ABN: 45 116 153 514

TERRAIN MINERALS LIMITED

ANNUAL REPORT

30 JUNE 2011

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FOR THE YEAR ENDED 30 JUNE 2011

CORPORATE DIRECTORY

FOR THE YEAR ENDED 30 JUNE 2011

Terrain Board
Richard Sandner
Chairman

Jonathan Lim
Vice Chairman

Alan Coles
Managing Director

Paul Dickson
Non Executive Directors

Ian Hobson
Company Secretary

Share Register
Computershare Investor Services Pty Ltd
Level 2 Reserve Bank Building
45 St Georges Terrace
Perth WA 6000
Telephone +61 8 9323 2000
Facsimile +61 8 9323 2033

Auditor
BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Solicitor
Hilary Macdonald
18 Stirling Highway
Nedlands WA 6009

Banker
National Australia Bank
Business Banking Centre
1232 Hay Street
West Perth WA 6005

Stock Exchange
Terrain Minerals Ltd shares are
listed on the Australian Securities Exchange

Ordinary fully paid shares (ASX code TMX)

Listed options (ASX code TMXOA)

Principal and registered office in Australia
Level 1, 230 Rokeby Road
Subiaco WA 6008
PO Box 1702 Subiaco WA 6904

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Email: terrain@terrainminerals.com.au

Website: www.terrainminerals.com.au

CHAIRMAN'S LETTER

FOR THE YEAR ENDED 30 JUNE 2011

Dear Shareholders,

This year has seen many changes at Terrain Minerals culminating in the binding sales agreement for the Bundarra and Coogee gold assets for A$8.75m, in staged payments which equates to 4c per share. The future focus on exploration will be at the Aztec Dome, and the Black Cat gold Joint Venture.

Further fund raising and other measures will be required for future exploration.

BUNDARRA

A decision to mine the Celtic Pit was stopped when the grade control drilling confirmed the presence of the gold ore body and actually increased it from 6,600oz's to 16,800 oz's, however the location of the ore zone was found to be substantially under the pit wall and not on the pit floor, this meant more overburden had to be moved and the extra cost was not within the companies capability.

A $1.5m convertible note was raised with Zulu Capital to undertake mining at the Celtic Pit. The convertible note was extended to January 2012 and a sale process to maximise the value of the gold assets commenced.

A binding agreement with SR Mining Pty Ltd to sell the gold assets for A$8.0m by way of cash and capped production royalty was announced in August 2011, the initial payment (together with the proceeds of the Coogee sale) will allow the repayment of the convertible note. The remaining staged payments will provide future funding source for working capital and exploration.

EAST KAMBALDA

The Aztec Dome has all the signs of being a repeat of the Kambalda Dome 15km to the south west. Kambalda has produced over 1,000,000 tonnes of contained nickel which at today's nickel price would equate to over 20 billion dollars.

Past exploration has confirmed the rock types, geochemistry and geophysical response is similar to the Kambalda Dome. The 2009 RC drill hole AZRC009 confirmed the presence of nickel sulphides in the form of pentalandite and millerite up to an anomalous 0.32% nickel.

Our aim this year is to complete two deep stratigraphic diamond drill holes to prove that the same geological sequence at Kambalda exists at Aztec Dome.

The sale option of the Coogee deposit to New Global Mining expired in February 2011. Since then a new sales agreement with Colton Resources Ltd has been signed to give a completed sale value of A$0.75m including A$0.45m cash and the remainder in shares when Colton Resources lists on the ASX.

DODGERS WELL

The initial drill program has enabled initial negotiations for the formation of a farm in joint venture at Dodgers Well with Colton Resources Ltd.

BLACK CAT (60% JV earning up to 75% interest)

This area has highly encouraging gold prospects including Craig Extended which is a 1.0km long anomalous gold soil anomaly which has never been drill tested. Plans to drill this have been approved by DMP and are planned for later in the year or early 2012.

CONVERTIBLE NOTE

Arrangements to repay the A$1.5m convertible note in full, from proceeds of the gold asset sales (Bundarra and Coogee) subject to Zulu Capital taking up the option to convert to shares.

This will leave the company debt free and with ongoing proceeds from the Bundarra sale, being a minimum of A$600,000 p.a. to a value of A$6m which will provide future working capital requirements.

GENERAL

In May 2011 Chris Tomich stepped down as Managing Director, special thanks are extended to Chris for his efforts over the years he worked with Terrain.

Alan Coles was appointed as Managing Director; Alan is a qualified geologist and mining engineer with over 30 years mining industry experience.

I thank all employees for their efforts during this year and look forward to focusing our exploration efforts at Aztec Dome and the Black Cat gold Joint Venture.

Yours faithfully

Dick Sandner
Chairman

EAST KAMBALDA PROJECT

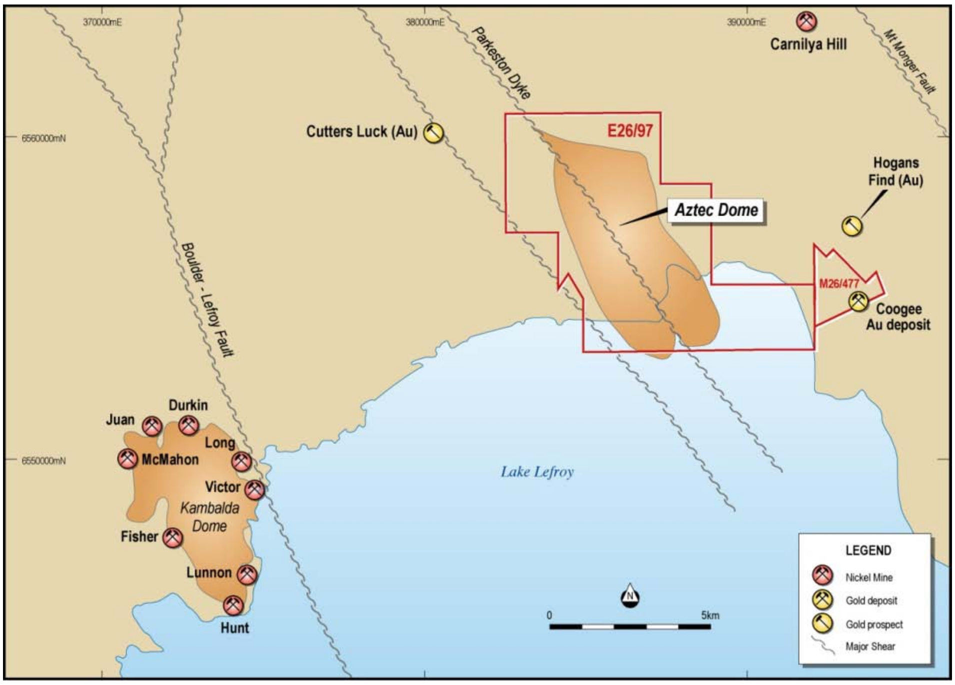
The East Kambalda Project located 15km NE of Kambalda in WA has the Aztec Dome Nickel project and Coogee gold Deposit.

AZTEC DOME

The Aztec Dome has the potential to be a repeat of the Kambalda Dome where the first nickel sulphide was discovered in 1967 and has been continuously mined since. Over one million tonne of nickel metal has been recovered from Kambalda.

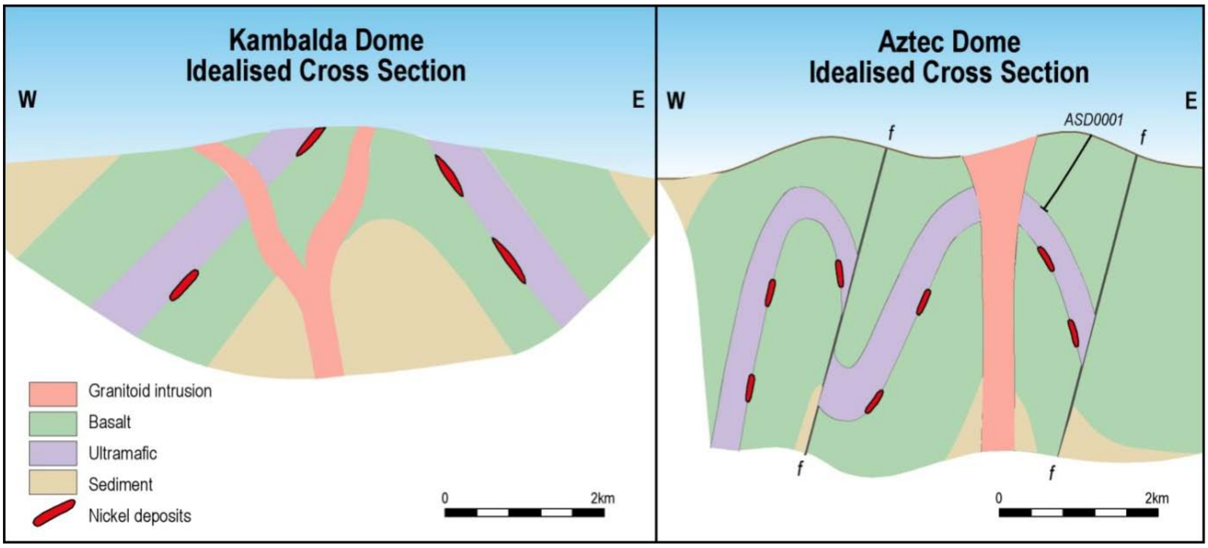
A review of the previous exploration during the year has highlighted the need for drilling stratigraphic diamond drill holes to prove the geological sequences at Aztec Dome is similar to Kambalda. These are planned for drilling late 2011.

Location Map East Kambalda Project



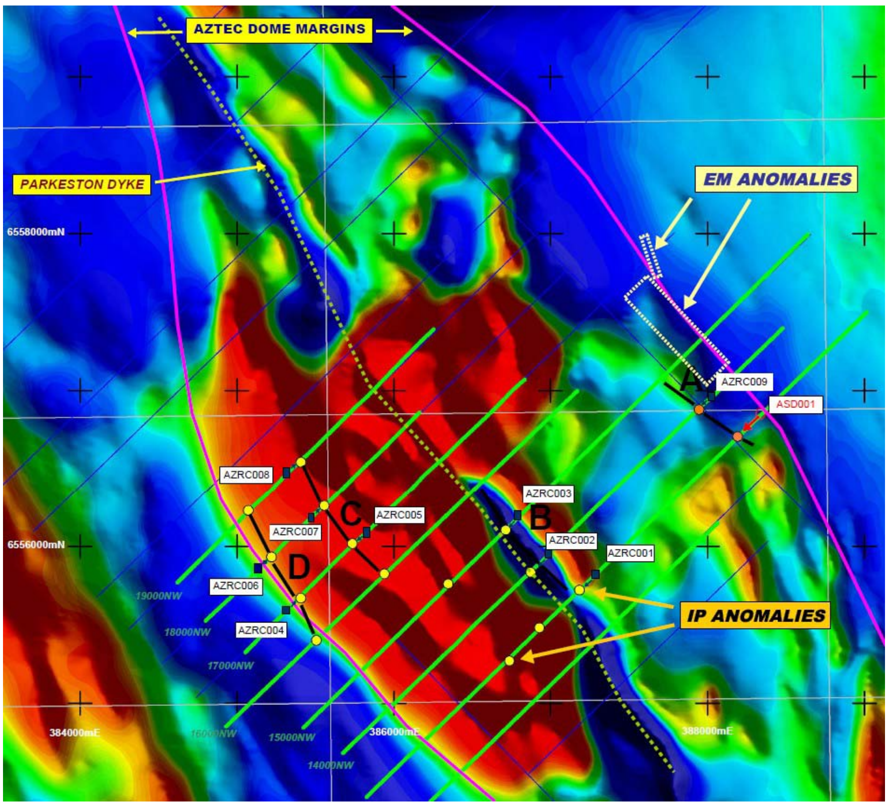
The past exploration has confirmed Aztec Dome has similar rock types, geochemistry and geophysical response to Kambalda. The presence of nickel sulphide was confirmed in 2009 in RC hole AZRC009 on the eastern face of the Aztec Dome where anomalous nickel (up to 0.32%) and chrome (up to 0.35%) was recorded in a sheared ultramafic sequence. The presence of nickel sulphide and copper sulphides in the form of pentalandite, millerite and challopyrite provided further encouragement and appears to have been remobilised from a nearby deeper buried source.

Kambalda Dome Versus Aztec Dome



An EM survey on the eastern edge of the Aztec Dome has highlighted two strong and distinct conductive anomalies which may reflect nickel sulphides at depth, follow up drilling of these will be undertaken when the stratigraphic holes are drilled.

Aztec Dome: Aeromagnetic Image Showing IP, EM & Drill Holes



COOGEE

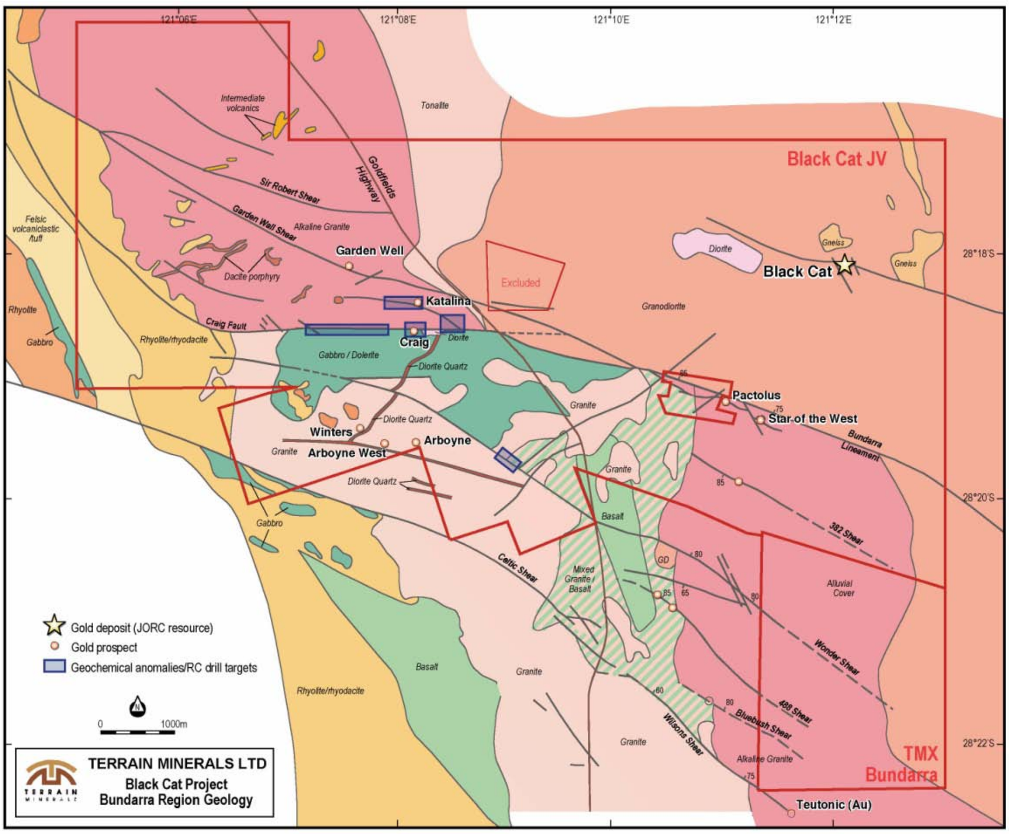
The Coogee gold deposit sale to Colton Resources Ltd was announced on 27 September 2011.

The sale involved $300,000 cash, followed by $150,000 cash plus 1.5m shares in Colton Resources when they list on the ASX prior to the end of March 2012. If the listing is not completed by March, Colton can elect to pay $200,000 cash by the end of April 2012 and purchase the Coogee mining lease M26/477.

BLACK CAT JOINT VENTURE

The Black Cat JV project is approximately 70km north of Leonora in WA. Historic mining in the area was undertaken in the early 1900's.

Black Cat JV Geology & Prospects



Terrain has earned a 60% equity and is currently increasing it to 75% by the expenditure of $750,000.

There are three major gold targets identified in the JV:

- Craig extended
- Craig
- Katalina

CRAIG EXTENDED

Craig extended is a 1.0km long and 160m wide gold soil anomaly which is directly along strike of the old Craig workings.

The area is on the edge of a basalt ridge whose scree covers the outcrop. No drilling or old workings have been undertaken in the area.

Craig Extended Scree Cover with Gold Soil Anomaly

CRAIG

Craig was a shear hosted high grade deposit with a number of historic workings along its length. Historic shallow drilling has intercepted intersection below and along strike from the old workings including 2m @ 82.67 g/t gold and 1m @ 9.42 g/t gold.

KATALINA

Katalina has a number of old workings on a shear zone that hosted the gold. Historic intersections below the old workings include 2m @ 26.58 g/t gold, 6m @ 3.83 g/t gold and 2.0m @ 9.05 g/t gold. Heritage issues which prevented drilling of the area have been resolved.

Katalina Old Workings

BUNDARRA

A $1.5m convertible note was raised with Zulu Capital to undertake mining at the Celtic Pit. Unfortunately geotechnical problems developed and mining could not proceed. The convertible note was extended to January 2012 and a sale process to maximise the value of the gold assets commenced.

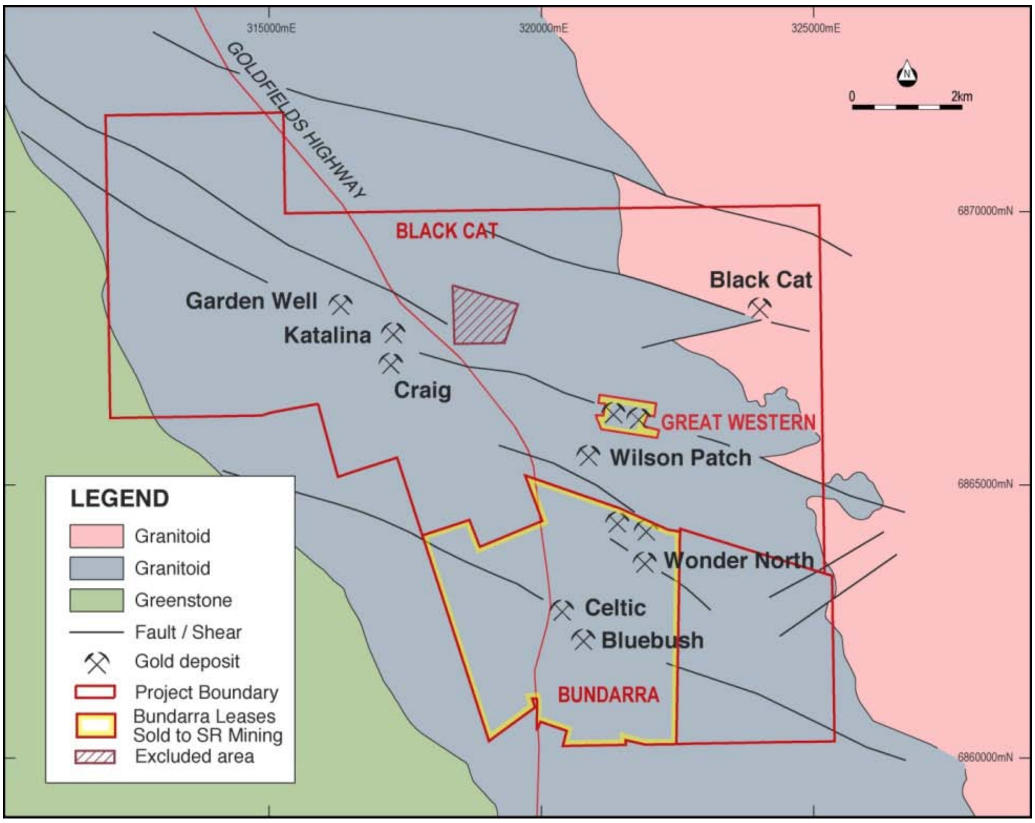
The $8m sale of Great Western and a number of the Bundarra leases to SR Mining Pty Ltd was announced on 22 July 2011.

The agreement involved:

- A$1.3m cash when approved by the TMX shareholders.
- A$0.7m cash when first gold produced or 1 year after receipt of initial payment.
- 1.0 g/ounce produced up to a total value of A$6.0m with a minimum payment of $600,000 per year.

This sale ensures a long-term income which will provide working capital requirements in the future and ensure Zulu Capital's convertible note can be repaid.

Bundarra Area Sold To SR Mining



DODGERS WELL

Initial negotiations for a J.V. at the Dodgers Well project located 30km north of Leonora have commenced. First pass exploration RC drilling in mid 2010 had some encouraging results.

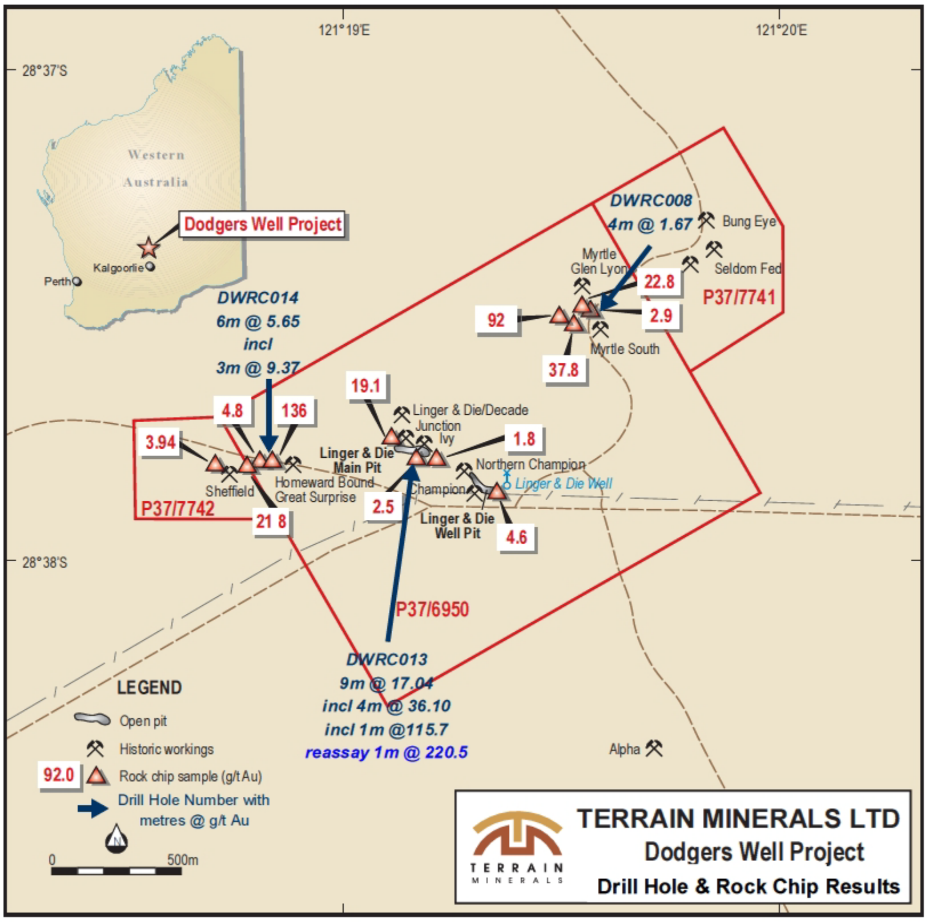
DWRC013

- 9m @ 17.04 g/t gold from 76m

DWRC014

- 6m @ 5.65 g/t gold from surface

Dodgers Well – Significant Historic Results



COMPETENT PERSONS STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

The information in this report that relates to Exploration Results and JORC compliant Mineral Resources is based on information compiled by Mr Alan Coles, who is a full time employee of Terrain Minerals Ltd. Mr Coles is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) and 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Coles consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

Your directors present their report for the financial year ended 30 June 2011.

DIRECTORS

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

NAMES	POSITION	APPOINTED/RESIGNED
Mr Richard Sandner	Chairman	
Mr Jonathan Lim	Vice Chairman	
Mr Chris Tomich	Managing Director	Resigned 1 June 2011
Mr Alan Coles	Managing Director	Appointed 1 June 2011
Mr Paul Dickson	Non-Executive Director	
Mr Keith Wells	Non-Executive Director	Resigned 29 November 2010

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

COMPANY SECRETARY

Mr Ian Hobson holds a bachelor of business degree and is a Chartered Accountant and Chartered Secretary. Mr Hobson provides company secretary services and corporate, management and accounting advice to a number of listed public companies involved in the resource, mining services and oil and gas industries.

PRINCIPAL ACTIVITIES

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

OPERATING RESULTS

The loss from ordinary activities after providing for income tax amounted to $(2,980,638) (2010: $1,633,765). This represented an 83% increase on the results reported for the year ended 30 June 2010. This was largely due to impairment of exploration assets.

REVIEW OF OPERATIONS

Convertible notes totalling A $1.5m were issued and the proceeds expended on mining operations at the Celtic Pit. Geotechnical problems developed and mining could not proceed. A sale process of the Bundarra Assets and the Coogee Deposit were undertaken culminating in agreements being entered into for their sale. The sale proceeds will repay the convertible note and provide ongoing income to fund future working capital.

DIVIDENDS PAID OR RECOMMENDED

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

FINANCIAL POSITION

The net assets of Terrain Minerals Limited have decreased by $1,974,331 from 30 June 2010 to $8,221,423 in 2011. The decrease has largely resulted from the following factors:

- Capital raisings of $1,083,070;
- Impairment of exploration assets of $2,050,555; and
- Issuing convertible notes of $1,500,000.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following significant changes in the state of affairs of the company occurred during the financial year:

(i) A new Managing Director, Mr Alan Coles, has been appointed in replacement of Mr Chris Tomich; and

(ii) An agreement has been signed to sell the company's Bundarra Gold Assets.

EVENTS SUBSEQUENT TO BALANCE DATE

The Company has entered into an agreement for the sale of its Bundarra assets to SR Mining Pty Limited ("SRM"), a non Related Party pursuant to a Tenement Sale Agreement between the Company and SRM dated 30 August 2011. The Company entered into an agreement for the sale of the Coogee Deposit to Colton Resources Limited (“CRL”), a non Related Party pursuant to a Tenement Sale Agreement between the Company and CRL dated 27 September 2011. Details of these transactions are provided in note 6.

Otherwise, 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.

FUTURE DEVELOPMENTS

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

ENVIRONMENTAL ISSUES

The company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

INFORMATION ON DIRECTORS

Mr Richard Sandner	Chairman
Experience	Mr. Sandner is a lawyer with experience in the resources arena and has thirty years senior managerial and corporate experience in the mining industry; having previously been the Managing Director and a founding director of Bendigo Mining NL, Reef Mining NL, and Purus Energy Ltd. Mr. Sandner successfully transformed Reef Mining from an explorer to a mining company. He is the past president of the Minerals Council of Australia – Victorian Division and is currently involved with a Victorian based unlisted gold and base metal explorer.
Interest in Shares and Options	1,900,000 options over ordinary shares and 2,000,001 ordinary shares.
Directorships held in other listed entities during the three years prior to the current year	Mr. Sandner held no other directorships of ASX listed companies during the last three years.
Mr Jonathan Lim	Vice Chairman
Experience	Mr. Lim is an entrepreneur having founded Romar Positioning Equipment Pty Ltd in 1984. Since then, Mr. Lim has grown Romar to a leading global heavy automation equipment manufacturer, principally in the energy, alternative energy, and oil & gas sector. Romar also has distribution facilities and associates in over 30 countries globally and was ranked 3rd place in the Singapore Enterprise E50 Awards in 2007. In 2008, Romar was acquired by a UK-based MNC. In addition to being an entrepreneur, Mr. Lim is also an avid investor, promoter and venture capitalist in various listed and unlisted companies in advanced materials, oil sands, heavy oil, electric cars and its allied industries, green industries, electronics and LEDs, mineral business and manufacturing businesses in both North and South America, Australia and North and SE Asia. Mr. Lim is Executive Chairman of ADVENTUS (SGX listed).
Interest in Shares and Options	1,500,000 options over ordinary shares and 34,150,202 shares.
Directorships held in other listed entities during the three years prior to the current year	Mr Lim held no other directorships of ASX listed companies during the last three years.

Mr Chris Tomich	Managing Director (resigned 1 June 2011)
Experience	Mr Tomich was the Exploration Manager, a position he has held since Terrain Minerals first listed. He has a BSc (Honors) degree from the University of Western Australia and is a Member of the Australian Institute of Geoscientists. Mr Tomich has been a member of the Terrain Executive Committee for several years and is a geologist who has been involved in the resources sector for over 30 years and has extensive experience in gold, uranium and base metal exploration. Mr Tomich has been involved in grass roots project generation to advanced resource evaluation and mining projects; during this time he has worked with a number of Australian and international companies, including PNC Exploration, Hunter Resources, Worsley Alumina, Herald Resources and Anglo American Exploration. He has been involved in several exploration discoveries and resource evaluations, including the Nimary, Mertondale and Boddington Gold Mines, and the Mulga Rocks Uranium Deposit in Western Australia.
Interest in Shares and options	1,010,000 options over ordinary shares and 45,000 shares.
Directorships held in other listed entities during the three years prior to the current year	Mr Tomich held no other directorships of ASX listed companies during the last three years.

Mr Alan Coles	Managing Director (appointed 1 June 2011)
Experience	Mr Coles is a qualified geologist and mining engineer with over 30 years experience in the mining industry. He has been directly involved in the operational development and management of numerous mining operations and responsible for all facets of operating procedures for exploration, environmental controls, ore processing and mining. Mr Coles has held senior executive roles with Bendigo Mining, Dominion Mining and Wesfarmers. Some of Alan's work has included the commissioning of the Tritton Copper Mine in NSW and development of the new Premier Coal Mine in Western Australia.
Interest in Shares and Options	Nil
Directorships held in other listed entities during the three years prior to the current year	Mr Coles held no other directorships of ASX listed companies during the last three years.
Mr Paul Dickson	Non-Executive Director
Experience	Mr Dickson has over 20 years experience in the Securities and Finance Industries since 1988, with an initial 3 years in banking followed by approximately 13 years in stock broking with the majority of his career spent at tier one firm Ord Minnett Ltd. In the past 6 years as a corporate advisor, with the majority of his time as a principal and co-founder of Paradigm Capital, Paul has originated IPO's and equity placements across the industrial and mining sectors for listed entities and been involved in seed capital raisings, and sub-underwritings during this time.
Interest in Shares and Options	1,736,445 options over ordinary shares and 1,208,558 shares.
Directorships held in other listed entities during the three years prior to the current year	Mr Dickson is also non-Executive Director (Deputy Chairman) of the ASX listed Alligator Energy Ltd, which listed in February 2011.

Mr Keith Wells	Non-Executive Director (resigned 29 November 2010)
Experience	Keith Wells is a geologist with over thirty years' experience in the mining industry, including over twenty years at senior management level. He also worked extensively as a consultant. He has worked in most states of Australia as well as overseas and has been involved with a number of successful exploration finds including: Henty gold deposit, Tasmania, Mt Coolon gold deposit, Queensland, Hamata gold deposit, PNG and Magellan lead deposit, WA.
Interest in Shares and Options	5,230,000 options over ordinary shares and 4,471,535 shares.
Directorships held in other listed entities during the three years prior to the current year	Mr Wells held no other directorships of ASX listed companies during the last 3 years.

MEETINGS OF DIRECTORS

During the financial year, 18 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	DIRECTORS' MEETINGS	
	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED
Mr Richard Sandner	18	18
Mr Jonathan Lim	18	17
Mr Chris Tomich	16	16
Mr Paul Dickson	18	18
Mr Alan Coles	2	2
Mr Keith Wells	7	7

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. The premiums for all directors amounted to $ 12,394.

OPTIONS

At the date of this report, the unissued ordinary shares of Terrain Minerals Limited under option, including those options issued during the year and since 30 June 2011 to the date of this report, are as follows:

GRANT DATE	DATE OF EXPIRY	EXERCISE PRICE	NUMBER UNDER OPTION
2 May 2007	22 March 2012	0.20	500,000
9 September 2008	10 September 2013	0.20	500,000
1 December 2008	30 November 2013	0.20	1,500,000
8 October 2009	8 October 2014	0.11	1,900,000
30 November 2009	30 November 2014	0.18	5,500,000
6 April 2011	5 April 2014	0.05	46,239,130
17 August 2010	31 December 2012	0.08	18,237,998
22 December 2010	31 December 2012	0.046	2,500,000
22 December 2010	31 December 2012	0.08	500,000
			77,377,128

During the year ended 30 June 2011, no ordinary shares of Terrain Minerals Limited were issued on the exercise of options granted.

PROCEEDINGS ON BEHALF OF COMPANY

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

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

NON-AUDIT SERVICES

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

- all non-audit services are reviewed and approved by the board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

NON-AUDIT SERVICES (CONTINUED)

The following fees were paid to the external auditors during the year ended 30 June 2011:

	2011	2010
	$	$
Auditing or reviewing the financial report	45,705	38,421
Taxation services	10,051	7,071
	55,756	45,492

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 27 of the Annual report.

REMUNERATION REPORT (AUDITED)

REMUNERATION POLICY

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

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

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

Alignment to shareholders' interests:

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

Alignment to program participants' interests:

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

The framework currently consists of fixed salaries and options.

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

NON-EXECUTIVE DIRECTORS

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

DIRECTORS' FEES

The current base remuneration was last reviewed with effect from May 2008. Directors' remuneration is inclusive of committee fees.

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.

REMUNERATION REPORT (CONTINUED)

REMUNERATION POLICY (CONTINUED)

RETIREMENT ALLOWANCES FOR DIRECTORS

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

PERFORMANCE BASED REMUNERATION

All staff (including 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 directors have not increased since the company listed on the ASX in March 2006. Executive remuneration remains in the bottom quartile of remuneration for comparable positions in the minerals industry.

EXECUTIVE PAY

The executive pay and reward framework has three components:

I. base pay and benefits
II. long-term incentives through participation in the Employee Share Option Scheme
III. other remuneration such as superannuation.

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

I. Base pay

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

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

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

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

II. Incentives

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

III. Other

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

REMUNERATION REPORT (CONTINUED)

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, and to the extent different, among the five company executives receiving the highest remuneration.

KEY MANAGEMENT PERSONNEL	POSITION HELD AS AT 30 JUNE 2011	CONTRACT DETAILS (DURATION & TERMINATION)	OPTIONS %	FIXED SALARY/ FEES %	TOTAL %
Mr Richard Sandner	Chairman	on-going basis with no termination benefits	17	83	100
Mr Jonathan Lim	Vice Chairman	on-going basis with no termination benefits	17	83	100
Mr Chris Tomich	Managing Director (resigned 1 June 2011)	agreement expired 31 Jan 2011. Termination benefit of base salary for remainder of agreement.	5	95	100
Mr Alan Coles	Managing Director	6 month contract with 3 month termination period. Termination benefit of base salary for remainder of agreement.	-	100	100
Mr Paul Dickson	Non-Executive Director	on-going basis with no termination benefits	17	83	100
Mr Keith Wells	Non-Executive Director (resigned 29 November 2010)	on-going basis with no termination benefits	33	67	100
Other Executives					
Ian Hobson	Company Secretary	on-gong basis with no termination benefits	-	100	100

The Directors receive options as part of their remuneration package, options are issued with an exercise price above the share price to act as an incentive to increase shareholder wealth. There is no performance criteria used in the issue of these options.

The employment terms and conditions of key management personnel are formalised in contracts of employment. All but the Managing Director are retained on an ongoing basis with no termination benefits.

REMUNERATION REPORT (CONTINUED)

REMUNERATION DETAILS FOR THE YEAR ENDED 30 JUNE 2011

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the key management personnel of Terrain Minerals Limited and, to the extent different, the five company executives receiving the highest remuneration:

		SALARY, FEES AND LEAVE	OTHER	SUPER-ANNUATION	SHARES	OPTIONS	TOTAL
		$	$	$	$	$	$
Key Management Personnel							
Mr Richard Sandler	2011	30,000	-	2,700	-	6,692	39,392
	2010	38,307	-	3,448	-	64,647	106,402
Mr Jonathan Lim	2011	32,700	-	-	-	6,692	39,392
	2010	27,250	-	-	-	64,647	91,897
Mr Chris Tomich	2011	203,682	-	15,644	-	11,449	230,775
	2010	146,613	-	12,933	-	42,482	202,028
Mr Alan Coles	2011	26,423	-	2,378	-	-	28,801
Mr Paul Dickson	2011	30,000	-	2,700	-	6,692	39,392
	2010	30,000	-	2,700	-	64,647	97,347
Mr Keith Wells	2011	12,500	-	1,125	-	6,692	20,317
	2010	173,508	-	15,278	-	161,617	350,403
Total Key Management Personnel	2011	335,305	-	24,547	-	38,217	398,069
	2010	415,678	-	34,359	-	398,040	848,077
Other Executives							
Mr Ian Hobson	2011	59,940	-	-	-	-	59,940
	2010	57,440	-	-	-	16,993	74,433
Total Other Executives	2011	59,940	-	-	-	-	59,940
	2010	57,440	-	-	-	16,993	74,433

SECURITIES RECEIVED THAT ARE NOT PERFORMANCE RELATED

Key management personnel are entitled to and do receive securities which are not performance-based as part of their remuneration package. The non-performance based options are received a payment for directors’ duties in lieu of cash. The Company views this as a way to remunerate the directors while preserving working capital.

REMUNERATION REPORT (CONTINUED)

CASH BONUSES, PERFORMANCE-RELATED BONUSES AND SHARE-BASED PAYMENTS

The terms and conditions relating to options and bonuses granted as remuneration during the year to key management personnel and other executives during the year are as follows:

KEY MANAGEMENT PERSONNEL	REMUNERATION TYPE	VESTING AND GRANT DATE	GRANT VALUE $	PERCENTAGE VESTED/PAID DURING THE YEAR %	PERCENTAGE FORFEITED DURING YEAR %	PERCENTAGE REMAINING AS UNVESTED %
Mr Richard Sandner	Options	22 December 2010	6,692	100	-	-
Mr Jonathan Lim	Options	22 December 2010	6,692	100	-	-
Mr Chris Tomich	Options	22 December 2010	11,449	100	-	-
Mr Paul Dickson	Options	22 December 2010	6,692	100	-	-
Mr Keith Wells	Options	22 December 2010	6,692	100	-	-

All options were issued by Terrain Minerals Limited and entitle the holder to 1 ordinary share in Terrain Minerals Limited for each option exercised.

There have not been any alterations to the terms or conditions of any grants since grant date.

REMUNERATION REPORT (CONTINUED)

DESCRIPTION OF OPTIONS ISSUED AS REMUNERATION

Details of the options granted as remuneration to those key management personnel and executives listed in the previous table are as follows:

GRANT DATE	ISSUER	ENTITLEMENT ON EXERCISE	DATES EXERCISABLE	EXERCISE PRICE $	VALUE PER OPTION AT GRANT DATE $	AMOUNT PAID/ PAYABLE BY RECIPIENT $
22 December 2010	Terrain Minerals Limited	1:1 Ordinary shares in Terrain Minerals Limited	On or before 31/12/12	0.046	0.013	-
22 December 2010	Terrain Minerals Limited	1:1 Ordinary shares in Terrain Minerals Limited	On or before 31/12/12	0.08	0.009	-

Option values at grant date were determined using the Black-Scholes method.

END OF (AUDITED) REMUNERATION REPORT

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

Alan Coles

Managing Director

Dated: 30 September 2011

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

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

30 September 2011

Terrain Minerals Limited
The Board of Directors
Level 1, Adams House
Suite 4, 230 Rokeby Road
SUBIACO WA 6008

Dear Sirs,

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

As lead auditor of Terrain Minerals Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

C Burton

Chris Burton
Director

BDO

BDO Audit (WA) Pty Ltd
Perth, Western Australia

Board Composition

The skills, experience and expertise relevant to the position of each director, and board committee member, who is in office at the date of the annual report and their term of office, are detailed in the Director's report.

The independent directors of the Company are Richard Sandner and Paul Dickson.

When determining the independent status of a Director the Board used the Guidelines detailed in the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations.

The Board sets out below its "if not why not" report in relation to those matters of corporate governance where the Company's practices depart from the Recommendations.

Recommendation		Terrain Minerals Limited Current Practice
1.1	Companies should establish the functions reserved for the board and those delegated to senior executives and disclose those functions.	Satisfied. The functions reserved for the Board and delegated to senior executives have been established. The Board Charter is available at www.terrainminerals.com.au in the Corporate Governance section.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Satisfied. Formal evaluation process has been adopted. The Performance Evaluation Policy is available at www.terrainminerals.com.au in the Corporate Governance section.
1.3	Companies should provide the information indicated in the Guide for reporting on Principle 1	Satisfied The Board Charter is available at www.terrainminerals.com.au in the Corporate Governance section. Formal appraisals of management were not conducted as the composition of senior management changed during the year.
2.1	A majority of the board should be independent directors.	Not Satisfied. Two of the four directors are independent directors being Richard Sandner and Paul Dickson who are Non Executive independent directors as defined in ASX guidelines.

2.2	The chair should be an independent director.	Satisfied. Mr Richard Sandner is an independent director.
2.3	The roles of chair and Chief Executive Officer should not be exercised by the same individual.	Satisfied.
2.4	The board should establish a nomination committee.	Not satisfied. The directors consider that given the small size of the company and the board that the functions of this committee are best dealt with by the entire board.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Satisfied. Board Performance Evaluation Policy is available at www.terrainminerals.com.au in the Corporate Governance section.
2.6	Companies should provide the information indicated in the guide to reporting on Principle 2	Satisfied No formal board or committee appraisals were completed during the year.
3.1	Companies should disclose a code of conduct and disclose the code or a summary of the code as to: - The practices necessary to maintain confidence in the company's integrity - The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders - The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Satisfied. The Code of Conduct is available at www.terrainminerals.com.au in the Corporate Governance section.
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	Satisfied. The Trading Policy is available at www.terrainminerals.com.au in the Corporate Governance section.
3.3	Companies should provide the information indicated in the Guide to reporting on Principle 3	Satisfied

4.1	The board should establish an audit committee.	Not satisfied. The directors consider that given the small size of the company and the board that the functions of this committee are best dealt with by the entire board.
4.2	The audit committee should be structured so that it: - Consists only of non-executive directors - Consists of a majority of independent directors - Is chaired by an independent chair, who is not chair of the board - Has at least three members	Not satisfied. The committee has not been formed.
4.3	The audit committee should have a formal charter.	Satisfied.
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	Satisfied. The audit committee charter is available at www.terrainminerals.com.au in the Corporate Governance section.
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	Satisfied. Continuous disclosure policy is available at www.terrainminerals.com.au in the Corporate Governance section.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5	Satisfied
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of their policy.	Satisfied. Shareholders communication strategy is available at www.terrainminerals.com.au in the Corporate Governance section.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6	Satisfied
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Satisfied. The company has established policies for the oversight and management of material business risks. Risk management program is available at www.terrainminerals.com.au in the Corporate Governance section.

7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Not satisfied. Management consists of the managing director, who works closely with the board on a regular basis to manage material business risks. Management have not separately reported to the Board that those risks are being managed effectively.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Satisfied. The Board has received a section 295A declaration pursuant to the 2011 financial period.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7	Satisfied
8.1	The board should establish a remuneration committee.	Not satisfied. The directors consider that given the small size of the company and the board that the functions of this committee are best dealt with by the entire board.
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The structure of Directors' remuneration is disclosed in the remuneration report of the annual report.
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8	The remuneration committee charter is available at www.terrainminerals.com.au in the Corporate Governance section.

Further information about the Company's corporate governance practices is set out on the Company's website at www.terrainminerals.com.au.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	2011	2010
		$	$
Income from continuing operations	2	166,654	26,468
		166,654	26,468
Employee benefits expense		(436,452)	(900,223)
Depreciation expense		(23,222)	(39,679)
Convertible note expenses		(142,500)	-
Administrative expenses		(322,647)	(594,003)
Exploration expenditure write off		(3,479)	(27,304)
Impairment of exploration assets held for sale	9	(2,050,555)	-
Finance costs		(120,070)	-
Occupancy costs		(48,367)	(99,024)
Profit (loss) before income taxes		(2,980,638)	(1,633,765)
Income tax expense	3	-	-
Other comprehensive income		-	-
Total comprehensive income for the year		(2,980,638)	(1,633,765)
Profit (loss) from continuing operations attributable to:			
Members of the parent entity		(2,980,638)	(1,633,765)
		(2,980,638)	(1,633,765)
Earnings per share			
From continuing operations:			
Basic earnings per share (cents)	16	(1.60)	(1.24)
Diluted earnings per share (cents)	16	n/a	n/a

These financial statements should be read in conjunction with the accompanying notes

TERRAIN MINERALS LIMITED

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	2011 $	2010 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	531,018	1,071,622
Trade and other receivables	5	357,120	382,671
Other assets	8	42,632	-
Non-current assets held for sale	6	6,227,800	426,977
TOTAL CURRENT ASSETS		7,158,570	1,881,270
NON-CURRENT ASSETS			
Property, plant and equipment	7	13,501	35,223
Exploration expenditure	9	2,646,538	8,526,008
TOTAL NON-CURRENT ASSETS		2,660,039	8,561,231
TOTAL ASSETS		9,818,609	10,442,501
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	88,636	146,747
Current - employee benefits	13	8,550	-
Other liabilities	11	-	100,000
Financial liabilities	12	1,500,000	-
TOTAL CURRENT LIABILITIES		1,597,186	246,747
TOTAL LIABILITIES		1,597,186	246,747
NET ASSETS		8,221,423	10,195,754
EQUITY			
Issued capital	14	16,287,396	15,319,307
Reserves	15	1,242,479	1,204,261
Accumulated losses		(9,308,452)	(6,327,814)
TOTAL EQUITY		8,221,423	10,195,754

These financial statements should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

2011

	ORDINARY SHARES $	ACCUMULATED LOSSES $	SHARE BASED PAYMENT RESERVE $	TOTAL $
Balance at 1 July 2010	15,319,307	(6,327,814)	1,204,261	10,195,754
Profit (loss) attributable to members of the parent entity	-	(2,980,638)	-	(2,980,638)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	(2,980,638)	-	(2,980,638)
Transactions with owners in their capacity as owners				
Shares issued during the year	1,083,070	-	-	1,083,070
Transaction costs	(114,981)	-	-	(114,981)
Share based payments	-	-	38,218	38,218
Sub-total	968,089	(2,980,638)	38,218	(1,974,331)
Balance at 30 June 2011	16,287,396	(9,308,452)	1,242,479	8,221,423

2010

	ORDINARY SHARES $	ACCUMULATED LOSSES $	SHARE BASED PAYMENT RESERVE $	TOTAL $
Balance at 1 July 2009	13,110,389	(4,694,049)	707,401	9,123,741
Profit (loss) attributable to members of the parent entity	-	(1,633,765)	-	(1,633,765)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	(1,633,765)	-	(1,633,765)
Transactions with owners in their capacity as owners				
Shares issued during the year	2,400,310	-	-	2,400,310
Transaction costs	(191,392)	-	-	(191,392)
Share based payments	-	-	496,860	496,860
Sub-total	2,208,918	(1,633,765)	496,860	1,072,013
Balance at 30 June 2010	15,319,307	(6,327,814)	1,204,261	10,195,754

These financial statements should be read in conjunction with the accompanying notes

TERRAIN MINERALS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	2011 $	2010 $
CASH FROM OPERATING ACTIVITIES:			
Payments to suppliers and employees		(1,011,869)	(999,941)
Interest received		46,654	24,534
Interest paid		(90,070)	(10,014)
Net cash provided by (used in) operating activities	24	(1,055,285)	(985,421)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(1,500)	(18,998)
Deposit from sale of tenement		20,000	100,000
Exploration and evaluation expenditure		(1,971,908)	(1,289,989)
Net cash used by investing activities		(1,953,408)	(1,208,987)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		1,083,070	2,086,310
Proceeds from convertible note		1,500,000	-
Payment of share issue costs		(114,981)	(130,803)
Net cash used by financing activities		2,468,089	1,955,507
OTHER ACTIVITIES:			
Net increase (decrease) in cash held		(540,604)	(238,901)
Cash and cash equivalents at beginning of year		1,071,622	1,310,523
Cash and cash equivalents at end of financial year	4	531,018	1,071,622

These financial statements should be read in conjunction with the accompanying notes

This financial report includes the financial statements and notes of Terrain Minerals Limited (the company).

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Terrain Minerals Limited is a 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 and the *Corporations Act 2001*.

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. The financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial reports have been prepared on an accruals basis and are 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.

GOING CONCERN

For the period ended 30 June 2011 the Company incurred a net loss of $2,980,638 (2010: $1,633,765). At 30 June 2011, the cash balance was $531,018 (2010: $1,071,622). The accounts have been prepared on a going concern basis. The Directors have determined that future capital raisings and/or asset sales will be required in order to continue the exploration and development of the company's mining tenements to achieve a position where they can prove exploration reserves.

The ability of the Company to continue as a going concern is dependent upon the Company raising further capital or realising funds from the sale of assets sufficient to meet the Company's expenditure commitments.

The Directors have prepared a cash flow forecast for the foreseeable future reflecting the above mentioned expectations and their effect upon Terrain Minerals Ltd. The achievement of the forecast is dependent upon the future capital raising and/or sale of assets, the outcome of which is uncertain.

In the event that sufficient capital raising and/or asset sales at an amount and timing necessary to meet the future budgeted operational and investing activities of the company is unfavourable the Directors believe that they will be able to contain the operating and investment activities sufficiently to ensure that Terrain Minerals Ltd can meet its debts as and when they become due and payable.

In the event that the events referred to above results in a negative outcome, then the going concern basis of accounting may not be appropriate with the result that the Company may have to realise its assets and extinguish its liabilities other than in the normal course of business and in amounts different from that stated in the financial report.

The financial report does not include any adjustments relating to the recoverability or classification of recorded amounts or classification of liabilities that might be necessary should Terrain Minerals Ltd not be able to continue as a going concern.

(A) REVENUE AND OTHER INCOME

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

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

(B) INCOME TAX

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

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

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

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

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

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

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(B) INCOME TAX (CONTINUED)

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.

(C) EMPLOYEE BENEFITS

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

(D) PROVISIONS

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

(E) CASH AND CASH EQUIVALENTS

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(F) FINANCIAL INSTRUMENTS

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

(a) the amount at which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments;

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and

(d) less any reduction for impairment.

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

The company does not designate any interest as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(F) FINANCIAL INSTRUMENTS (CONTINUED)

managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) *Loans and receivables*

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

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

(iii) *Financial liabilities*

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

Convertible notes are issued from the Company and are convertible at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a convertible note is recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the convertible note as a whole and the fair value of the liability component.

Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

DERECOGNITION

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(G) PROPERTY, PLANT AND EQUIPMENT

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

PLANT AND EQUIPMENT

Plant and equipment are measured on the cost basis.

DEPRECIATION

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

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Property, plant and equipment is derecognised and removed from the statement of financial position on disposal or when no future economic benefits are expected. Gains and losses from derecognition are measured as the difference between the net disposal proceeds, if any, and the carrying amount and are recognised in profit or loss.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(G) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

(H) EXPLORATION AND DEVELOPMENT EXPENDITURE

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

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

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation 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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) IMPAIRMENT OF ASSETS

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

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

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

Non-financial assets, other than inventories, deferred tax assets, assets from employee benefits, investment properties, biological assets, and deferred acquisition costs, are assessed for any indication of impairment at the end of each reporting period. Any indication of impairment requires formal testing of impairment by comparing the carrying amount of the asset to an estimate of the recoverable amount of the asset. An impairment loss is calculated as the amount by which the carrying amount of the asset exceeds the recoverable amount of the asset.

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

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

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

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(J) TRADE AND OTHER PAYABLES

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

(K) 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.

(L) LEASES

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

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

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(M) BORROWING COSTS

For periods beginning on or after January 1, 2009, borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to ready for its intended use are capitalised as part of the cost of the asset.

Other borrowing costs are expensed in the period in which they occur. Borrowing costs consists of finance charges and interest expenses calculated using the effective interest method, and include exchange differences arising from foreign currency borrowings to the extent that they are regarded as interest cost adjustments.

(N) SHARE-BASED PAYMENT TRANSACTIONS

Employees of the Company receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

When the goods or services acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(N) SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

The cost of equity-settled transactions and the corresponding increase in equity is measured at the fair value of the goods or services acquired. Where the fair value of the goods or services received cannot be reliably estimated, the fair value is determined indirectly by the fair value of the equity instruments using the Black Scholes option valuation technique.

Equity-settled transactions that vest after employees complete a specified period of service are recognised as services received during the vesting period with a corresponding increase in equity.

(O) NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less cost to sell. For non-current assets to be classified as held for sale, they must be available for immediate sale in the present condition and their sale must be highly probable. Non-current assets are not depreciated while they are classified as held for sale. Non-current assets classified as held for sale are presented separately on the face of the statement of financial position, in current assets.

(P) 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 JUDGMENTS - EXPLORATION AND EVALUATION EXPENDITURE

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

KEY JUDGEMENTS - SHARE-BASED PAYMENT TRANSACTIONS

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes method. The related assumptions are detailed in note 25. 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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(Q) NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these standards. A discussion of those future requirements and their impact on the company is as follows:

- AASB 9: Financial instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or alter 1 January 2013).

  These standards are applicable retrospectively and amend the classification and measurement of financial assets. The company has not yet determined the potential impact on the financial statements.

  The changes made to accounting requirements include:

  – simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
  – simplifying the requirements for embedded derivatives;
  – removing the tainting rules associated with held-to-maturity assets;
  – removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
  – allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
  – reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:

    (a) the objective of the entity's business model for managing the financial assets; and
    (b) the characteristics of the contractual cash flows.

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011)

This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the company.

The company does not anticipate early adoption of any of the above accounting standards. There are no other new or amended accounting standards issued by the Australian Accounting Standards Board that have mandatory application dates for future reporting periods that are likely to impact on the Company.

2 LOSS FOR THE YEAR

	2011	2010
	$	$
Interest income	46,654	24,534
Other Income	-	1,934
Forfeit of deposit by purchaser of tenement	120,000	-
Income from continuing operations	166,654	26,468
Other Expenses:		
Minimum lease payments	(48,367)	(99,024)
Share based payments	(38,218)	(496,860)

3 INCOME TAX EXPENSE

(A) THE COMPONENTS OF TAX EXPENSE COMPRISE:

Current tax	-	-
Deferred tax	-	-

(B) THE PRIMA FACIE TAX ON LOSS BEFORE INCOME TAX IS RECONCILED TO THE INCOME TAX AS FOLLOWS:

	2011	2010
	$	$
Prima facie tax payable on loss before income tax at 30% (2010: 30%)	(894,191)	(490,129)
Tax effect of permanent:		
- Share based payments	11,465	246,434
- Other non deductable expenses	1,015	(109,021)
Tax effect of timing not recognised		
- Exploration expenditure	(104,499)	(365,894)
- Other	(49,570)	-
- Tax losses	1,035,780	718,610
Income tax attributable to entity	-	-

3 INCOME TAX EXPENSE (CONTINUED)

(c) UNRECOGNISED DEFERRED TAX ASSETS/LIABILITIES

	2011	2010
	$	$
Unrecognised DTA		
- Tax loss	5,612,456	4,506,182
- Other	102,530	107,102
	5,714,986	4,613,284
Unrecognised DTL		
- Exploration expenditure	(2,662,301)	(2,871,189)
- Other	(357)	-
Net DTA/DTL	3,052,328	1,742,095

The Company has tax losses of $18,708,186 (2010: 15,020,607) that are available indefinitely for offset against future taxable profits of the Company. The recoupment of available tax losses as at 30 June 2011 are contingent upon, the Company deriving future assessable income of a nature and of an amount sufficient to enable the benefit from the losses to be realised; the conditions for deductibility imposed by tax legislation continuing to be complied with; and there being no changes in tax legislation which would adversely affect the Company from realising the benefits from the losses.

4 CASH AND CASH EQUIVALENTS

	2011	2010
	$	$
Cash on hand	531,018	1,071,622
	531,018	1,071,622

5 TRADE AND OTHER RECEIVABLES

	2011	2010
	$	$
CURRENT		
Trade receivables	23,120	-
Prepayments	-	48,671
Security Deposits	334,000	334,000
	357,120	382,671

6 NON-CURRENT ASSETS HELD FOR SALE

	2011 $	2010 $
Bundarra and Great Western tenements	5,790,632	-
Coogee Gold Deposit	437,168	426,977
	6,227,800	426,977

Bundarra and Great Western Tenements
The Company has entered into an agreement for the sale of its Bundarra assets to SR Mining Pty Limited ("SRM"), a non Related Party pursuant to a Tenement Sale Agreement between the Company and SRM dated 30 August 2011.

Consideration
The consideration to be paid for the purchase of the Sale Assets comprises a cash payment of $1.3 million at completion, and deferred consideration of $700,000 ("Deferred Consideration") which is payable on the first anniversary of completion or when SRM commences production of gold in commercial quantities, whichever occurs first. In addition, SRM must pay a royalty to the Company ("Royalty"), by arranging for Perth Mint to credit to the Company's bullion storage account at Perth Mint the amount of 1 gram of refined gold bullion for each ounce of refined gold bullion produced from the Sale Assets, on a quarterly basis. The Royalty obligation is capped at $6,000,000 with provision for a minimum cash shortfall payment of $600,000 per annum to be paid to the Company in the years after the Deferred Consideration has been paid, regardless of whether commercial production has commenced. The net present value of the amounts receivable under the Agreement has been calculated using a discount rate of 6.75%.

Coogee Gold Deposit
The Company entered into an agreement for the sale of the Coogee Deposit to Colton Resources Limited (“CRL”), a non Related Party pursuant to a Tenement Sale Agreement between the Company and CRL dated 27 September 2011.

Consideration
The consideration payable involves:

- $300,000 non refundable deposit
- $150,000 when CRL lists
- 1,500,000 CRL shares in the IPO

The total value of the sale is A$0.75m. The abovementioned structured payments of the sale agreement are conditional on CRL listing on the ASX by 31 March 2012. If this fails to occur CRL has an option to purchase the deposit on payment of a further $200,000.

The Company is also in the early stages of negotiating terms for the farm out of an 80% interest in Dodgers Well by 2014, subject to the proposed acquiring party obtaining in principle approval to list on ASX amongst other conditions by April 2012.

7 PROPERTY, PLANT AND EQUIPMENT

	2011	2010
	$	$
PLANT AND EQUIPMENT		
- at cost	193,623	192,123
- accumulated depreciation	(180,122)	(156,900)
Total property, plant and equipment	13,501	35,223

MOVEMENTS IN CARRYING AMOUNTS

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

	PLANT AND EQUIPMENT	TOTAL
	$	$
Balance at 30 June 2011		
Balance at the beginning of the year	35,223	35,223
Additions	1,500	1,500
Depreciation expense	(23,222)	(23,222)
Carrying amount at the end of 30 June 2011	13,501	13,501
Balance at 30 June 2010		
Balance at the beginning of the year	55,904	55,904
Additions	18,998	18,998
Depreciation expense	(39,679)	(39,679)
Carrying amount at the end of the 30 June 2010	35,223	35,223

8 OTHER ASSETS

	2011 $	2010 $
CURRENT		
Prepayments	42,632	-
	42,632	-

9 EXPLORATION EXPENDITURE

	Note	2011 $	2010 $
Balance at beginning of the year		8,526,008	7,817,217
Non-current assets classified as held for sale	6	(5,800,823)	(426,977)
Purchase of mineral tenements		-	50,000
Expenditure during the year		1,971,908	1,113,072
Impairment		(2,050,555)	(27,304)
Exploration expenditure at cost		2,646,538	8,526,008

The recoverability of the carrying amount of the transaction and evaluation assets are dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

10 TRADE AND OTHER PAYABLES

	2011 $	2010 $
CURRENT		
Trade payables	9,523	98,532
Other payables	79,113	48,215
	88,636	146,747

11 OTHER LIABILITIES

	2011	2010
	$	$
CURRENT		
Unearned revenue	-	100,000
	-	100,000

This current amount relates to part payment for sale of the Coogee Gold deposit.

12 FINANCIAL LIABILITIES

	2011	2010
	$	$
CURRENT		
Convertible notes	1,500,000	-
	1,500,000	-

The Company entered into a Convertible Note Deed with Zulu Capital Limited dated 20 October 2010 under which the Company was entitled to borrow $1,500,000 for the purpose of short term funding of its mining and processing costs for its Celtic pit ore, between October 2010 and January 2011. The loan was repayable within 6 months, which is by 20 April 2011, unless extended by another 6 months at the request of the Company and at the discretion of Zulu Capital Limited and is subject to interest at 12% per annum. The advance was fully drawn on 1 November 2010.

By a Supplementary Agreement to the Convertible Note Deed dated 2 May 2011, Zulu Capital Limited and the Company have agreed that the maturity date, (ie. the repayment date for the loan) is now extended to 2 January 2012 or the date when the Company completes its divestment of M37/54, whichever occurs first, as foreshadowed in the Company's ASX announcement on 17 February 2011.

The loan is currently secured by a fixed charge over mining lease M37/54. Zulu Capital Limited has the right to convert the debt of $1,500,000 to equity in multiples of $250,000 at a conversion price of $0.023 per Share.

13 PROVISIONS

	2011	2010
	$	$
Current - employee benefits	8,550	-
	8,550	-

14 ISSUED CAPITAL

	2011	2010
	$	$
217,978,005 (2010: 171,228,249) Ordinary shares	17,657,403	16,574,333
Share issue costs written off against share capital	(1,370,007)	(1,255,026)
	16,287,396	15,319,307

ORDINARY SHARES

	No.	$
Balance at 1 July 2009	117,266,338	14,174,023
Placement – 13 February 2009 at $0.05	8,323,000	416,150
Placement on exercise of Dodgers Wells option – 14 December 2009 at $0.085	588,235	50,000
Placement pursuant to Fortrend Equity Facility – 23 December 2009 at $0.086	875,040	74,973
Placement– 31 December 2009 at $0.05	10,459,387	522,969
In Lieu of corporate advisory fee – 19 April 2010 at $0.048	5,500,000	264,000
Rights issue – 25 May 2010 at $0.038	12,790,944	486,056
Shortfall – rights issue – 9 June 2010 at $0.038	15,425,305	586,162
Shortfall placement - 17 August 2010 at $0.038	510,626	19,570
Placement - 16 February 2011 at $0.023	24,500,000	563,500
Placement - 11 April 2011 at $0.023	21,739,130	500,000
	217,978,005	17,657,403

OPTIONS

(i) For information relating to Terrain Minerals Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year end, refer to Note 25.

(ii) For information relating to share options issued to key management personnel during the financial year, refer to Note 20.

15 RESERVES

OPTION RESERVE

The option reserve records items recognised as expenses on valuation of employee share options.

16 EARNINGS PER SHARE

	2011	2010
	$	$
Loss used to calculate basic EPS	(2,980,638)	(1,633,765)
Loss used in calculation of dilutive EPS	(2,980,638)	(1,633,765)

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

	2011	2010
	No.	No.
Weighted average number of ordinary shares outstanding during the year - No. used in calculating basic EPS	185,728,782	132,119,227

Diluted earnings per share is not reflected for discontinuing operations as the result is anti-dilutive in nature

17 CAPITAL AND LEASING COMMITMENTS

LEASE COMMITMENTS

	2011	2010
	$	$
Payable - lease payments:		
- not later than 12 months	98,545	113,623
- between 12 months and 5 years	98,545	122,783
	197,090	236,405

CAPITAL EXPENDITURE COMMITMENTS

Payable:		
- not later than 12 months	542,068	534,330
- between 12 months and 5 years	2,168,272	2,137,320
- greater than 5 years	2,077,498	1,272,805
	4,787,838	3,944,455

18 FINANCIAL RISK MANAGEMENT

Financial instruments consist mainly of deposits with banks, accounts receivable and payable and convertible notes.

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

	WEIGHTED AVERAGE INTEREST RATE (%)	NOTE	2011 $	2010 $
Financial Assets				
Cash and cash equivalents	3.25	4	531,018	1,071,622
Total current trade and other receivables	-	5	357,120	382,671
Total Financial Assets			888,138	1,454,293
Financial Liabilities				
Trade and other payables	-	10	88,636	146,747
Convertible note	12.0	12	1,500,000	-
Total Financial Liabilities			1,588,636	146,747

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

FINANCIAL RISK MANAGEMENT POLICIES

Exposure to key financial risks is managed in accordance with the Group'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 raise 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 expose to price risk.

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

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

18 FINANCIAL RISK MANAGEMENT (CONTINUED)

SPECIFIC FINANCIAL RISK EXPOSURES AND MANAGEMENT

(A) CREDIT RISK

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

The company trades only with recognised, creditworthy third parties. The receivables at 30 June 2011 were mostly bonds over exploration tenements held with the Department of Industry and Resources. The credit risk of bonds held by such government institutions is negligible.

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 balance date cash and deposits were held with National Australia Bank, a AAA credit rated bank.

(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.

18 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial liability and financial asset maturity analysis

	WITHIN 1 YEAR		1 TO 5 YEARS		TOTAL CONTRACTUAL CASH FLOW	
	2011	2010	2011	2010	2011	2010
	$	$	$	$	$	$
Financial liabilities due for payment						
Financial liability	1,500,000	-	-	-	1,500,000	-
Trade and other payables	88,636	146,747	-	-	88,636	146,747
Total contractual outflows	1,588,636	146,747	-	-	1,588,636	146,747
Total expected outflows	1,588,636	146,747	-	-	1,588,636	146,747
Financial assets - cash flows realisable						
Trade and other receivables	357,120	382,671	-	-	357,120	382,671
Total anticipated inflows	357,120	382,671	-	-	357,120	382,671
Net (outflow)/inflow on financial instruments	(1,231,516)	235,924	-	-	(1,231,516)	235,924

(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 balance date, the company does not have any borrowings. Interest on the convertible note is fixed. 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 should 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.

19 OPERATING SEGMENTS

IDENTIFICATION OF REPORTABLE SEGMENTS

Terrain Minerals Limited has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

Terrain Minerals Limited operates in Australia in mining and exploration which the CODM considered to be one segment.

20 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 2011.

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

	2011 $	2010 $
Short-term employee benefits	395,245	473,118
Post-employment benefits	24,547	34,359
Share-based payments	38,217	415,033
	458,009	922,510

20 INTERESTS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

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 2011	BALANCE AT BEGINNING OF YEAR	GRANTED AS REMUNERATION DURING THE YEAR	EXERCISED DURING THE YEAR	OTHER CHANGES DURING THE YEAR	BALANCE AT END OF YEAR	VESTED DURING THE YEAR	VESTED AND EXERCISABLE	VESTED AND UNEX-ERCISABLE
Mr Richard Sandner	1,400,000	500,000	-	-	1,900,000	-	-	-
Mr Jonathan Lim	1,000,000	500,000	-	-	1,500,000	-	-	-
Mr Chris Tomich	10,000	1,000,000	-	-	1,010,000	-	-	-
Mr Alan Coles	-	-	-	-	-	-	-	-
Mr Paul Dickson	1,236,445	500,000	-	-	1,736,445	-	-	-
Mr Keith Wells	4,730,000	500,000	-	-	5,230,000	-	-	-
Mr Ian Hobson	400,000	-	-	-	400,000	-	-	-
	8,776,445	3,000,000	-	-	11,776,445	-	-	-

30 JUNE 2010	BALANCE AT BEGINNING OF YEAR	GRANTED AS REMUNERATION DURING THE YEAR	EXERCISED DURING THE YEAR	OTHER CHANGES DURING THE YEAR	BALANCE AT END OF YEAR	VESTED DURING THE YEAR	VESTED AND EXERCISABLE	VESTED AND UNEX-ERCISABLE
Mr Richard Sandner	-	1,000,000	-	400,000	1,400,000	1,000,000	1,400,000	-
Mr Jonathan Lim	-	1,000,000	-	-	1,000,000	1,000,000	1,000,000	-
Mr Chris Tomich	1,046,295	1,000,000	-	(2,036,295)	10,000	1,000,000	10,000	-
Mr Paul Dickson	51,000	1,000,000	-	185,445	1,236,445	1,000,000	1,236,445	-
Mr Keith Wells	3,275,000	2,500,000	-	(1,045,000)	4,730,000	2,500,000	4,730,000	-
Mr Ian Hobson	-	400,000	-	-	400,000	400,000	400,000	-
	4,372,295	6,900,000	-	(2,495,850)	8,776,445	6,900,000	8,776,445	-

20 INTERESTS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

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 2011					
Mr Richard Sandler	2,000,001	-	-	-	2,000,001
Mr Jonathan Lim	34,150,202	-	-	-	34,150,202
Mr Chris Tomich	45,000	-	-	-	45,000
Mr Alan Coles	-	-	-	-	-
Mr Paul Dickson	1,208,558	-	-	-	1,208,558
Mr Keith Wells	4,471,535	-	-	-	4,471,535
	41,875,296	-	-	-	41,875,296

	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 2010					
Mr Richard Sandner	-	-	-	2,000,001	2,000,001
Mr Jonathan Lim	-	-	-	34,150,202	34,150,202
Mr Chris Tomich	378,000	-	-	(333,000)	45,000
Mr Paul Dickson	735,668	-	-	472,890	1,208,558
Mr Keith Wells	3,235,000	-	-	1,236,535	4,471,535
Mr W Bannister	-	-	-	38,104	38,104
	4,348,668	-	-	37,564,732	41,913,400

OTHER KEY MANAGEMENT PERSONNEL TRANSACTIONS

There have been no other transactions involving equity instruments other than those described in the tables above. For details of other transactions with key management personnel, refer to Note 23: Related Party Transactions.

21 AUDITORS' REMUNERATION

	2011	2010
	$	$
Remuneration of the auditor of the company for:		
- Audit services	45,705	38,421
- Taxation advice	10,051	7,071
	55,756	45,492

22 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

23 RELATED PARTY TRANSACTIONS

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

Other than those transactions with key management personnel disclosed at note 20, there were no related party transactions during the year.

There are no loans to directors or key management personnel at 30 June 2011.

24 CASH FLOW INFORMATION

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

	2011	2010
	$	$
Net income for the period	(2,980,638)	(1,633,765)
Non-cash flows in profit		
Depreciation	23,222	39,679
Share based payments	38,218	700,273
Exploration written off	2,050,555	27,304
Deposits received on sale of tenements	(120,000)	-
Changes in assets and liabilities		
(Increase)/decrease in trade and term receivables	(23,120)	(5,574)
(Increase)/decrease in prepayments	6,039	-
Increase/(decrease) in trade payables and accruals	(49,561)	(113,338)
Net cash outflows from operating activities	(1,055,285)	(985,421)

25 SHARE-BASED PAYMENTS

The Group made two tranches of share based payments comprising options issued during the period.

Tranche 1 was granted to the directors of the company on 22 December 2010. The options were valued under the Black Scholes option valuation model using the following inputs.

Number of options:	2,500,000	Risk free interest rate:	5.19%
Exercise price:	$0.046	Share price at date of issue:	$0.03
Expected exercise price:	31 December 2012	Expected volatility:	100%
Each option was valued at	$0.013		

Tranche 2 was granted to Mr Chris Tomich on 22 December 2010. The options were valued under the Black Scholes option valuation model using the following inputs.

Number of options:	500,000	Risk free interest rate:	5.19%
Exercise price:	$0.08	Share price at date of issue:	$0.03
Expected exercise price:	31 December 2012	Expected volatility:	100%
Each option was valued at	$0.009		

25 SHARE-BASED PAYMENTS (CONTINUED)

A summary of the movements of all Company options issued as share based payments is as follows:

	NUMBER	WEIGHTED AVERAGE EXERCISED PRICE
Options outstanding as at 30 June 200930 June 2009	3,100,000	$0.20
Granted	7,400,000	$0.16
Options outstanding as at 30 June 2010	**10,500,000**	**$0.17**
Granted	3,000,000	$0.05
Options outstanding as at 30 June 2011	**13,500,000**	**$0.15**

The weighted average remaining contractual life of options outstanding at year end was 2.84 years.

At the end of the financial year, options over ordinary shares on issue are as shown below:

500,000	options exercisable at 20 cents and expiring 22 March 2012
500,000	options exercisable at 20 cents and expiring 10 September 2013
1,500,000	options exercisable at 20 cents and expiring 30 November 2013
1,900,000	options exercisable at 11 cents and expiring 8 October 2014
5,500,000	options exercisable at 18 cents and expiring 30 November 2014
18,237,998	quoted options exercisable at 8 cents and expiring 31 December 2012
46,239,130	options exercisable at 5 cents and expiring 5 April 2014
2,500,000	options exercisable at 4.6 cents and expiring 31 December 2012
500,000	options exercisable at 8 cents and expiring 31 December 2012

Movements in options

Date	Details	Number of Options
1 July 2009	Opening balance	55,114,132
8 October 2009	Options allotted under the Terrain Minerals Limited ESOP	1,900,000
10 December 2009	Options allotted under the Terrain Minerals Limited ESOP to directors	5,500,000
23 March 2010	Expiry of options exercisable at 30 cents and expiring 23 March 2010	(320,000)
25 May 2010	Free attaching options allotted under the rights issue prospectus	6,395,483
9 June 2010	Free attaching options allotted under the rights issue prospectus – shortfall	7,712,657
9 June 2010	Options allotted as part consideration of capital raising	2,780,482
	Balance at 30 June 2010	**79,082,754**

25 SHARE-BASED PAYMENTS (CONTINUED)

Movements in options (continued)

Date	Details	Number of Options
1 July 2010	Opening balance	79,082,754
31 July 2010	Options expired	(51,624,132)
17 August 2010	Issue of quoted options	1,349,376
22 December 2010	Directors' incentives	2,500,000
22 December 2010	Directors' incentives	500,000
23 March 2011	Options expired	(670,000)
6 April 2011	Placement options	46,239,130
	Balance at 30 June 2011	**77,377,128**

The expenses from share based payments are disclosed at note 2.

26 EVENTS AFTER THE END OF THE REPORTING PERIOD

The Company has entered into an agreement for the sale of its Bundarra assets to SR Mining Pty Limited ("SRM"), a non Related Party pursuant to a Tenement Sale Agreement between the Company and SRM dated 30 August 2011. The Company entered into an agreement for the sale of the Coogee Deposit to Colton Resources Limited ("CRL"), a non Related Party pursuant to a Tenement Sale Agreement between the Company and CRL dated 27 September 2011. Details of these transactions are provided in note 6.

The financial report was authorised for issue on 30 September 2011 by the board of directors.

27 COMPANY DETAILS

The registered office and principal place of business of the company is:

Terrain Minerals Limited
Level 1, 230 Rokeby Road
Subiaco WA 6008

TERRAIN MINERALS LIMITED

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2011

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 12 to 64, are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standards; and

   (b) give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the company;

2. The Chief Executive Officer and Chief Financial Officer have each declared that:

   (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and

   (c) the financial statements and notes for the financial year give a true and fair view.

3. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Alan Coles
Managing Director

Dated: 30 September 2011

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Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF TERRAIN MINERALS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Terrain Minerals Limited, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Terrain Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Terrain Minerals Limited is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the company incurred a net loss of $2,980,638 during the year ended 30 June 2011. This condition, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business at amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Terrain Minerals Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO Audit
C Burton

Chris Burton
Director

Perth, Western Australia
Dated this 30th day of September 2011

ASX INFORMATION

FOR THE YEAR ENDED 30 JUNE 2011

The following additional information is current as at 30 September 2011.

Substantial shareholders

Name	Units	% of Units
Jonathan Lim / Grande Pacific Ltd	34,150,202	15.67
Iron Mountain Mining Limited	17,539,682	8.05

Range of Holding – ordinary shares	Holders	Shares
1-1,000	26	3,896
1,001-5,000	26	91,358
5,001-10,000	54	489,079
10,001 - 100,000	280	12,621,486
100,001 – 9,999,999,999	227	204,772,186
	613	217,978,005

There are nil shareholders with less than a marketable parcel.

Distribution of Listed Option Holders exercisable at 8 cents expiring 31 December 2012

Range of Holding – listed options	Holders	Options
1-1,000	6	90
1,001-5,000	14	46,169
5,001-10,000	9	84,416
10,001 - 100,000	29	1,504,445
100,000 – over	38	16,602,878
	96	18,237,998

There are 55 option holders with less than a marketable parcel.

Voting Rights

Each fully paid ordinary share carries voting rights of one vote per share.

The top 20 holders of ordinary shares are:

Rank	Name	Units	% of Units
1.	GRANDE PACIFIC LTD	17,690,815	8.12
2.	IRON MOUNTAIN MINING LIMITED	17,539,682	8.05
3.	MR JONATHAN KENG HOCK LIM	16,459,387	7.55
4.	MR JOHANNES Y LIN	10,541,084	4.84
5.	ARMCO BARRIERS PTY LTD	8,200,000	3.76
6.	MR BOON KHENG ONG	8,070,569	3.70
7.	MR ANTHONY GUAN CHEOW SOH	4,422,858	2.03
8.	NATIONAL NOMINEES LIMITED	4,102,375	1.88
9.	RAZI PTY LTD	3,735,642	1.71
10.	SKYCROSS PTY LTD <THE SKYCROSS SUPER FUND A/C>	3,176,000	1.46
11.	MR RICHARD KELLER <THE KELLER SUPER FUND A/C>	2,800,000	1.28
12.	DAMERE PTY LTD <WALKER SUPER FUND ACCOUNT>	2,173,914	1.00
13.	SHANTE HOLDINGS PTY LTD	2,173,914	1.00
14.	MR JUSTIN ANTHONY VIRGIN <J VIRGIN T/A STOCKFEED A/C>	2,173,914	1.00
15.	CRITERION PROPERTIES LIMITED	2,000,000	0.92
16.	PANDROS INVESTMENTS PTY LTD <KEN KUEHLMANN A/C>	2,000,000	0.92
17.	PENNOCK PTY LTD	2,000,000	0.92
18.	TOP PLAIN PROPERTIES PTY LTD	1,805,557	0.83
19.	MRS GAYLENE SUE MCLEAN	1,762,000	0.81
20.	AUSTRALIAN GLOBAL CAPITAL P/L	1,564,000	0.72
Totals: Top 20 holders of ORDINARY SHARES (TOTAL)		**114,391,711**	**52.48**

Top 20 listed options exercisable at 8 cents expiring 31 December 2012

Rank	Name	Units	% of Units
1.	GOFFACAN PTY LTD	2,668,785	14.63
2.	MR JOHN ROBYN ADAMSON + MS FAY JYNETTE NGATAUA <ADAMSON NGATAUA S/F A/C>	2,000,000	10.97
3.	GREENDAY CORPORATE PTY LTD	1,280,482	7.02
4.	PENINSULA INVESTMENTS (WA) PTY LTD	1,000,000	5.48
5.	ARMCO BARRIERS PTY LTD	902,500	4.95
6.	TOGOLOSH PTY LTD	525,000	2.88
7.	MR ROY PETER WISEMAN + MR BENJAMIN ADAM WISEMAN <THE WISEMAN SUPER FUND A/C>	500,000	2.74
8.	ZAMAN PERAK PTY LTD <ANDREW FLEISCHER S/F A/C>	500,000	2.74
9.	MR ANTHONY PATERNITI + MRS BARBARA ANN PATERNITI <PATERNITI RETIREMENT A/C>	494,737	2.71
10.	AUSTRALIAN GLOBAL CAPITAL P/L	366,474	2.01
11.	RAZI PTY LTD	362,821	1.99
12.	MR VINCENZO BRIZZI + MRS RITA LUCIA BRIZZI <BRIZZI FAMILY S/F A/C>	304,834	1.67
13.	MR RAYMOND CROFTON BRINDAL	300,000	1.64
14.	MRS LAURA VERA DE TUNJANO	300,000	1.64
15.	MR BEN MARTIN THOMAS FREEDMAN	300,000	1.64
16.	MR MARK RICHARD JENSEN	300,000	1.64
17.	MR KENNETH RONALD LEWIS	300,000	1.64
18.	TOP PLAIN PROPERTIES PTY LTD	281,112	1.54
19.	WINTERSET INVESTMENT PTY LTD	270,667	1.48
20.	MR RICHARD JOHN SANDNER + MRS JUDITH JOAN SANDNER <SANDNER PENSION FUND A/C>	266,667	1.46
Totals: Top 20 holders of LISTED OPTIONS EXPIRE 31/12/12 @ $0.08		**13,224,079**	**72.51**

Unquoted equity securities

The following unlisted options have been issued under the Terrain Minerals Ltd Employee Share Option Plan

(a) 1 holder of 500,000 options to acquire ordinary shares at an exercise price of 20 cents and expiring 10 September 2013.

(b) 3 holders of 1,900,000 options to acquire ordinary shares at an exercise price of 11 cents and expiring 8 October 2014.

(c) 6 holders of 5,500,000 options to acquire ordinary shares at an exercise price of 18 cents and expiring 30 November 2014.

(d) 1 holder of 1,500,000 options to acquire ordinary shares at an exercise price of 20 cents and expiring 30 November 2013.

(e) 2 holders of 500,000 options to acquire ordinary shares at an exercise price of 20 cents and expiring 22 March 2012.

(f) 1 holder of 500,000 options to acquire ordinary shares at an exercise price of 8 cents and expiring 31 December 2012.

(g) 5 holders of 2,500,000 options to acquire ordinary shares at an exercise price of 4.6 cents and expiring 31 December 2012.

(h) 46 holders of 46,239,130 options to acquire ordinary shares at an exercise price of 5 cents and expiring 5 April 2014.

INTERESTS IN TENEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

The Group has an interest in the following tenements:

Project	Tenement	Interest	Comment
East Kambalda	E26/97	100%	
	M26/477	100%	
Bundarra	M37/350	100%	
	M37/488	100%	
	M37/489	0%	Hold the right to carry Exploration and prospecting activities for hard rock deposit pursuant to an agreement with the holders.
	M37/513	100%	
	M37/514	100%	
	M37/638	100%	
	P37/7199	100%	
	P37/7212	100%	
	P37/7213	100%	
	P37/7214	100%	
	P37/7215	100%	
	P37/7216	100%	
	L37/201	100%	
Black Cat	E37/667	60%	60% equity held. Earning a further 15% to a total of 75% equity through expenditure.
	L37/126	60%	
	M37/326	60%	
	M37/382	60%	
	M37/480	60%	
	P37/7200	60%	
	P37/7201	60%	
	P37/7202	60%	
	P37/7203	60%	
	P37/7204	60%	
	P37/7205	60%	
	P37/7206	60%	
	P37/7207	60%	
	P37/7208	60%	
	P37/7210	60%	
	P37/7211	60%	
Great Western	M37/54	100%	
Dodgers Well	P37/6950	100%	
	P37/7741	100%	
	P37/7742	100%	