liabilities or contingent assets.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 18: CASH FLOW INFORMATION

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

	2019	2018
	\$	\$
Net loss for the year	(446,554)	(452,276)
Other income		
Non-cash items in profit/(loss)		
Share based payments	9,085	36,628
Exploration written off	23,211	-
Changes in assets and liabilities		
Decrease/(increase) in trade and term receivables	3,764	(5,025)
(Increase) in prepayments	(3,498)	(5,915)
(Decrease)/Increase in trade payables and accruals	(6,291)	3,827
Net cash used in operating activities	(420,283)	(422,761)

(B) NON-CASH INVESTING AND FINANCING ACTIVITIES

During the year ended 30 June 2019 there were no investing and financing activities (2018: Nil)

NOTE 19: EVENTS AFTER THE END OF THE REPORTING DATE

On 26 September 2019 the Company announced a Placement to sophisticated investors at an issue price of \$0.035 to raise \$250,000 before costs. The funds will be applied in the continuous exploration of the Company's Great Western, Wild Viper and Red Mulga projects.

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

NOTE 20: OTHER ACCOUNTING POLICIES

(A) GOODS AND SERVICES TAX (GST)

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

(B) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

KEY ESTIMATES – IMPAIRMENT

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

KEY JUDGEMENTS – SHARE-BASED PAYMENT TRANSACTIONS

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

KEY JUDGEMENTS – CONTINGENT LIABILITIES

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

KEY JUDGEMENTS – TAXATION

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

NOTE 20: OTHER ACCOUNTING POLICIES (CONTINUED)

(C) ADOPTION OF NEW AND REVISED STANDARDS AND CHANGE IN ACCOUNTING STANDARDS

Early adoption of accounting standards

The Company has not elected to apply any pronouncements before their operative date in the annual reporting year beginning 1 July 2018.

New and amended standards adopted by the Company

A number of new or amended standards became applicable for the current reporting period for which the Company has adopted:

- AASB 15 Revenue from Contracts with Customers; and
- AASB 9 Financial Instruments.

The new accounting policies are disclosed below. There is no impact on the Company for the year ended 30 June 2019.

AASB 15 Revenue from contracts with Customers

AASB 15 Revenue from contracts with Customers replaces AASB 118 Revenue. AASB 15 was adopted by the Company on 1 July 2018. AASB 15 provides a single, principles-based five-step model to be applied to all contracts with customers.

The Company has considered AASB 15 and determined that there is no impact on the financial statements as the Company is not generating sales revenue at this stage.

The Company's new revenue accounting policy is detailed below:

Revenue is recognised when or as the Company transfers control of goods or services to a customer at the amount to which the Company expects to be entitled. If the consideration promised includes a variable component, the Company estimates the expected consideration for the estimated impact of the variable component at the point of recognition and re-estimated at every reporting period.

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces the provisions of AASB 139 Financial Instruments: Recognition and Measurement that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 Financial Instruments from 1 July 2018 did not give rise to any transitional adjustments.

The new accounting policies (applicable from 1 July 2018) are set out below.

Classification and measurement:

Except for certain trade receivables the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 20: OTHER ACCOUNTING POLICES (continued)

Under AASB 9 financial assets are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: The Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

Impairment:

From 1 July 2018, the Company will assess, on a forward-looking basis, any expected credit losses (ECLs) associated with any debt instruments carried at amortised cost and FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Company assesses at each balance date whether there is objective evidence that a financial asset or Company of financial assets is impaired. For trade and other receivables, the Company applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience.

New and amended standards not yet adopted by the Company

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2019 reporting period. The Company's assessment of the impact of these new standards and interpretations that may have an impact on the Company is set out below:

AASB 16 Leases

AASB 16 requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months. Terrain has not yet determined the impact on the Company accounts, however it is likely that the rental of office premises in WA will require Terrain to recognise lease liabilities and right-of-use assets on its statement of financial position. This standard is not applicable until the financial year commencing 1 July 2019.

TERRAIN MINERALS LIMITED

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2019

The Directors declare that:

- (a) 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;
- (b) the financial statements and accompanying notes are prepared in compliance with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board;
- (c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, other mandatory professional reporting requirements including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company; and
- (d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001.

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



Justin Virgin
Executive Director
Dated: 26 September 2019

INDEPENDENT AUDITOR'S REPORT

To the members of Terrain Minerals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Terrain Minerals Limited (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Terrain Minerals Limited, is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report. We are independent of the Company in accordance with 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 (the Code) that are relevant to our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

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

Material uncertainty related 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 entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Recoverability of exploration and evaluation expenditure

Key audit matter	How the matter was addressed in our audit
<p>As disclosed in Note 7 to the financial report, the carrying value of capitalised exploration and evaluation expenditure represents a significant asset of the Company.</p> <p>Refer to Note 7 of the Financial Report for a description of the accounting policy and significant judgements applied to capitalised exploration and evaluation expenditure.</p> <p>In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources (AASB 6), the recoverability of exploration and evaluation expenditure requires significant judgment by management in determining whether there are any facts or circumstances that exist to suggest that the carrying amount of this asset may exceed its recoverable amount. As a result, this is considered a key audit matter.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining a schedule of the areas of interest held by the Company and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Company's exploration budgets, ASX announcements and directors' minutes; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Note 7 to the Financial Report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to 35 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Terrain Minerals Limited, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO


Phillip Murdoch

Director

Perth, 26 September 2019

Corporate Governance

The Company's 2019 Corporate Governance Statement is contained in the 'Corporate Governance' section of the Company's website at www.terrainminerals.com.au

ASX INFORMATION
FOR THE YEAR ENDED 30 JUNE 2019

The shareholder information set out below was applicable as at 20 September 2019.

1. Quotation

Listed securities in Terrain Minerals Limited are quoted on the Australian Securities Exchange under ASX code TMX (Fully Paid Ordinary Shares).

2. Voting Rights

The voting rights attached to the Fully Paid Ordinary shares of the Company are:

- (a) at a meeting of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney; and
- (b) on a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share held.

There are no voting rights attached to options on issue.

3. Distribution of Shareholders
(i) Fully Paid Ordinary Shares

Shares Range	Holders	Units	%
1 – 1,000	41	9,961	-
1,001 – 5,000	25	86,239	0.01
5,001 – 10,000	37	344,293	0.05
10,001 – 100,000	340	18,805,454	2.92
100,001 and above	470	624,486,062	97.01
Total	913	643,732,009	100.00%

On 20 September 2019, there were 460 holders of unmarketable parcels of less than 21,196,876 ordinary shares (based on the closing share price of \$0.004).

(ii) Unlisted Options exercisable at \$0.004 on or before 24 December 2019

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and above	4	12,000,000 ¹	100.00
Total	4	12,000,000	100.00%

¹Holders who hold more than 20% of securities are:

Mr Keng Hock Jonathan Lim – 3,000,000 options

Mr David Porter – 3,000,000 options

Ricketts Point Investments Pty Ltd <Dickson Family Fund A/C> – 3,000,000 options

Mr Justin Anthony Virgin <J Virgin T/A Stockfeed A/C> – 3,000,000 options

ASX INFORMATION

FOR THE YEAR ENDED 30 JUNE 2019

(iii) Unlisted Options exercisable at \$0.0117 on or before 24 November 2020

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	1	100,000	0.44
100,001 and above	5	22,500,000 ¹	99.56
Total	6	22,600,000	100.00%

¹Holders who hold more than 20% of securities are:

Mr Justin Anthony Virgin <J Virgin T/A Stockfeed A/C> – 10,000,000 options

(iv) Unlisted Options exercisable at \$0.0188 on or before 7 December 2021

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and above	3	12,000,000 ¹	100.00
Total	3	12,000,000	100.00%

¹Holders who hold more than 20% of securities are:

Mr Justin Anthony Virgin <J Virgin T/A Stockfeed A/C> - 6,000,000 options

Mr Keng Hock Jonathan Lim – 3,000,000 options

Ricketts Point Investments Pty Ltd <Dickson Family Fund A/C> – 3,000,000 options

(v) Unlisted Options exercisable at \$0.0175 on or before 18 December 2022

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and above	2	6,000,000 ¹	100.00
Total	2	6,000,000	100.00%

¹Holders who hold more than 20% of securities are:

Mr Trevor Bradley - 4,000,000 options

Mr Johannes Lin – 2,000,000 options

(vi) Unlisted Options exercisable at \$0.85 on or before 22 November 2023

ASX INFORMATION

FOR THE YEAR ENDED 30 JUNE 2019

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and above	1	3,000,000 ¹	100.00
Total	1	3,000,000	100.00%

¹Holders who hold more than 20% of securities are:

Mr Trevor Bradley - 3,000,000 options

4. Substantial Shareholders

The names of the substantial shareholders listed on the Company's register as at 20 September 2019 are:

Name: Mr Jonathan Lim

Holder of: 46,599,196 fully paid ordinary shares, representing 11.48%

Notice Received: 13 October 2015

Name: Grande Pacific Ltd

Holder of: 26,536,223 fully paid ordinary shares, representing 6.53%

Notice Received: 13 October 2015

5. Restricted Securities

There are no restricted securities listed on the Company's register as at 20 September 2019.

6. On market buy-back

There is currently no on market buy back in place.

7. Twenty Largest Shareholders

The twenty largest shareholders of the Company's quoted securities as at 20 September 2019 are as follows:

	Name	No. of Shares	%
1	GRANDE PACIFIC LTD	28,411,223	4.41
2	MR JONATHAN KENG HOCK LIM	26,564,081	4.13
3	ACUITY CAPITAL INVESTMENT MANAGEMENT PTY LTD <ACUITY CAPITAL HOLDINGS A/C>	25,030,092	3.89
4	JOHN WARDMAN & ASSOCIATES PTY LTD <WARDMAN SUPER FUND A/C>	24,650,000	3.83
5	J MOODY NOMINEES PTY LTD <THE MOODY SUPER FUND A/C>	22,829,151	3.55
6	MR JONATHAN KENG HOCK LIM	16,054,759	2.49
7	ARMCO BARRIERS PTY LTD	16,000,000	2.49
8	MR JOHANNES Y LIN	15,451,548	2.40
9	MR JUSTIN ANTHONY VIRGIN <J VIRGIN T/A STOCKFEED A/C>	14,300,000	2.22
10	SILVERINCH PTY LTD <SILVERINCH S/F A/C>	10,430,556	1.62
11	DRYCA PTY LTD <DRYCA EMPLOYEES RET/F A/C>	10,000,000	1.55
11	MR GEOFFREY GUILD HILL	10,000,000	1.55
11	RINGWOOD MANAGEMENT PTY LIMITED <RINGWOOD SUPER FUND A/C>	10,000,000	1.55
11	VAN AM MARKETING PTY LTD	10,000,000	1.55
15	MR BOON KHENG ONG	8,070,569	1.25
16	TIMMS GROUP PTY LTD	7,492,307	1.16
17	CITICORP NOMINEES PTY LIMITED	7,237,001	1.12
18	VIRGIN PTY LTD <VL S/F A/C>	6,494,686	1.01
19	MR KENG HOCK JONATHAN LIM	6,335,115	0.98
20	FIRST INVESTMENT PARTNERS PTY LTD	6,200,000	0.96
	Total	281,551,088	43.74%

8. Tenement Listing

The Company has an interest in the following tenements:

Project	Tenement	Status	Interest
Great Western "	M37/0054	Granted	100%
	E37/1214	Granted	100%
Forrest	E09/2246	Granted	100%
"	E09/2247	Granted	100%
"	E09/2291	Granted	100%

9. Mineral Resources and Ore Reserves Statement

The mineral resource estimate for the Great Western Deposit has been completed and reported in accordance with the JORC 2012 code by DataGeo Geological Consultants.

In the course of preparing this mineral resource estimate, various consultants have:

- Reviewed all historical data available for the Great Western deposit;
- Recent drilling was incorporated and mineralisation interpretation was updated based on gold grade, minimum down hole lengths and overall orientation of the main structures;
- Mineralisation interpretation was based on 150 RC and diamond holes totalling approximately 15,600m;
- Mineralisation was solid modelled and loaded into a block model with parent block size of 10mE x 2mN x 5mRL;
- Drill hole samples were composited down hole to 1m length within the mineralisation interpretation;
- The position of existing stopes were determined by reference to the geological logs;
- Grade was estimated using ordinary kriging techniques for lodes with sufficient information and inverse distance to the power of 3 for lodes with less information;
- Composite grades were top cut when required to between 10 and 50g/t and some grade influence restrictions were applied.
- Resource tonnes were determined by default specific gravity values;
- The Mineral Resource was validated against the input data and classified according to geological confidence, continuity of grade and proximity to previously recorded workings that delivered 27,000 tonnes at 13.85g/t Au;
- For reporting of the mineral resource open cut mining is considered likely to be viable to a maximum of 120m below surface with in situ grades of +2g/t. Beneath that underground mining at higher grades (+4g/t) may be possible;
- Knowledge of similar mined deposits in the area were used as the basis of likely metal recovery and amenability of the deposit to conventional processing; and
- Reported the Mineral Resource estimate and compiled the supporting documentation in accordance with the JORC Code, 2012 Edition.

Refer to announcement made on 27 March 2017 and the Review of Operations within this Annual Report for further details of the mineral resource estimate for the Great Western Deposit, including the Table below.

The mineral resource as at 30 June 2017 is shown in the following Table along with a note to confirm that there has been no change to the data since 30 June 2017 and therefore the Table also represents the resource as at 30 June 2019.

ASX INFORMATION

FOR THE YEAR ENDED 30 JUNE 2019

Whilst scoping studies to date have provided positive results for the open cut mining and subsequent processing of the Measured and Indicated component of the mineral resource at this time no ore reserve has been determined for the Great Western Deposit.

Reportable Mineral Resource as at 30 June 2017, 2018 and 2019

No changes made during the Year

Great Western Deposit						
Reportable in situ Mineral Resource depleted for mining						
	Open Cut (0.5g/t)		Underground (1.5g/t)		Combined	
Class	Tonnes	Au g/t	Tonnes	Au g/t	Tonnes	Au g/t
Measured	131,000	2.58			131,000	2.58
Indicated	<u>332,000</u>	<u>3.15</u>	17,000	4.03	349,000	3.19
Inferred	128,000	1.45	101,000	2.89	229,000	2.08
TOTAL	<u>591,000</u>	<u>2.65</u>	118,000	3.05	709,000	2.72

The tonnes have been rounded to the nearest 1000

Note that the mineral resource reported in 2017 was for open cut mining to a depth of 100m below surface with underground beneath that.

Governance Arrangements and Internal Controls

The Company has ensured that the mineral resource estimates quoted above are subject to governance arrangements and internal controls. A summary of these are outlined below.

The mineral resource estimate has been prepared using industry standard practices and are reported in accordance with JORC 2012 guidelines.

Audit of the estimation of mineral resources is addressed as part of the annual internal audit plan approved by the Board in its capacity as the Audit and Risk Committee. In addition to routine internal audit, the Board monitors the mineral resource status by using consultants for the management review/audit mineral resources on an as-needed basis and the Board approves the final outcome.

The mineral resource estimation processes followed internally are well established and are subject to systematic internal and external peer review. Independent technical reviews and audits are undertaken on an as-needs basis as a product of risk assessment.

Competent Persons Statement

Great Western Gold Project – Mineral Resource Estimate

The information relates to the Mineral Resource estimate is based on information compiled by Peter Ball, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy, membership number 109775. Mr Ball is employed by and is a Director of DataGeo Geological Consultants and was contracted by Terrain Minerals Ltd to estimate the mineral resource stated within this announcement. Mr Ball has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Ball consents to the use of the information within this report in the form and context in which it appears.

Competent Persons Statement

Great Western - Exploration

The information in this report that relates to Exploration Results is based on information compiled by Mr. T Bradley, who is a Member of the Australian Institute of Geoscientists and a Non-Executive Director of Terrain Minerals Limited. Mr Bradley has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Bradley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Competent Persons Statement

Red Mulga -Exploration

The information in this report that relates to Exploration Results is based on and fairly represents information compiled by Dr J. Richard Russell (PhD, MAusIMM), principal of R. Russell and Associates, who is a Member of the Australian Institute of Geoscientists and a consultant to Terrain Minerals Limited. Dr Russell has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr. Russell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.