TERRAIN MINERALS LIMITED

ANNUAL REPORT

30 JUNE 2020

ABN: 45 116 153 514

TERRAIN MINERALS LIMITED

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FOR THE YEAR ENDED 30 JUNE 2020

TERRAIN MINERALS LIMITED
CORPORATE DIRECTORY

Directors

Justin Virgin
Executive Director

Trevor Bradley
Non-Executive Director – Geology

Johannes Lin
Non-Executive Director

Company Secretary
Melissa Chapman and Catherine Grant-Edwards

Share Register

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172 St Georges Terrace
Perth WA 6000
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Facsimile +61 8 9323 2033

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38 Station Street
Subiaco WA 6008

Solicitors
Price Sierakowski
Level 24, St Martins Tower
44 St Georges Terrace
Perth WA 6000

Banker
National Australia Bank
Level 12, 100 St Georges Terrace
Perth WA 6000

Stock Exchange
Terrain Minerals Ltd shares are
listed on the Australian Securities Exchange
Ordinary fully paid shares (ASX code TMX)

Principal and Registered office in Australia
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TERRAIN MINERALS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2020

Your Directors present the financial report of Terrain Minerals Limited (**Terrain** or the **Company**) for the financial year ended 30 June 2020. To order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

DIRECTORS

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

Current Directors

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

COMPANY SECRETARIES

Melissa Chapman and Catherine Grant-Edwards - Appointed Joint Company Secretary – 1 June 2020

Ms Melissa Chapman *(Certified Practicing Accountant (CPA), AGIA/ACIS, GAICD)* and Ms Catherine Grant-Edwards *(Chartered Accountant (CA))* were appointed as Joint Company Secretary on 1 June 2020. Ms Chapman and Ms Grant-Edwards are directors of Bellatrix Corporate Pty Ltd (**Bellatrix**), a company that provides company secretarial and accounting services to a number of ASX listed companies. Between them, Ms Chapman and Ms Grant-Edwards have over 30 years' experience in the provision of accounting, finance and company secretarial services to public listed resource and private companies in Australia and the UK, and in the field of public practice external audit.

Erlyn Dale and Winton Willesee – resigned 1 June 2020

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

PRINCIPAL ACTIVITIES

The principal activities of Terrain consisted of exploration for gold, base metals as well as other mineral resources. There has been no significant change these activities during the year.

OPERATING RESULTS

The profit of the company for the year ended 30 June 2020 from ordinary activities after providing for income tax amounted to $1,318,822 (30 June 2019: loss of $446,554).

REVIEW OF OPERATIONS

Throughout the last twelve months the Company has successfully made progress on several fronts. The main two principal activities during the financial year included the identification and review of new exploration opportunities both in Australia and abroad, across many commodities. Due to COVID-19 and associated travel restrictions that look likely to be in place for at least the next 12 months, Terrain is concentrating on WA opportunities. International opportunities are still being considered, but the current travel restrictions limit due diligence activities and make monitoring employee's health and safety challenging, which is critical to maintain normal business operations and activities. The Board will continue to monitor the situation and adhere to the relevant government and health departments directives.

All 2020 exploration programmes have taken, or are being designed to take, account of the impact of the COVID-19 virus and also to ensure the safety and wellbeing of all stakeholders including local indigenous groups, employees and contractors and also to comply with government restrictions aimed at stopping the spread of the virus.

During the year, Terrain successfully completed a capital raising $250,000 before costs. In April 2020, the board successfully executed the sale of the Great Western Gold deposit to ASX listed Company Red5 Limited for $2,500,000 comprising $300,000 cash option fee and $2,200,000 in shares. Terrain was issued 11,542,498 fully paid ordinary shares in Red5 Ltd at an issue price of 19.06c(ASX: RED.)

Wild Viper E37/1214 which encompasses the Great Western tenement has seen exploration activities increased now that more funding has become available and rights to an area referred to as Wilsons Patch, strategically located in the middle of the Wild Viper tenement package has been secured. Terrain entered into a new Joint Venture over the Smokebush gold exploration project, located in WA where Terrain has the right to earn 80% of the project by committing to $250,000 of expenditure over 2 years.

The board has continued to maintain a hands-on approach to achieve and maintain a low-cost base as well as being focused on asset rationalisations and value adding. Terrain now has secured the service of a full-time geologist, which has increased the company's technical capacity and abilities to conduct field due diligence. While focusing on maintaining a cost-conscious mindset, which continues to be part of the Company's culture as activities increase.

The board is excited with the exploration advancements over the company's exploration projects and the sale of Great Western, which has realised value from this 100% owned project. Terrain`s technical team through its new targeting program has highlighted multiple opportunities at both Wild Viper and Smokebush gold projects and has identified new areas of opportunity. The board aims to continue to advance these projects and new opportunities with the aim of adding value and increase shareholder wealth.

ACTIVITIES UNDERTAKEN DURING THE YEAR

Successful Capital Raising

- $250,000 placement (oversubscribed)
- Strong support from existing shareholders

Sale of Great Western Gold Project

- $300,000 cash received for option agreement with Red5 Limited (ASX:RED)
- Option exercised and final $2,200,000 payment received in shares
- Total sale price $2,500,000 (plus GST)
- A total profit of $373,173 has been realised from the sale of Red 5 shares to date.

Wild-Viper - Gold Exploration (Area around Great Western)

- Trenching program over the 382-shear
- Soil program executed over key areas
- Strategic Acquisition of Wilson Patch "The Missing Piece of the Puzzle"
- Unlocking new priority targets & drilling approvals
- Terrain successfully defends opportunistic SPL application

Smokebush – Exploration Program

- Farm-in Agreement for the Smokebush Gold Project
- Due diligence; Historic data review
- Exciting Results from Smokebush Gold Project
- Flora & Fauna Survey Completed Around Monza & T13

Project Generation

Throughout the year Terrain has been searching and assessing potential projects. These opportunities come from a variety of sources and industry networks that have been established and continue to be developed. Terrain continues to negotiate potential new opportunities that unlock and delivers value for shareholders, from discovery, mining and or asset sales.

Terrain has also begun its own internal project generation, by lifting its capabilities, having recently secured the service of a geologist on an ongoing contractual arrangement that has greatly increased the company's internal capacities to review and carry out WA based on site due diligence and executing field programs at existing projects.

Commodities that have been pursued include Gold, (being the main focus), Copper, Nickel, Energy metals and Industrial minerals in jurisdictions such as Australia, Africa, the America's, Continental Europe and Asia. All potentially economic commodity opportunities are being considered as indicated in previous quarterly reports. Please refer to the above section "Principal Activities" and the current COVID-19 implication and subsequent limitations.

Change of Company Secretary

During the year Terrain appointed, new Company Secretaries, Ms Melissa Chapman and Ms Catherine Grant-Edwards as Joint Company Secretaries. The Board is pleased with this new appointment and is enjoying working with Melissa and Catherine as Terrain enters a new phase of growth and development.

EXPLORATION ACTIVITIES UNDERTAKEN DURING THE YEAR

Successful Capital Raising

Earlier this year Terrain successfully completed a capital raising $250,000 before costs. Terrain had limited placement capacity and only required a small amount of working capital due to the late staged and confidential sales negotiations around Great Western with Red5 Ltd. A total of 71,429,000 fully paid ordinary shares were issued at an issue price of 0.0035c per share which represents a 12.5% discount to the last share trade price of 0.4c.

The board was very pleased with the strong demand by existing shareholders, which resulted in bids being scaled back. All investors qualified as sophisticated investors.

Note: For additional information refer to ASX announcement:

26th September 2019 – Placement Successfully Completed

Sale of Great Western Gold Project

Terrain announced that it had entered into an option agreement for the sale of its Great Western gold project (M37/54) with ASX listed Red5 Limited (ASX: RED) ("Red5") ("Option Agreement").

On the 14th April 2020 RED5 exercised the sales option and purchased Great Western. The total value of the sale was $2,500,000 (plus GST) which included a $300,000 cash non-refundable option fee.

The second tranche payment of $2,200,000 paid by way of an issue of Red5 Ltd shares. The issue price of the shares was based on a five-day VWAP calculation of 19.06c and Terrain was issued 11,542,498 fully paid ordinary shares in Red5 Ltd.

During the financial year 6,542,498 shares were sold for approximately $1.5 million with 5,000,000 shares still held for investment purposes at the end of the financial year.

Note: For additional information refer to ASX announcement:

- **11 November 2019** - Execution of Option Agreement for the Sale of Great Western Gold Project
- **15 November 2019** - $300,000 Option Fee Received for the Sale of Great Western Gold Project
- **3 April 2020** - Option to Purchase Great Western Gold Project Exercised by RED5 Limited
- **14 April 2020** - Final $2,200,000 Payment Received for the Sale of Great Western

Wildviper Gold Exploration Project 100% owned

About Wild Viper Gold Exploration Project:

The 100% owned Gold exploration project is located 68 km north of Leonora and adjacent to the Goldfields Highway and is situated on the Weebo pastoral leases and forms part of the historic Wilsons Patch mining area.

Terrain considers this project an exciting exploration opportunity that has incredibly seen little modern exploration activities for many years despite geologic structures within the Wildviper exploration lease being known to host the Great Western deposit.

Wildviper is a strategically located tenement package that encompasses the area around the Great Western Gold Project, now owned by Red5 Ltd and is also adjacent to Saracen's (ASX: SAR) Bundarra gold deposits to the south and the historic Black Cat workings located adjacent to the northern boundary.

The newly secured Wilson Patch tenement is seen as not only as being strategic due to being located in the middle of Wild Viper but also under explored and highly prospective in its own right, due to being held in private hands for several decades. This area has seen limited exploration activities along the structural extensions from the Great Western deposit which are believed to extend through Wilson Patch and potentially back into the Wild Viper holding.

Terrain has increased exploration activities over this exciting and under explored project with the aim of making a discovery by reinvesting funds from the Great Western divestment.

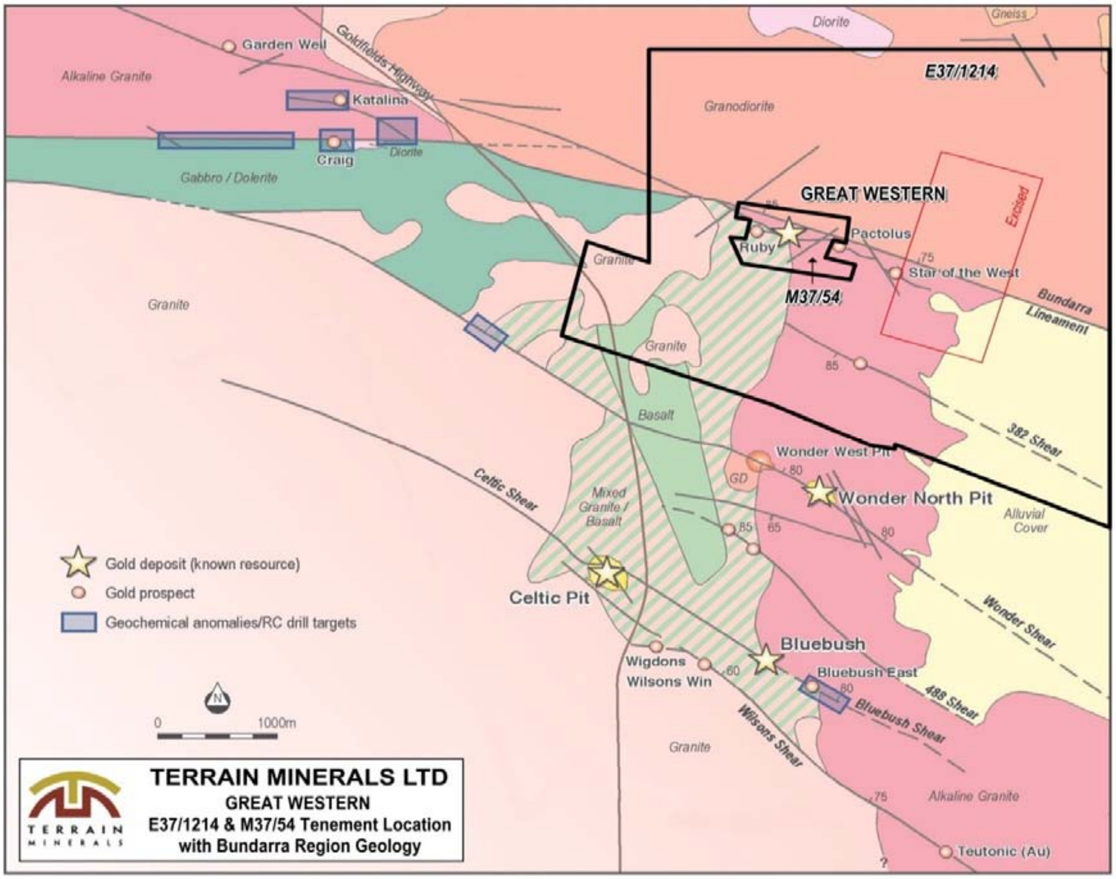


Diagram 1. Wild Viper gold project Location Map Highlighted in Black (M37/54 sold to Red5 Ltd) with the area in red outline to its right known as Wilson Patch P37/8521 (also refer to diagrams 3 & 4). Terrain has secured the gold rights which have been transferred to Terrain in return for a production royalty. The regional geological map highlights other known gold deposits in the area. The gold deposits have been reviewed and incorporated into a new structural interpretation with the objective of identifying possible repeats within the structural corridor.

Trenching Program over the Wild Viper 382-shear

A total of five trenches for ~640 metres in length were completed over a four-day period (Refer to diagram 2 and picture 1). Trenching was determined to be the most efficient and cost-effective technique available to assess and define the area which has seen limited previous exploration activities.

Samples were collected as continuous channel rock chip samples using a handheld geological hammer with the collection of rock fragments within a 10cm wide track around a centreline over the sampled interval. Sampling was completed nominally on 1m sample intervals between geological contacts. Adjacent to the contacts sample intervals varied between a minimum of 0.1m and maximum of 1.3m depending on the geometry and geological nature of the contact in order to achieve the most representative and meaningful sample.

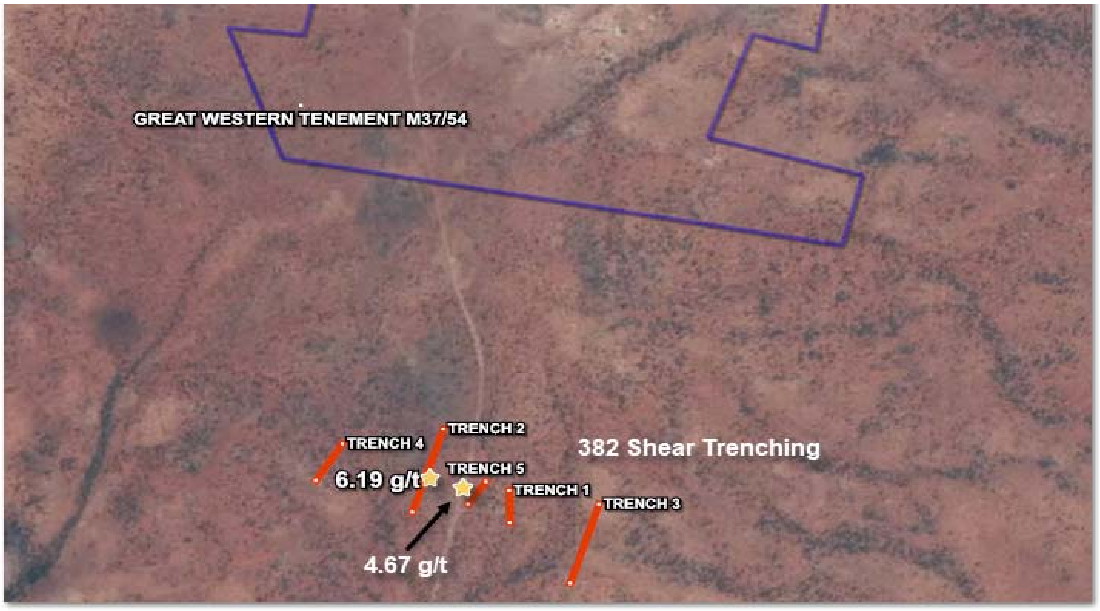


Diagram 2. 382 Shear trenching program and location of the programs highest grade intersection 6.19 g/t with the 4.67 g/t (~80 metres apart) sample take from the previous program.

Picture 1. Wild-viper Exploration Trenching & Sampling.

Wild Viper Soil Program

A large mapping and soil sampling program over 3 areas at Wild Viper (Refer to diagram 3 & 4) identified several new areas of interest. The northern portion of E37/1214 was mapped and soil sampled to determine if there was a possible repeat of the east west oriented Black Cat structure which is located on the neighbouring tenement. A total 60 soil samples and two rock chip samples were collected. Samples were submitted for Gold, Silver, Chromium, Molybdenum, Lead, Antimony, Tungsten, and Zinc. Results of the analysis highlighted a contourable gold anomaly in a similar orientation to Black Cat with a rock chip returning 0.58g/t Au.

Terrain intends to drill test the Black Cat South (BCS) target along with the other newly identified areas at Wild Viper and over the Wilson Patch area in the third quarter 2020. Aircore drilling will be conducted initially to identify saprolitic mineralisation which will ultimately be followed up with deeper RC drilling where warranted. A Program of Works (POW) has been approved (Refer to diagrams 6).

The new BCS target sits partly within a currently ungranted and opportunistic SPL application by one of the neighbouring tenement holders. This application was strongly opposed by Terrain, with its rights successfully defended, resulting in the claimant withdrawing its application in August 2020.

The second area tested is situated between GW & Wilson Patch which returned elevated gold in the soil samples along strike from GW, including rock chip samples of 9.92g/t and 0.88g/t (Refer to diagram 5).

Recent soil sampling highlighted the potential for mineralised extensions along the same geological structure that runs through GW, Wild Viper & Wilson Patch (Refer to diagram 1). Due to ownership constraints, Terrain was unable to sample over the boundary into Wilson Patch, and so it remains highly prospective and untested.

The third area located in the south eastern soil grid has also highlighted some interesting occurrences which required further field work. A permit for drilling has been approved over this area and will most likely be drill tested in a later drill campaign.

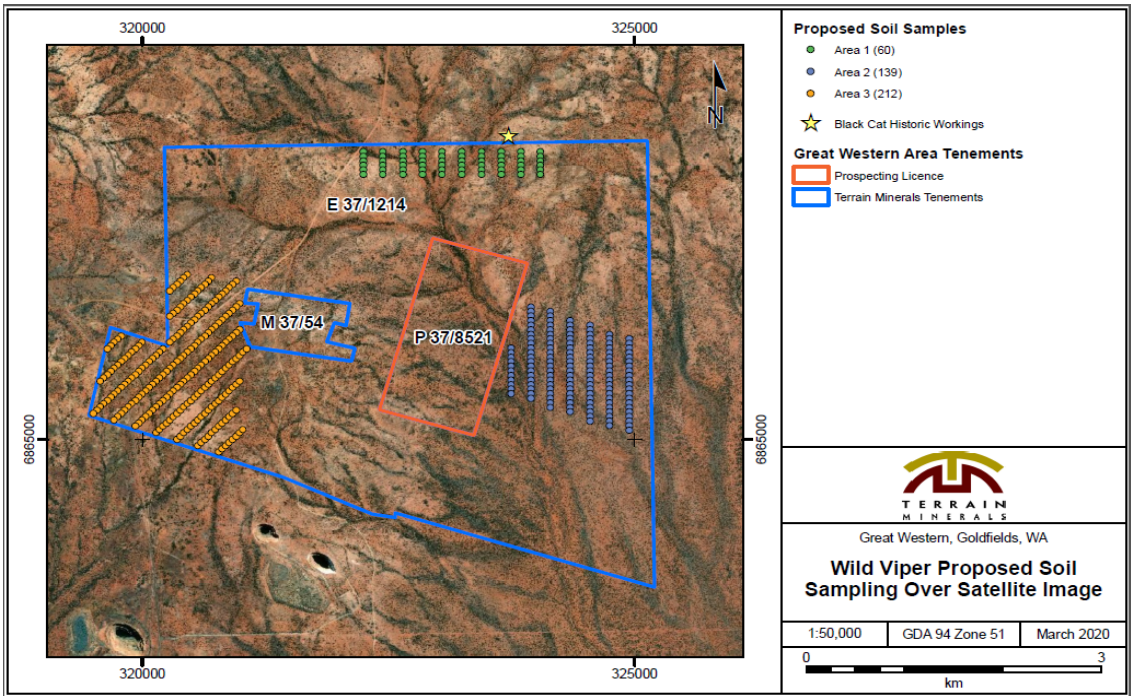


Diagram 3: Soil programs over Wildviper E37/1214 – The area shown by blue dots was not tested, due to extensive shallow layer of transported soil cover. This area will require air core drilling for it to be assessed. As substitute soil grid program, was conducted between Great Western M37/54 & Wilson Patch P37/8521 (Refer to diagram 4).

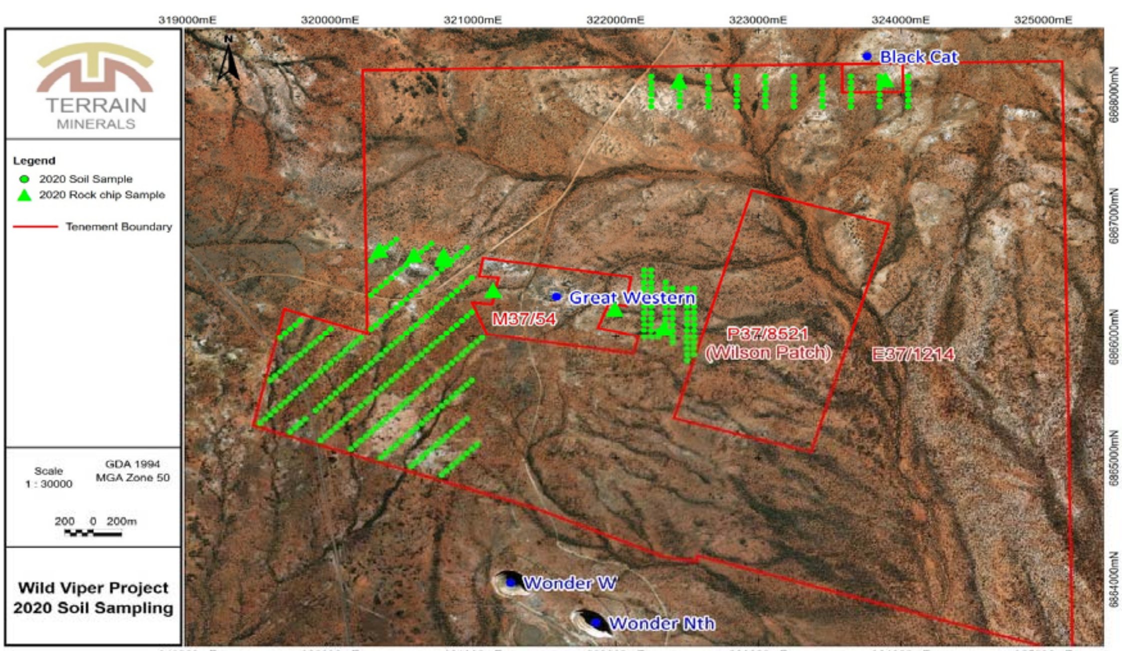


Diagram 4: Wilson Patch P37/8521 can be seen in red out line in the middle of Wild-viper E37/1214. A Soils program between Great Western M37/54 (now owned by RED5 Ltd) and Wilson patch can be seen above and retuned positive gold samples.

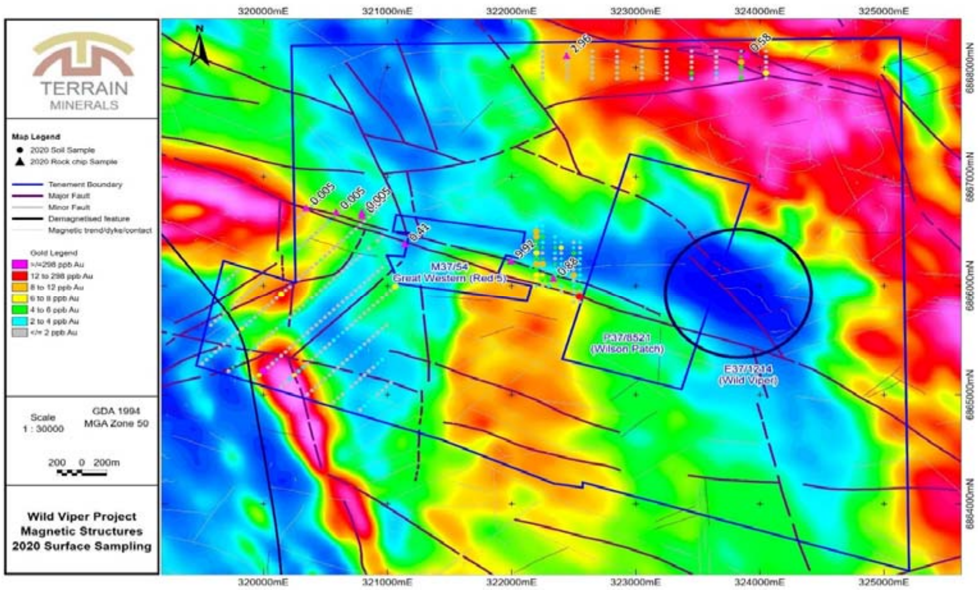


Diagram 5: Recent Soil geochemistry plotted onto magnetics TMI and Magnetic interpretation. The large black circle outline highlights the interesting and untested demagnetised structure that was recently identified and straddles over the western boundary of Wilson Patch and Wild Viper.

Strategic Acquisition of Wilson Patch "The Missing Piece of the Puzzle"

Terrain is excited to have secured the mineral rights over the tenement known as Wilson Patch (WP) P37/8521 (refer to Diagram 4). This area is situated within the boundaries and almost in the middle of the Wild-viper project tenement package. The existence of this tenement has limited Terrain's ability to explore the neighbouring areas, including any possible extensions to the Great Western (GW) gold deposit (sold to RED5 Ltd).

Transaction: Terrain has signed an agreement with the owners of Wilson Patch that gives Terrain the rights to all minerals (including gold) as well as the right to explore and mine. Terrain paid no upfront payment, as the vendors will only receive a payment from production of $1.92c per tonne of ore milled. Terrain has also taken over the tenement management duties and the vendors maintain prospecting rights over the top two meters.

Securing this key area really opens up the exploration potential at Wild-viper that has been seen as the missing piece to the Wild-viper puzzle and a key element to the tenement package. The area is underexplored and appears to be a highly prospective. The tenement has been locked up and held in private hands for several decades.

Unlocking new priority targets & drilling approvals

Project review activities identified a potentially large and previously untested structural extension that straddles the western boundary of Wilson Patch with Wild-viper (WV) (Refer to diagram 5 & 6) that is believed to extend from Great Western. A drill program has been designed and approved for the third quarter of 2020 (refer to Diagram 6).

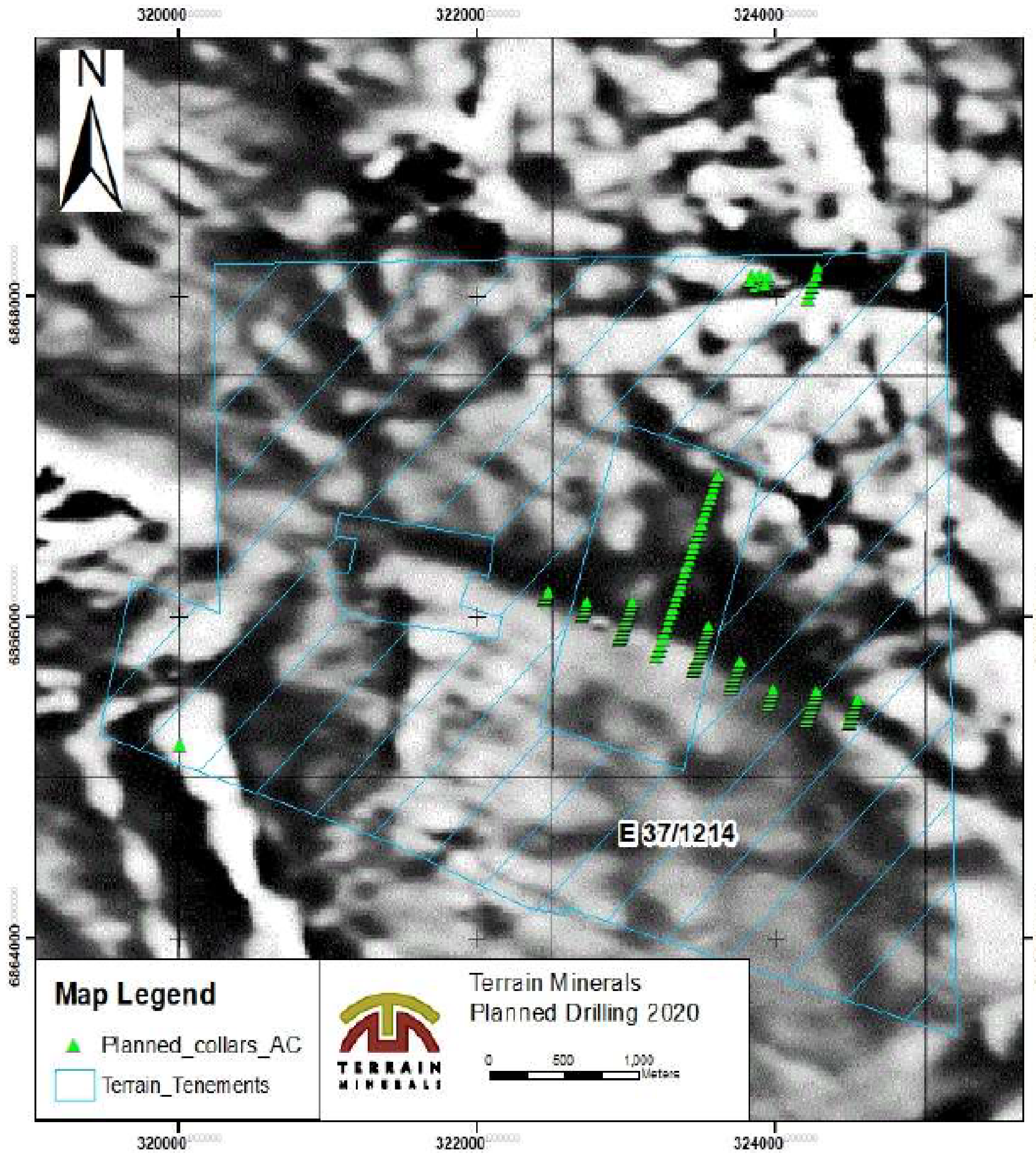


Diagram 6: The green triangles show the proposed drill program collars over the Wilson Patch and Wild-viper tenements. The drill holes are designed to test both the structural corridor and potential strike extensions of the Great Western deposit (Sold to Red5 Ltd) as well as the large magnetic low feature as seen in diagram 5. The other area to be drill tested is located to the north east and referred to as Black Cat South. Tenement outlines in blue, (Refer to diagram 5) for better tenement identification.

Note: For additional information refer to ASX announcement:

- **21 May 2019** - Wild Viper 382-shear Trenching Program New Gold Exploration Program
- **6 September 2019** - Wild Viper's 382-Shear Zone Gold Exploration Program has Commenced
- **20 September 2019** - Wild-viper Gold Exploration Update 382-Shear Zone
- **30 March 2020** - Wild-viper Gold Project Sampling Program Underway & Great Western Sale Update

Smokebush – Gold Exploration Program

About Smokebush Gold Exploration Project:
The Smokebush Project Area is located approximately 85 kilometres east northeast of the Perenjori township and 65 kilometres west of Paynes Find within the Yalgoo Mineral Field. The project is contained within four contiguous Prospecting Licenses (P59/2125, P59/2126, P59/2127 & P59/2128) and one Exploration Licence (E59/2234) enclosing a total area of approximately ~1,254 hectares (Refer to diagram 7).

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

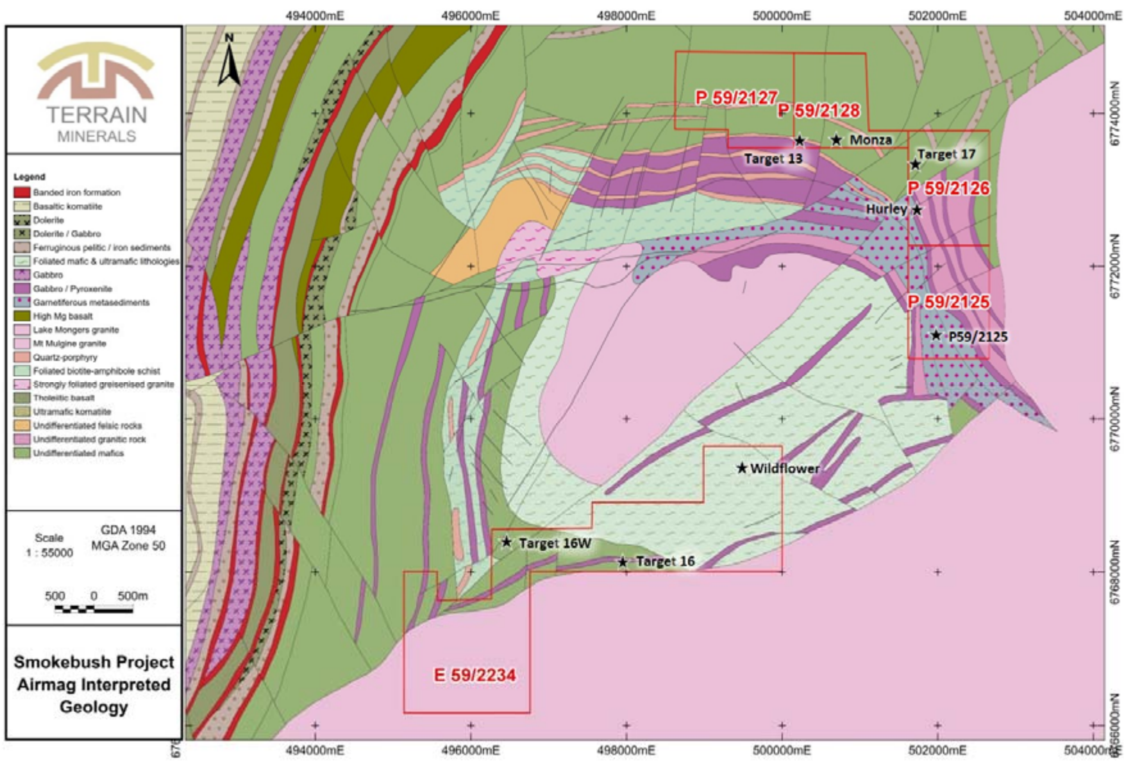


Diagram 7: Tenement locations and Geology of the Smokebush gold exploration project.

Farm-in Agreement for the Smokebush Gold Project

Terrain entered into a farm-in agreement for the Smokebush Gold Exploration Project, with a 21 day period for Due diligence over the package and elected to proceed with the deal on the 29 November 2019.

Farm-in Terms:

- Earn 80% by $250,000 AUD expenditure over 2 years
- Issue vendor 5,000,000 fully paid ordinary share in Terrain (12-month escrow)
- Future Payments of up to $500,000 in cash or shares based on milestone
- Vendors 20% free carry until completion of feasibility study
- The vendor's 20% free carried interest will convert to a 1% NSR royalty if the vendor decides not to contribute. Terrain has first right of refusal to purchase the 20%

Future Considerations & Other Points

First Contingent Payment

A. Upon Terrain defining an Indicated Resource (as that term is defined in the JORC Code) of gold grading at not less than 2 grams (Applicable Resources) per tonne within the Tenements, Terrain will, at its election:
    - pay Watts-Butler the sum of $1.00 for each ounce of gold contained within the Applicable Resource to a maximum of $200,000; or
    - issue to Watts-Butler Shares to the value of $1.00 for each ounce of gold contained within the Applicable Resource to a maximum value of Shares of $200,000; or
    - pay and issue to Watts-Butler any combination of cash and Shares to the value of $1.00 for each ounce of gold contained within the Applicable Resource to a maximum of value of $200,000.

B. If Terrain defines more than one Applicable Resource within the Tenements, it must make the payments described in clause **Error! Reference source not found.** for each Applicable Resource, up to an aggregate maximum payment or issue to the value of $200,000.

Second Contingent Payment

A. Upon Terrain making a decision to commence mining of a gold resource within the Tenements (Decision to Mine) Terrain will, at its election:
    - pay Watts-Butler $1.50 per ounce of gold which is described in the mine plan as recoverable gold to a maximum of $300,000; or
    - issue to Watts-Butler Shares to the value of $1.50 for each ounce of gold which is described in the mine plan as recoverable gold to a maximum value of Shares of $300,000; or
    - pay and issue to Watts-Butler any combination of cash and Shares to the value of $1.50 for each ounce of gold which is described in the mine plan as recoverable gold to a maximum of value of $300,000.

B. If Terrain makes more than one Decision to Mine within the Tenements, it must make the payments described in clause **Error! Reference source not found.** with respect to each Decision to Mine, up to an aggregate maximum payment or issue to the value of $300,000.

Valuation of Shares

All Shares issued in accordance with this clause must be issued based on a volume weighted average price during the 5 trading days preceding the date Terrain notifies Watts-Butler that it has achieved the milestone giving rise to the issue of the Shares.

Due Diligence - Historic Data Review

The due diligence review which included a site visit, highlighted exceptional historic drilling results and positive file observations from the first site visit.

The data review identified extensive untested surface gold geochemical anomalies as well as highlighting significant RC and RAB gold drilling intersections from sparse first pass drilling.

The best historical results include:

Monza:

- **2m @ 11.3g/t Au from 70m (MMRC162 - RC)**
- **2m @ 9.2g/t Au from 24m (MMRC154 - RC)**

Hurley & T17:

- **10m @ 1.4g/t Au from 15m (MM084 - RAB)**
- **2m @ 2.5g/t Au from 51m (MMRC074 - RC)**

Wildflower:

- **15m @ 1.4g/t Au from 10m (MM110 - RAB)**

The historic drilling is considered sparse and requires follow up exploration activities to properly test these significant results. Terrain conducted several more site visits aimed at gaining a better understanding of the possible controls of mineralisation before designing the next stage of exploration activities which includes drilling.

Exciting Findings & Results from Smokebush Gold Project

Terrain's geologists have conducted multiple site visits, to gain a firsthand understanding of the local geology and any possible logistical challenges that may be encountered during the set up for a first stage drill program and to validate historic data, including drill collar locations.

The Terrain geological team has successfully highlighted three high priority drill targets, along with two other areas that warrant further work and drill testing. The team also uncovered extensive historic underground mine working at the Monza Target (Refer to pictures 4 & 5).

Terrain has commenced the planning for an RC and aircore drill program at the Smokebush gold project to test these high priority target areas.

The best rock chip samples over the priority targets include (refer to Diagram 8):

- **Monza** — **3.1 g/t Au, & 0.61g/t Au & 0.37g/t Au**
- **Target 13** — **11.1g/t Au with 0.27% Pb and, 17.2 g/t Au with 2.3% Pb**
- **Wildflower** — **1.2 g/t Au**

Other areas of interest include Targets T16 & T16W, which are both located in the southern area of the tenement package that also show potential, but further work is required prior to being ready for drill testing.

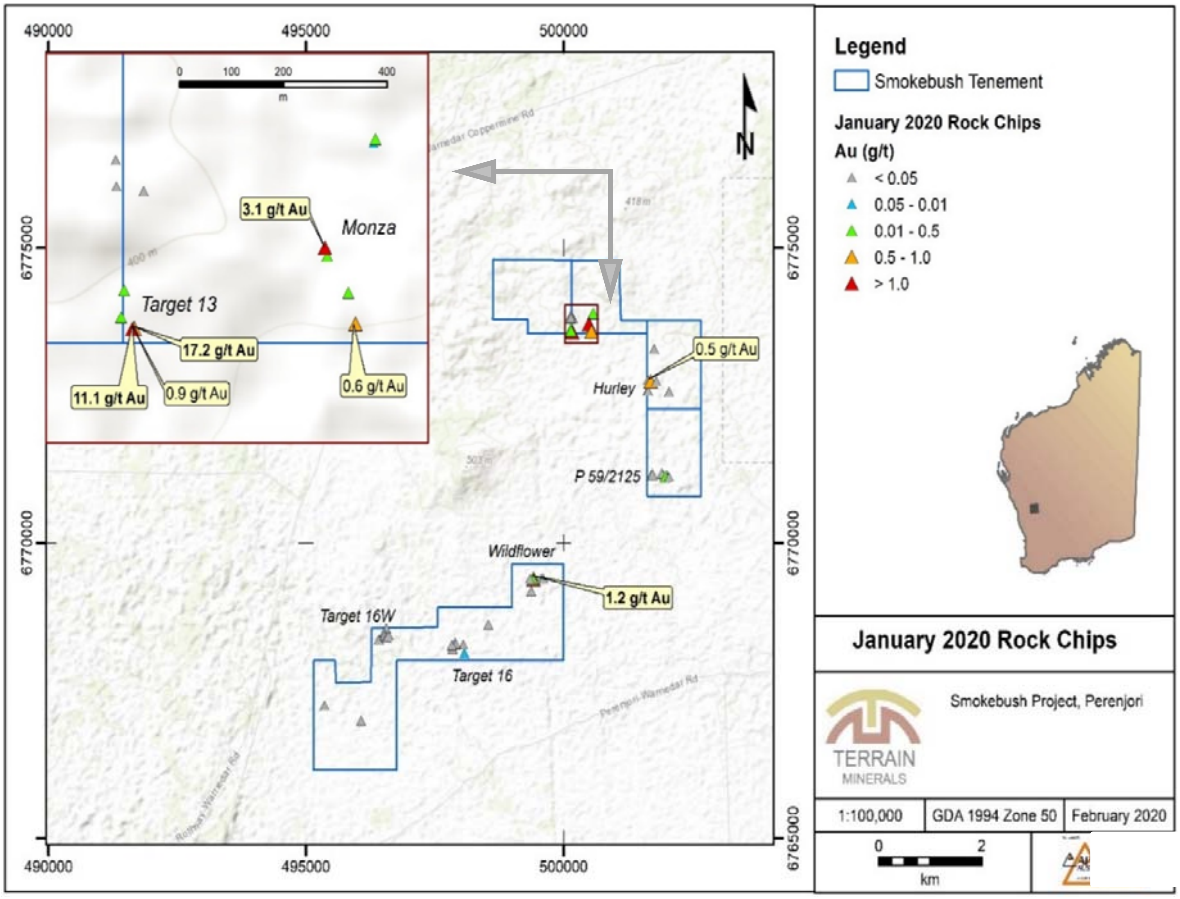


Diagram 8: Sample Locations & Results from January 2020 Site Visit.

Monza & Target 13 Targets (Priority Targets)

The Monza and Target 13 targets occur within two distinct gold soil geochemical anomalies >19 ppb in the southwestern corner of P59/2128. Combined these two soil anomalies cover an area of 500 x 500 m. There are a number of >2 g/t Au rock chips that form a "bulls eye" within the geochemical anomaly (peaking at 10.37g/t Au). The soil anomalies have had 11 angled RC drill holes completed (drilled towards the west and Southwest). It is believed that this drilling may not have effectively tested these geochemical anomalies.

Field observations and rock chip sampling completed during the January field trip confirmed the historic geochemical mineralisation and prospective geology. Observations of historic drill data suggest that the mineralisation intersected in historic drilling (2m @ 11.3g/t Au from 70m in hole MMRC162) plunges to the north and the follow up drilling to the north of this mineralisation may have drilled over the top of the mineralised shoot. The planned drilling will be designed to test the northerly down plunge extension to this mineralisation. A number of anomalous gold assays were returned from the six rock chip samples collected at Monza (3.1g/t Au, 0.61g/t Au & 0.37g/t Au).

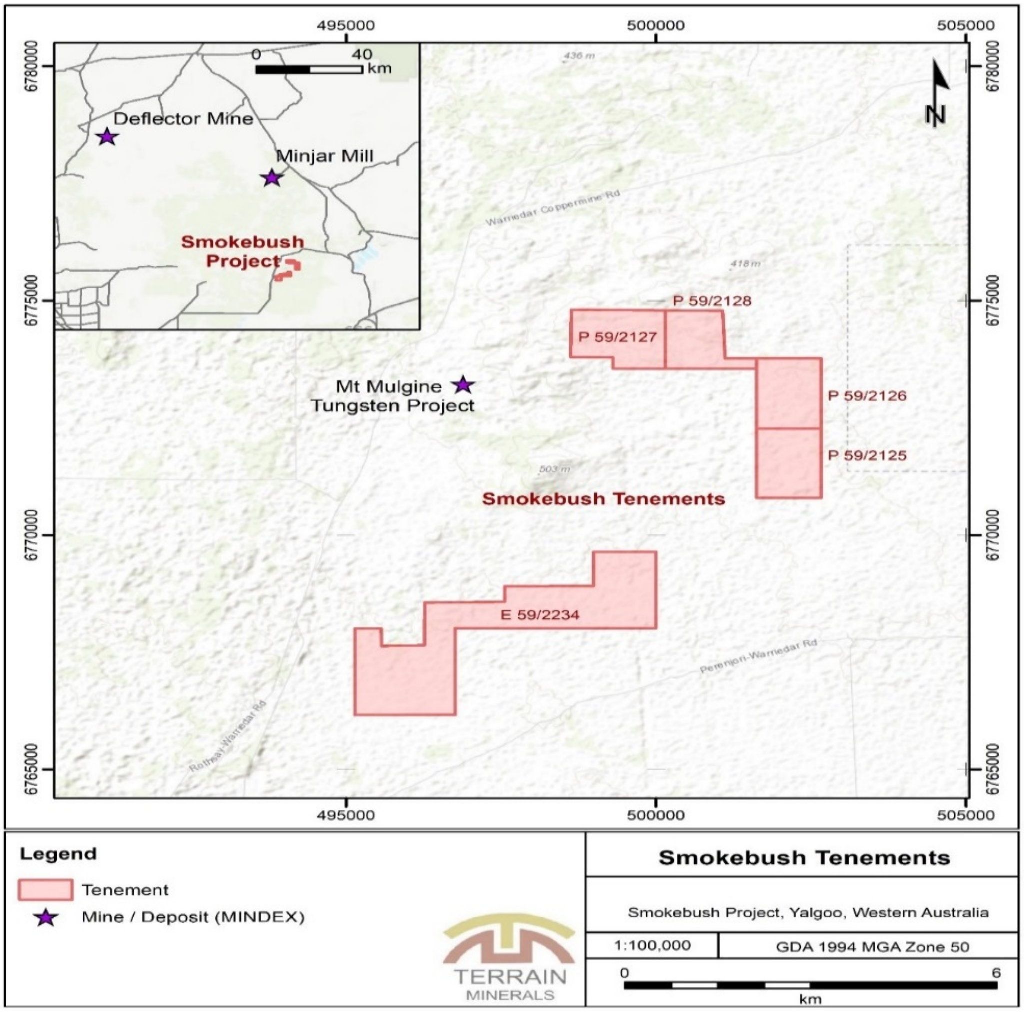
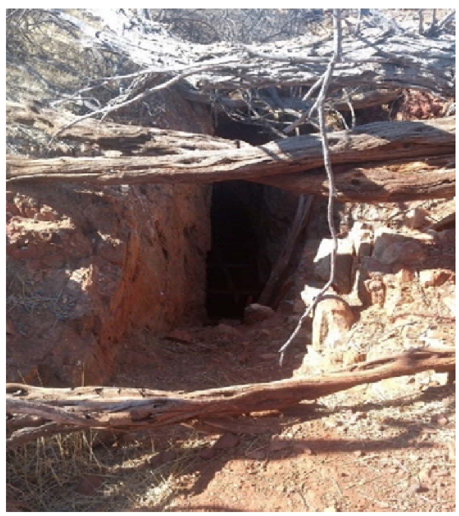


Diagram 9: SmokeBush Project Location (Tenements outlines in Red).

Target 13 – As a result of modelling the mineralisation completed on Monza (300m to the east) and after review of the RC drilling completed to date on the T13 target, it is believed that the drilling may not have adequately tested a parallel northern plunging interpretation to this mineralisation or explain historic rock chips of 10.4g/t Au, 15.8g/t Au) that have been collected on the T13 target area. There is a possibility of mineralisation running to the north of both Monza and T13 which will be investigated in future site visits.

The historic data at the Monza target has identified that the narrow high grade plunging mineralised zones could be open to the north under the existing drilling. Significant intercepts include 2m @ 11.3g/t Au from 70m in hole MMRC162 and 2m @ 9.2g/t Au from 24m in hole MMRC154 (Previously reported in ASX announcement dated 18th of December 2019). Further RC drilling is required to confirm geometry of this high-grade plunging zone and test the potential down plunge potential to the north.
A total of eight rock chip samples were collected to verify the very high-grade nature of the historic rock chip sampling. Anomalous rock chips from the Terrain sampling returned 17.2g/t Au, 11.1g/t Au and a 0.9g/t Au.

Picture 3: Quartz veining in silicified dolerite float at Target 13



Picture 4: Historic shafts at Monza

Picture 5: Further Historic workings at Monza

Picture 6: Sheared mafic lithologies from sump infill at Monza

Wildflower Target (Priority Target)

Wildflower comprises a 1.0 km x 500 m gold in soil anomaly (>19ppb Au) located in the north-eastern part of E45/2234 (Refer to diagram 8). The target has had limited drilling completed to date with 35 RAB holes (mostly less than 5m depth) and one angled RC hole (drilled towards the west) completed. Significant results (>0.5g/t Au) include 5m @ 1.0g/t from 100m in hole MMRC001 and 15m @ 1.49g/t from 10 m in hole MM110. Those results were collected with five metre composite samples.

The current level of drilling was completed on 270m line spacing, which is considered to be wide spaced and has not adequately tested the widespread gold anomaly (peaking at 226 ppb Au). Given that the above-mentioned gold anomalism intersected in the limited drilling is open at depth and along strike further drilling is required to delineate the extents to this gold mineralisation.

Wildflower Target (Priority Target)

Wildflower comprises a 1.0 km x 500 m gold in soil anomaly (>19ppb Au) located in the north-eastern part of E45/2234. The target has had limited drilling completed to date with 35 RAB holes (mostly less than 5m depth) and one angled RC hole (drilled towards the west) completed. Significant results (>0.5g/t Au) include 5m @ 1.0g/t from 100m in hole MMRC001 and 15m @ 1.49g/t from 10 m in hole MM110. Those results were collected with five metre composite samples.

The current level of drilling was completed on 270m line spacing, which is considered to be wide spaced and has not adequately tested the widespread gold anomaly (peaking at 226 ppb Au). Given that the above-mentioned gold anomalism intersected in the limited drilling is open at depth and along strike further drilling is required to delineate the extents to this gold mineralisation.

Flora & Fauna Survey Completed Around Monza & T13

Drilling activities were delayed due to the need to conduct a Reconnaissance Biological Survey and compile a Conservation Management plan, before a program of works permit could be granted.

The survey area covers a larger area over and around both the Monza and T13 (Refer to diagram 10) to ensure that a follow up drill programs can immediately follow if required. All POW have now been granted.

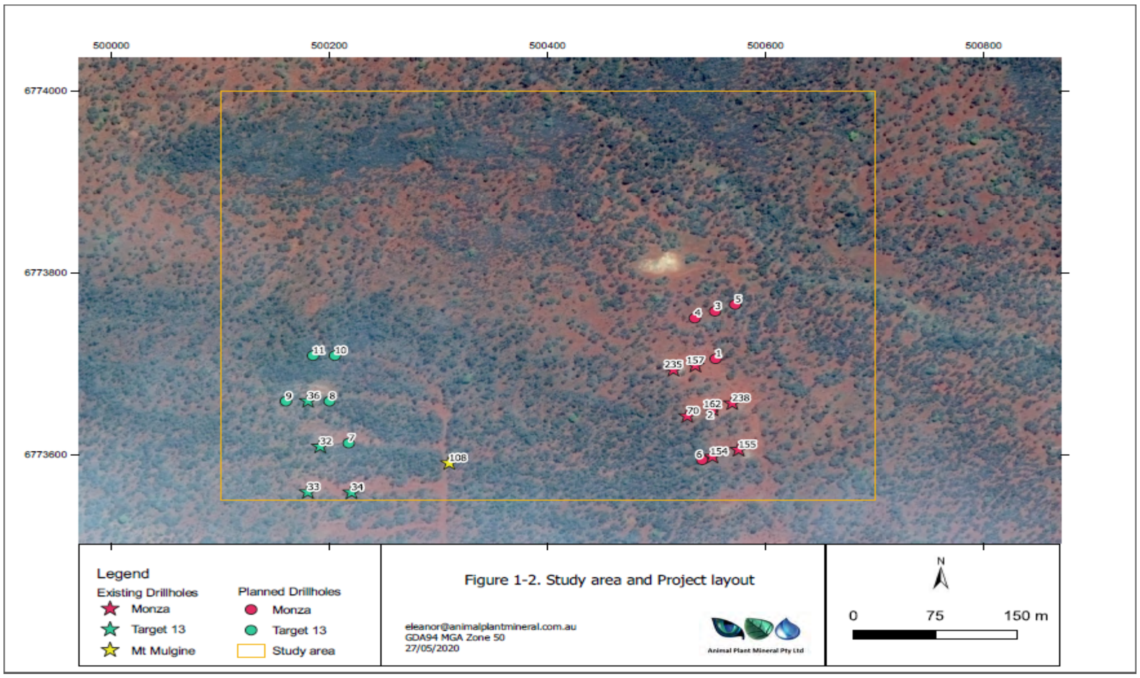


Diagram 10: Yellow line represents the boundary area within the Smokebush tenement package that identifies the Biological Survey and Conservation management plans boundaries. The area covers a larger area to allow for further exploration activities. A follow up survey is planned this August to survey for the rare Stylidium scintillans, a native flower which only flowers in a two-week window within a selective habitat. The species may not exist within the survey area, a 50m buffer has been put around all the potential habitat areas.

Note: For additional information refer to ASX announcement:

- **2 December 2019 -** Farm-in Agreement for the Smokebush Gold Project at Mt Mulgine, 65km West of Paynes Find WA
- **18 December 2019 -** Smokebush Exceptional Historic Drilling Results Identified During Project Due Diligence
- **3 March 2020 -** Exciting Results from Smokebush Gold Project
- **30 March 2020** - Wild-viper Gold Project Sampling Program Underway & Great Western Sale Update
- **22 June 2020 -** Wild-viper & Smokebush Gold Projects Update

Compliance Notice

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

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

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 increased from $1,203,713 from 30 June 2019 to $3,119,043 at 30 June 2020 year end.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to year end the Company received $396,574 cash from the sale of 1,500,000 Red 5 shares.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has had limited impact on the Company up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than matters disclosed above there are no matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the company, the results of those operations or the state of affairs of the Company in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

ENVIRONMENTAL REGULATIONS

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

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

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

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

INFORMATION ON DIRECTORS

Mr Justin Virgin	Executive Director
Experience	Mr Virgin has over 8 years' experience as a ASX Director of listed exploration companies as well as fifteen years of experience in the financial services and Securities industry with expertise in providing a wide range of financial services which includes capital raisings, promotion, providing general corporate advice listed small-cap companies and other investment advice involved in negotiations, mergers, acquisitions and valuations. Mr Virgin also has over ten years of onsite mining experience operating in remote and isolated sites throughout WA and NT on site. His experience covers project acquisition and sale negotiations, mine closures and rehabilitation work as well as extensive preventative maintenance planning and execution on onsite mobile fleet and of exploration program.
Interest in Shares and Options	20,000,000 options over ordinary shares and 23,794,686 shares.
Special Responsibilities	Nil
Directorships held in other listed entities during the three years prior to the current year	Mr Virgin held no other directorships of ASX listed companies during the last 3 years

Mr Trevor Bradley	Non-Executive Director
Experience	Trevor Bradley B(*App*) Sc. Hons, LL.M (*Distinction)*, Grad Dip(GIS), M.A.I.G. Trevor is a geologist with over thirty years' experience in key technical, operational, and managerial aspects of exploration, development, and operation of both underground and open pit mineral projects in Australia, South East Asia, Central Asia and the Caribbean. His Qualifications include an Applied Science Degree with Honors (Geology) from UTS Sydney, a Masters of Law Degree with Distinction (Natural Resource Law and Policy) from the Centre for Energy, Petroleum, Mineral Law and Policy (CEPMLP) at the University of Dundee in the UK and a Graduate Diploma (Geographic Information Science) from Curtin University, Perth W.A. Prior to entering private practice Trevor held senior technical and management positions with several large Australian and Canadian mining companies as well as Principal Consultant and managerial roles with two of Australia's leading multi-national mineral industry consulting companies. Currently Trevor practices as an Independent consultant who specializes in the provision of exploration targeting, mineral asset valuation, independent technical reports, and due diligence studies across a range of commodities for the purposes of investment decision, project finance and exchange listing requirements. Trevor also specializes in assisting clients in his capacity as an Independent Expert in court matters, mediation, and arbitration proceedings.
Interest in Shares and Options	9,000,000 options over ordinary shares
Special Responsibilities	Nil
Directorships held in other listed entities during the three years prior to the current year	Mr Bradley held no other directorships of ASX listed companies during the last three years.

Mr Johannes Lin	Non-Executive Director
Experience	Mr Lin has over ten years of management experience as an entrepreneur and presently manages as Finance Director of Windsor Capital Pte Ltd, and Managing Director of both Windsor F&B Pte Ltd and Oprian Investments Pte Ltd which collectively owns and manages a diversified portfolio in Commercial Leasing in Manila, Philippines, a duo of Japanese Restaurants in Sentosa, Singapore, a Confectionery chain with franchisees and Automated Central Kitchen in Nanjing, China, a joint-development project for Hotel Development in Boracay, Philippines and a software development company in Singapore. Past experience includes serving as a member of advisory team in the restructuring of a Singapore SGX listed Enzer Holdings Limited where series of debt negotiations, debt buy-out, capital raising by placements, right issues, debt to equity conversion and eventual takeover by a marine Company successfully. He has also overseen the development of Pasir Ria Apartments in Singapore, and a key investment team member in the development of Monarch Parksuites Condominium Manila, Philippines. Mr Lin holds a Bachelor of Commerce, Accounting and Finance from the University of Western Australia.
Interest in Shares and Options	2,000,000 options over ordinary shares and 15,451,548 shares.
Special Responsibilities	Nil
Directorships held in other listed entities during the three years prior to the current year	Mr Lin held no other directorships of ASX listed companies during the last three years.

MEETINGS OF DIRECTORS

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

	Directors' Meetings	
	Number eligible to attend	Number attended
Mr Justin Virgin	5	5
Mr Trevor Bradley	5	5
Mr Johannes Lin	5	4

INDEMNIFYING OFFICERS OR AUDITORS

Terrain 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, other than conduct involving a wilful breach of duty in relation to Terrain.

INFORMATION ON DIRECTORS (CONTINUED)

OPTIONS

At the date of this report, the unissued ordinary shares of Terrain under option, to the date of this report, are as follows:

OPTIONS

GRANT DATE	DATE OF EXPIRY	EXERCISE PRICE	NUMBER UNDER OPTION
24 November 2015	24 November 2020	0.0117	22,600,000
7 December 2016	7 December 2021	0.0188	12,000,000
18 December 2017	18 December 2022	0.0175	6,000,000
22 November 2018	22 November 2023	0.0085	3,000,000
20 November 2019	20 November 2024	0.0065	6,000,000
			49,600,000

For details of options issued to Directors and executives as remuneration, refer to the remuneration report. During the year, 3,000,000 ordinary shares of Terrain were issued to Justin Virgin (2019: Nil) of Terrain on the exercise of options granted at $0.004 for $12,000.

PROCEEDINGS ON BEHALF OF COMPANY

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

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

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 32 of the financial report.

The auditor did not provide any non-audit services for the year ended 30 June 2020 (30 June 2019: Nil).

REMUNERATION REPORT (AUDITED)

REMUNERATION POLICY

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

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

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

Assessing performance:

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

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 Company did not engage external remuneration consultants to advise the Board on remuneration matters during the year.

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. A Director is not present at any discussions relating to determination of his own remuneration.

REMUNERATION REPORT (CONTINUED) (AUDITED)

REMUNERATION POLICY (CONTINUED)

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

Executive Pay

The overall level of executive reward considers 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.

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 allotment of options to executives are considered by the Board depending on individual performance. Performance remuneration is not related to company performance. The Company is still in exploration and development phase.

iii. Other

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

REMUNERATION REPORT (CONTINUED) (AUDITED)

EMPLOYMENT DETAILS OF MEMBERS OF KEY MANAGEMENT PERSONNEL AND OTHER EXECUTIVES

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

KEY MANAGEMENT PERSONNEL	POSITION HELD AS AT 30 JUNE 2020	CONTRACT DETAILS (DURATION & TERMINATION)
Mr Justin Virgin	Executive Director	Executive agreement effective 1 December 2015
Mr Trevor Bradley	Non-Executive Director	On-going basis with no termination benefits
Mr Johannes Lin	Non-Executive Director	On-going basis with no termination benefits

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

On 1 December 2015 the Company entered into an Executive Service Agreement with Director Justin Virgin up to 30 June 2020. Under the terms of the contract:

- Mr Virgin will be paid a remuneration package of $120,000 p.a. base salary plus superannuation.
- The Company may terminate this agreement in writing if the Executive becomes incapacitated by illness or accident for an accumulated period of two months or a period aggregating more than three months in any twelve month period.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. On termination with cause, the Executive is not entitled to any payment.
- If the Company terminates the agreement for any reason other than the above, the Company must pay the Executive an amount equal to six month's salary.
- If Mr Virgin terminates the agreement, he must provide the Company with 60 days' notice period.
- Mr Virgin's Executive Service Agreement has been reviewed subsequent to the year ended 30 June 2020 and the minimum remuneration package has been increased to a base salary of $180,000 plus superannuation.

REMUNERATION REPORT (CONTINUED) (AUDITED)

REMUNERATION DETAILS

Details of the nature and amount of each element of the emoluments of each member of the key management personnel of Terrain Minerals for the year ended 30 June 2020 and 30 June 2019 is set out in the following tables:

For the year ended 30 June 2020

KEY MANAGEMENT PERSONNEL	SHORT-TERM BENEFITS		POST-EMPLOYMENT BENEFITS	EQUITY-SETTLED SHARE-BASED PAYMENTS			REMUNERATION CONSISTING OF OPTIONS
	SALARY, FEES AND LEAVE	OTHER	SUPERANNUATION	SHARES	OPTIONS	TOTAL	
	$	$[1]	$	$	$	$	%
Mr Justin Virgin	120,000	25,000	11,400	-	11,244	167,644	7
Mr Trevor Bradley	30,000	-	2,850	-	5,622	38,472	15
Mr Johannes Lin	30,000	-	2,850	-	-	32,850	-
TOTAL	**180,000**	**25,000**	**17,100**	**-**	**16,866**	**238,966**	**22**

[1] Mr Justin Virgin received a bonus of $25,000 upon the sale of the Great Western project

For the year ended 30 June 2019

KEY MANAGEMENT PERSONNEL	SHORT-TERM BENEFITS		POST-EMPLOYMENT BENEFITS	EQUITY-SETTLED SHARE-BASED PAYMENTS			REMUNERATION CONSISTING OF OPTIONS
	SALARY, FEES AND LEAVE	OTHER	SUPERANNUATION	SHARES		TOTAL	
	$	$	$	$	%	$	
Mr Justin Virgin	115,476	-	10,970	-	-	126,446	-
Mr Trevor Bradley	33,100	19,700	3,145	-	9,085	65,030	14
Mr Johannes Lin	30,000	-	2,850	-	-	32,850	-
Mr Paul Dickson [1]	12,500	-	1,188	-	-	13,688	-
TOTAL	**191,076**	**19,700**	**18,153**	**-**	**9,085**	**238,014**	**14**

[1] Mr Paul Dickson resigned on 22 November 2018

REMUNERATION REPORT (CONTINUED) (AUDITED)

SHARE-BASED PAYMENTS

During the year ended 30 June 2020, 6,000,000 (30 June 2019: 3,000,000) options were issued to the directors.

KEY MANAGEMENT PERSONNEL	REMUNERATION TYPE	GRANT DATE	NUMBER OF OPTIONS	GRANT VALUE $	PERCENTAGE VESTED/PAID DURING THE YEAR %	PERCENTAGE FORFEITED DURING YEAR %	PERCENTAGE REMAINING AS UNVESTED %
Mr Justin Virgin	Options	20 November 2019	4,000,000	11,244	100	-	-
Mr Trevor Bradley	Options	20 November 2019	2,000,000	5,622	100	-	-

DESCRIPTION OF OPTIONS/RIGHTS ISSUED AS REMUNERATION

2020

The options granted to Directors, in the year 30 June 2020 were for nil consideration as remuneration, exercisable at $0.0065 options with an expiry date of on or before 20 November 2024. They vested immediately. The value per option was $0.003.

They were valued using Black Scholes with the below assumptions:

Number of options in series	6,000,000
Grant date share price	$0.0030
Exercise price	$0.0065
Expected volatility	180%
Option life	5 years
Dividend yield	0.00%
Interest rate	0.76%

2019

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

They were valued using Black Scholes with the below assumptions:

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

REMUNERATION REPORT (CONTINUED) (AUDITED)

KEY MANAGEMENT PERSONNEL OPTIONS AND RIGHTS HOLDINGS

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

30 JUNE 2020	BALANCE AT BEGINNING OF YEAR	GRANTED AS REMUNERATION DURING THE YEAR	EXERCISED DURING THE YEAR	PRICE PAID FOR EXERCISED OPTIONS	OTHER CHANGES DURING THE YEAR	BALANCE AT END OF YEAR	VESTED DURING THE YEAR	VESTED AND EXERCISABLE	VALUE OF OPTIONS GRANTED AS REMUNERATION
				$					$
Mr Justin Virgin	19,000,000	4,000,000	(3,000,000)	12,000	-	20,000,000	4,000,000	20,000,000	11,244
Mr Trevor Bradley	7,000,000	2,000,000	-	-	-	9,000,000	2,000,000	9,000,000	5,622
Mr Johannes Lin	2,000,000	-	-	-	-	2,000,000	-	2,000,000	-
	28,000,000	6,000,000	(3,000,000)	12,000	-	31,000,000	6,000,000	31,000,000	16,866

KEY MANAGEMENT PERSONNEL SHAREHOLDINGS

The number of ordinary shares in Terrain held by each key management person of Terrain 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 2020					
Mr Justin Virgin	20,794,686	-	3,000,000		23,794,686
Mr Trevor Bradley	-	-	-	-	-
Mr Johannes Lin	15,451,548	-	-	-	15,451,548
	36,246,234	-	3,000,000	-	39,246,234

VOTING AND COMMENTS MADE AT THE COMPANY'S 2019 ANNUAL GENERAL MEETING

The Company's remuneration report for the 2019 financial year was approved at the Annual General Meeting held on 20 November 2019. The Company did not receive any feedback at the AGM on its Remuneration Report.

During the year ended 30 June 2020, the Company did not have a separately established nomination or remuneration committee. Considering the size of the Company and number of directors, the Board is of the view that these functions would be efficiently performed with full Board participation.

END OF AUDITED REMUNERATION REPORT

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

Justin Virgin
Executive Director
Dated: 25 September 2020

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Australia

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

As lead auditor of Terrain Minerals Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

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

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 25 September 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 $	2019 $
Other income		**44,249**	3,110
Net income	2	**44,249**	3,110
Administrative expenses		**(106,832)**	(94,795)
Share based payments	13	**(16,866)**	(9,085)
Exploration expenditure write off	7	**(212,397)**	(23,211)
Employee benefits expenses		**(222,100)**	(206,128)
Depreciation	9	**(11,116)**	-
Gain on sale of exploration asset	8	**1,979,789**	-
Other expenses		**(135,905)**	(116,445)
Profit/(loss) before income taxes		**1,318,822**	(446,554)
Income tax expense	3	**-**	-
Profit/(loss) after income tax for the year		**1,318,822**	(446,554)
Other comprehensive income			
Items that will not be classified to profit or loss			
Changes in the fair value of Financial assets through other comprehensive income		**309,500**	-
Total comprehensive profit/(loss) for the year attributable to owners of Terrain Minerals Limited		**1,628,322**	(446,554)
Profit/(loss) from continuing operations attributable to owners of Terrain Minerals Limited		**1,628,322**	(446,554)
Profit/(loss) per share attributable to owners of TMX			
From continuing operations:			
Basic profit/(loss) per share (cents)	15	**0.19**	(0.07)
Diluted profit/(loss) per share (cents)	15	**0.19**	(0.07)

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

TERRAIN MINERALS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	NOTE	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	**2,084,876**	388,666
Trade and other receivables	5	**27,765**	7,840
Prepayments	6	**10,391**	12,062
TOTAL CURRENT ASSETS		**2,123,032**	408,568
NON-CURRENT ASSETS			
Other receivables	5	**20,000**	20,000
Exploration expenditure	7	**278,662**	809,040
Right of use asset	9	**1,855**	-
Financial assets at fair value through other comprehensive income	11	**1,000,000**	-
TOTAL NON-CURRENT ASSETS		**1,300,517**	829,040
TOTAL ASSETS		**3,423,549**	1,237,608
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	**302,512**	33,895
Lease liability	10	**1,994**	-
TOTAL CURRENT LIABILITIES		**304,506**	33,895
TOTAL LIABILITIES		**304,506**	33,895
NET ASSETS		**3,119,043**	1,203,713
EQUITY			
Issued capital	13	**20,940,371**	20,670,229
Reserves	14(A)	**1,942,250**	1,615,884
Accumulated losses	14(B)	**(19,763,578)**	(21,082,400)
TOTAL EQUITY		**3,119,043**	1,203,713

The above statement of financial position should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	ORDINARY SHARES $	OPTIONS RESERVE $	FAIR VALUE OTHER COMPREHENSIVE INCOME ("FVOCI") RESERVE	ACCUMULATED LOSSES $	TOTAL $
Balance at 1 July 2019	**20,670,229**	**1,615,884**	**-**	**(21,082,400)**	**1,203,713**
Profit/(loss) attributable to members of the parent entity	**-**	**-**	**-**	**1,318,822**	**1,318,822**
Other comprehensive income for the year	**-**	**-**	**309,500**	**-**	**309,500**
Total comprehensive profit/(loss) for the year	**-**	**-**	**309,500**	**1,318,822**	**1,628,322**
Transactions with owners, in their capacity as owners, and other transfers					
Contributions of equity, net of transaction costs	**270,142**	**-**	**-**	**-**	**270,142**
Issue of options	**-**	**16,866**	**-**	**-**	**16,866**
Balance at 30 June 2020	**20,940,371**	**1,632,750**	**309,500**	**(19,763,578)**	**3,119,043**
Balance at 1 July 2018	20,670,229	1,606,799	-	(20,635,846)	1,641,182
Loss attributable to members of the parent entity	-	-	-	(446,554)	(446,554)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(446,554)	(446,554)
Transactions with owners, in their capacity as owners, and other transfers					
Contributions of equity, net of transaction costs	-	-	-	-	-
Options based payments	-	9,085	-	-	9,085
Balance at 30 June 2019	20,670,229	1,615,884	-	(21,082,400)	1,203,713

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 $	2019 $
CASH FROM OPERATING ACTIVITIES:			
Payments to suppliers and employees		**(497,614)**	(423,567)
Net GST received from acquisition		**250,000**	-
Interest received		**804**	3,284
Government stimulus grants		**43,445**	-
Net cash used in operating activities	22	**(203,365)**	(420,283)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for Exploration and evaluation expenditure		**(143,462)**	(247,827)
Proceeds from sale of tenements		**300,000**	-
Proceeds from sale of investment		**1,492,894**	-
Net cash from/(used in) in investing activities		**1,649,432**	(247,827)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		**250,002**	**-**
Proceeds from exercise of options		**12,000**	**-**
Payment of share issue costs		**(11,859)**	**-**
Net cash from financing activities		**250,143**	**-**
OTHER ACTIVITIES:			
Net cash increase/(decrease) in cash and cash equivalents		**1,696,210**	(668,110)
Cash and cash equivalents at beginning of year		**388,666**	1,056,776
Cash and cash equivalents at end of the year	4	**2,084,876**	388,666

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

NOTE 1: BASIS OF PREPARATION

This financial report includes the financial statements and notes of Terrain (the company) and was approved for issue on 25 September 2020 by the Board of directors of the Company.

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

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

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

Critical accounting estimates
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements as disclosed in Note 24.

New or amended standards applicable for the current reporting period for which the Company has adopted

AASB 16 Leases

AASB 16 *Leases* became applicable for the current reporting period and the Company had to change its accounting policies and make adjustments as a result of adopting this standard.

The impact of the adoption of these standards and the new accounting policies are disclosed in Note 24.

NOTE 1: BASIS OF PREPARATION (CONTINUED)

Going Concern

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

The Company incurred a net profit of $1,318,822 for the year ended 30 June 2020 and had cash outflows from operations activities of $203,365 for the year. Notwithstanding this, the financial report has been prepared on a going concern basis which the Directors consider to be appropriate based upon the available cash assets of $2,084,876 as at 30 June 2020.

In addition, on 31 January 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic. These events are having a significant negative impact on world stock markets, currencies and general business activities. The full impact of the COVID-19 outbreak continues to evolve at the date of this report as disclosed in Note 24.

As at the date of this report, the Group is not able to estimate the full effects of the COVID-19 outbreak on its results, financial condition, or liquidity for the 2020 financial year. If the pandemic continues, it may have a material adverse effect on the Group's results, financial position, and liquidity.

The ability of the Company to continue as a going concern is dependent on the Company being able to raise additional funds as required to meet ongoing exploration commitments and for working capital.

These conditions indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

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

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

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

NOTE 2: REVENUE AND SIGNIFICANT EXPENSES ITEMS

	2020	2019
	$	$
Revenue from continuing operations:		
Interest income	**804**	3,110
Government stimulus grants	**43,445**	-
	44,249	3,110

Accounting policy

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. All revenue is stated net of the amount of goods and services tax (GST).

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. This includes cash boost income received due to COVID-19 during the year.

NOTE 3: INCOME TAX

	2020	2019
THE COMPONENTS OF TAX EXPENSE COMPRISE		
Current tax	**-**	-
Deferred tax	**-**	-
Income tax attributable to entity	**-**	-
THE PRIMA FACIE TAX ON PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX IS RECONCILED TO THE INCOME TAX:		
Prima facie tax benefit on profit/(loss) from continuing activities before income tax at 30% (2019: 30%)	395,647	(133,966)
Add/(less) tax effect of:		
- Revenue losses not recognised	142,244	138,778
- Other assessable items	78,750	-
- Share based payments	5,060	2,726
- Other non-deductible expenses	-	261
- Other non-assessable items	(13,034)	-
- Recoupment of prior year tax losses not previously brought to account	(599,614)	-
- Deferred tax balances not recognised	(9,053)	(7,799)
	-	-

NOTE 3: INCOME TAX (CONTINUED)

Deferred tax recognised at 30% (2019:30%) (%) (i):	**2020**	**2019**
	$	**$**
Deferred tax liabilities:		
- Exploration expenditure	(76,323)	(218,618)
- Financial assets	(14,100)	-
- Prepayments	(92)	-
-	(90,515)	(218,618)
Deferred tax assets:		
- Carry forward revenue losses	90,515	218,618
Net deferred tax	-	-

Unrecognised deferred tax assets at 30% (2018: 30%) (i):		
Carry forward revenue losses	4,212,499	4,689,755
Carry forward capital losses	1,148,660	1,148,660
Other	14,856	19,571
	5,376,015	5,857,986

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

(a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;

(b) the company continues to comply with the conditions for deductibility imposed by law; and

(c) no changes in income tax legislation adversely affect the company in utilising the benefits.

(1) the corporate tax rate for eligible companies will reduce from 30% to 25% by 30 June 2022 providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised or the liability is settled. The Directors have determined that the deferred tax balances be measured at the tax rates stated.

Accounting policy

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

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

NOTE 3: INCOME TAX (CONTINUED)

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

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

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

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

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

NOTE 4: CASH AND CASH EQUIVALENTS

	2020	2019
	$	$
Cash at bank	**2,082,312**	386,102
Petty cash	**2,564**	2,564
	2,084,876	388,666

The company's exposure to interest rate risk is disclosed in note 17. The maximum exposure to credit risk at the end of the reporting year is the carrying amount of each class of cash and cash equivalents.

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

NOTE 5: TRADE AND OTHER RECEIVABLES

CURRENT	2020	2019
	$	$
Other receivables	**12,723**	2,723
GST paid	**15,042**	5,117
	27,765	7,840
NON-CURRENT		
Other receivables	**20,000**	20,000

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

Accounting policy

Trade and other receivables are recognised at fair value initially and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. The classification is based on two criteria: The Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criteria'). Trade and other receivables met both criteria.

Trade receivables are generally due for settlement within 30 days.

Impairment – Trade receivables

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

For trade and other receivables, the Company applies the simplified approach permitted by AASB 9 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

NOTE 6: OTHER ASSETS

	2020	2019
	$	$
Current		
Prepayments	**10,391**	12,062
	10,391	12,062

NOTE 7: EXPLORATION EXPENDITURE

Balance at beginning of the year	**809,040**	**578,892**
Expenditure during the year	**182,230**	**253,359**
Smokebush farm-in agreement	**20,000**	**-**
Carrying value of exploration assets disposed	**(520,211)**	**-**
Written off exploration expenditure	**(212,397)**	**(23,211)**
	278,662	**809,040**

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

The recoverability of the carrying amount of the exploration and evaluation assets is dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. During the period, the Company has identified that there are assets where no exploration program can be justified, and the tenements should be relinquished and therefore capitalised expenditure allocated to these tenements was written off in accordance with AASB 6 'Exploration for and Evaluation of Mineral Resources'. The Board has approved the write down of $212,397 (June 2019: $23,211) during the financial period in the Statement of Profit or Loss and Other Comprehensive Income.

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

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

NOTE 7: EXPLORATION EXPENDITURE (CONTINUED)

Accounting policy (continued)

(a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

(b) exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are occurring.

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

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

KEY JUDGEMENTS - EXPLORATION AND EVALUATION EXPENDITURE

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

NOTE 8: DISPOSAL OF GREAT WESTERN PROJECT

On 11 November 2019, the Company entered into an Option Agreement with Red 5 Limited ("Red 5") to sell its interest in the Great Western Gold Project (100%). Under the Option Agreement Red 5 paid Terrain an option fee of $300,000 plus GST. The Option Agreement gave Red 5 the right to conduct a due diligence drilling program into the JORC resource over the Great Western project. Red 5 exercised the option to purchase the Great Western project for the agreed value of $2,200,000 shares in Red 5 calculated on a 5 day VWAP.

Details of the sale of the Great Western project are as follows are as follows:

Consideration received	$
Option fee	300,000
Red 5 share issue	2,200,000
Total disposal consideration	2,500,000
Less:	
Carrying amount of net assets sold	(520,211)
Gain on disposal of exploration asset	1,979,789

NOTE 9: RIGHT OF USE OF LEASE ASSETS

Carrying value

	30 June 2020	
	Premises	**Total**
	$	**$**
Cost	12,971	12,971
Accumulated depreciation	(11,116)	(11,116)
Carrying value as at 30 June 2020	1,855	1,855

Reconciliation

	30 June 2020	
	Premises	**Total**
30 June 2020	**$**	**$**
Opening Balance	-	-
Additions	12,971	12,971
Depreciation expense	(11,116)	(11,116)
Closing Balance	1,855	1,855

Accounting policy

The Company has adopted AASB 16 using the modified retrospective approach under which the reclassifications and the adjustments arising from the new leasing rules are recognised in the opening Condensed Statement of Financial Position on 1 July 2019. There is no initial Impact on retained earnings under this approach. The Company has not restated comparatives for the 2019 reporting period.

From 1 July 2019, where the Company is a lessee, the Company recognised a right-of-use asset and a corresponding liability at the date which the lease asset is available for use by the Company. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a consistent period rate of interest on the remaining balance of the liability for each period.

NOTE 10: LEASE LIABILITIES

	30 June 2020	
	Premises	**Total**
	$	**$**
Current Liabilities	1,994	1,994
Fair value as at 30 June 2020	1,994	1,994

Reconciliation

	30 June 2020	
	Premises	**Total**
30 June 2020	**$**	**$**
Opening Balance	-	-
Additions	12,971	12,971
Finance Expenses	(10,977)	(10,977)
Closing Balance	1,994	1,994

AASB 16 has been adopted during the period, refer note 9 for details.

NOTE 11 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

Non-current	**30 June 2020 $**	**30 June 2019 $**
Financial assets at fair value through other comprehensive income		
Balance at purchase		
Red 5 Limited	2,200,000	-
Financial assets at fair value through other comprehensive income		
Movement during the period		
Red 5 Limited	(1,200,000)	-
Balance for the year ended 30 June 2020	**1,000,000**	-

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

	Total Gain on disposal			**Gain on disposal for the financial year ended 30 Jun 2020**		
	Net proceeds $	**Original cost $**	**Gain $**	**Net proceeds $**	**Carrying value at 30 June 2020 $**	**Gain $**
Sold in the full year ended 30 June 2020	1,509,500	(1,247,000)	262,500	1,509,500	(1,247,000)	262,500
	1,509,500	**(1,247,000)**	**262,500**	**1,509,500**	**(1,247,000)**	**262,500**

The gain recognised of $262,500 for the financial year ended 30 June 2020 was disclosed in the profit and loss as other comprehensive income as per AASB 9.
The balance as at 30 June 2020 of $1,000,000 represents the investment in Red 5 Ltd. The Company holds 5,000,000 shares and the share price as at 30 June 2020 was $0.20 per share.

NOTE 11 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

(ii) Amounts recognised in other comprehensive income
During the year, the following gains/(losses) were recognised in other comprehensive income.

	30 June 2020 $	30 June 2019 $
Gains recognised in other comprehensive income	**309,500**	-

The movement of gain recognised in other comprehensive income for the financial year ended 30 June 2020 was as follows:

Gain on sale of Red 5 shares for the full year ended 30 June 2020	262,500
Increase in value of Red 5 shares	47,000
Gain recognised in other comprehensive income	309,500

NOTE 12: TRADE AND OTHER PAYABLES

	2020 $	2019 $
CURRENT		
Trade payables – unsecured	**296,126**	27,505
Other payables – unsecured	**6,386**	6,390
	302,512	33,895

All trade payables are non-interest bearing and are normally settled on 30-day terms. The Company's exposure to risks arising from trade and other payables is disclosed in Note 17. The carrying amounts of trade and other payables approximate the fair values.

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

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

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

NOTE 13: ISSUED CAPITAL

	2020 Number	2020 $	2019 Number	2019 $
Fully paid ordinary shares	**723,161,009**	**20,940,371**	643,732,009	20,670,229

Description	Date	Number of shares	Issue Price	$
2020				
Opening balance	1 July 2019	**643,732,009**		**20,670,229**
Share Placement (i)	30 Sept 2019	71,429,000	$0.0035	250,001
Exercise of options	12 Dec 2019	3,000,000	$0.004	12,000
Issue for acquisition of tenements(ii)	20 Dec 2019	5,000,000	$0.004	20,000
Less: transaction costs				(11,859)
Closing balance	30 June 2020	**723,161,009**		**20,940,371**

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

(i) On 30 September Terrain completed a placement, issuing 71,429,000 shares at $0.0035.

(ii) On 20 December 2019 Terrain issued 5,000,000 shares valued at $0.004 as a part of the Farm-in agreement for the Smokebush Gold Project, details were announced to the ASX on the 2 December 2019

Accounting policy

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

OPTIONS

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

2020 Number	Exercise Price	Grant	Expiry
22,600,000	$0.0117	24 November 2015	24 November 2020
12,000,000	$0.0188	7 December 2016	7 December 2021
6,000,000	$0.0175	18 December 2017	18 December 2022
3,000,000	$0.0085	22 November 2018	22 November 2023
6,000,000	$0.0065	20 November 2019	20 November 2024
49,600,000			

NOTE 13: ISSUED CAPITAL (CONTINUED)

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

Description	**2020 Number**	**Weighted Average Exercise Price**	2019 Number	Weighted Average Exercise Price
Options				
Opening balance	55,600,000	0.2556	58,600,000	0.0534
Issued during the period (i)	6,000,000	0.0065	3,000,000	0.0085
Exercised during the period	(3,000,000)	(0.0010)	-	-
Expired during the period	(9,000,000)	(0.0030)	(6,000,000)	(0.3000)
Balance at 30 June	49,600,000	0.2451	55,600,000	0.2556

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

They were valued using Black Scholes with the below assumptions:

2020	**Unlisted options**
Number of options in series	6,000,000
Grant date share price	$0.003
Exercise price	$0.0065
Expected volatility	180%
Option life	5 years
Dividend yield	0.00%
Interest rate	0.76%
Total value	$16,866

Options (valued at $0.0036) were issued to the Directors were valued using Black Scholes with the below assumptions:

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

NOTE 13: ISSUED CAPITAL (CONTINUED)

Accounting policy

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

CAPITAL RISK MANAGEMENT

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

Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Company at 30 June 2020 and 30 June 2019 are as follows:

	2020	2019
	$	$
Cash and cash equivalents	**2,084,876**	388,666
Trade and other receivables	**27,765**	7,840
Trade and other payables	**(302,512)**	(33,895)
Working capital position	**1,810,129**	362,611

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

NOTE 14: RESERVES AND ACCUMULATED LOSSES

(A) RESERVE

	2020 $	2019 $
Option Reserve		
Opening balance	**1,615,884**	1,606,799
Option expenses (refer Note 13)	**16,866**	9,085
Closing balance	**1,632,750**	1,615,884
Fair value other comprehensive income Reserve		
Opening balance	**-**	-
Fair value of sale of Red 5 shares (refer Note 11)	**309,500**	-
Closing balance	**309,500**	-
	1,942,250	1,615,884

(B) ACCUMULATED LOSSES

	2020	2019
Opening balance	**(21,082,400)**	(20,635,846)
Net profit/(loss) for the year	**1,318,822**	(446,554)
Closing balance	**(19,763,578)**	(21,082,400)

(C) NATURE AND PURPOSE OF OTHER RESERVES

SHARE - BASED PAYMENTS

The share-based payments reserve is used to recognise:

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

FAIR VALUE OTHER COMPREHENSIVE INCOME RESERVE (FVOCI)

The FVOCI reserve is used to recognise:

- the gain/loss on sale of fair values assets
- the valuation of fair value assets at balance date

NOTE 15: EARNINGS PER SHARE

	2020 $	2019 $
Profit/(loss) used to calculate basic EPS	**1,318,822**	(446,554)
Profit/(loss) used in calculation of dilutive EPS	**1,318,822**	(446,554)

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

	NUMBER	NUMBER
Weighted average number of ordinary shares outstanding during the year - No. used in calculating basic EPS	**701,490,331**	643,732,009
Weighted average number of ordinary shares outstanding during the year - No. used in calculating diluted EPS	**701,490,331**	643,732,009

NOTE 15: EARNINGS PER SHARE (CONTINUED)

	2020	2019
	$	$
Total basic profit/(loss) per share attributable to the ordinary equity holders of the Company (cents)	**0.19**	(0.07)
Total diluted profit/(loss) per share attributable to the ordinary equity holders of the Company (cents)	**0.19**	(0.07)

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

NOTE 16: CAPITAL AND LEASING COMMITMENTS

CAPITAL EXPENDITURE COMMITMENTS

	2020	2019
	$	$
Payable:		
- not later than 12 months	**77,440**	120,000
- between 12 months and 5 years	**469,760**	470,000
- greater than 5 years	**-**	-
	547,200	590,000

NOTE 17: FINANCIAL RISK MANAGEMENT

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

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

	NOTE	2020	2019
		$	$
FINANCIAL ASSETS			
Cash and cash equivalents	4	**2,084,876**	388,666
TOTAL FINANCIAL ASSETS		**2,084,876**	388,666
FINANCIAL LIABILITIES			
Trade and other payables	12	**302,512**	33,895
Lease liability	10	**1,994**	-
TOTAL FINANCIAL LIABILITIES		**304,506**	33,895

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

NOTE 17: FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL RISK MANAGEMENT POLICIES

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

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

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

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

SPECIFIC FINANCIAL RISK EXPOSURES AND MANAGEMENT

(A) CREDIT RISK

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

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

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

(B) LIQUIDITY RISK

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

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

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

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

NOTE 17: FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL LIABILITY AND FINANCIAL ASSET MATURITY ANALYSIS	WITHIN 1 YEAR		1 TO 5 YEARS		TOTAL CONTRACTUAL CASH FLOW	
	2020	2019	2020	2019	2020	2019
	$	$	$	$	$	$
FINANCIAL LIABILITIES DUE FOR PAYMENT						
Trade and other payables	**302,512**	33,895	-	-	**302,512**	33,895
Lease liability	**1,994**	-	-	-	**1,994**	-
Total contractual outflows	**304,506**	33,895	-	-	**304,506**	33,895
Total expected outflows	**304,506**	33,895	-	-	**304,506**	33,895
FINANCIAL ASSETS - CASH FLOWS REALISABLE						
Trade and other receivables	**27,765**	2,723	**-**	-	**27,765**	2,723
Total anticipated inflows	**27,765**	2,723	**-**	-	**27,765**	2,723

(c) MARKET RISK

i. Interest rate risk

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

ii. Price risk

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

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

NOTE 18: OPERATING SEGMENTS

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

Accounting policy

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

NOTE 19: 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 key management personnel for the year ended 30 June 2020.

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

	2020	2019
	$	$
Short-term employee benefits	**205,000**	210,776
Post-employment benefits	**17,100**	18,153
Share-based payments	**16,866**	9,085
	238,966	238,014

OTHER KEY MANAGEMENT PERSONNEL TRANSACTIONS

There have been no other transactions with Key Management Personnel.

NOTE 20: AUDITOR'S REMUNERATION

	2020	2019
	$	$
Remuneration of the auditor of the company for:		
BDO Audit (WA) Pty Ltd - auditing or reviewing the financial report	**26,782**	27,627
	26,782	27,627

NOTE 21: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

1. On 2 December 2019 Terrain entered into an agreement with the owners of Wilson Patch that gives Terrain the rights to all minerals (including gold) as well as the right to explore and mine. Terrain paid no upfront payment, as the vendors will only receive a payment from production of $1.92c per tonne of ore milled. Terrain has also taken over the tenement management duties and the vendors maintain prospecting rights over the top two meters.

NOTE 21: CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONTINUED)

2. Terrain entered into a farm-in agreement for the Smokebush Gold Exploration Project, with a 21 day period for Due diligence over the package and elected to proceed with the deal on the 29 November 2019. The following are the contingent liabilities from the Smokebush Farm-in agreement:

- **First Contingent Payment**
  - (a) Upon Terrain defining an Indicated Resource (as that term is defined in the JORC Code) of gold grading at not less than 2 grams (Applicable Resources) per tonne within the Tenements, Terrain will, at its election:
    - pay Watts-Butler the sum of $1.00 for each ounce of gold contained within the Applicable Resource to a maximum of $200,000; or
    - issue to Watts-Butler Shares to the value of $1.00 for each ounce of gold contained within the Applicable Resource to a maximum value of Shares of $200,000; or
    - pay and issue to Watts-Butler any combination of cash and Shares to the value of $1.00 for each ounce of gold contained within the Applicable Resource to a maximum of value of $200,000.
  - (b) If Terrain defines more than one Applicable Resource within the Tenements, it must make the payments described in clause **Error! Reference source not found.** for each Applicable Resource, up to an aggregate maximum payment or issue to the value of $200,000.
- **Second Contingent Payment**
  - (a) Upon Terrain making a decision to commence mining of a gold resource within the Tenements (Decision to Mine) Terrain will, at its election:
    - pay Watts-Butler $1.50 per ounce of gold which is described in the mine plan as recoverable gold to a maximum of $300,000; or
    - issue to Watts-Butler Shares to the value of $1.50 for each ounce of gold which is described in the mine plan as recoverable gold to a maximum value of Shares of $300,000; or
    - pay and issue to Watts-Butler any combination of cash and Shares to the value of $1.50 for each ounce of gold which is described in the mine plan as recoverable gold to a maximum of value of $300,000.

  - (b) If Terrain makes more than one Decision to Mine within the Tenements, it must make the payments described in clause **Error! Reference source not found.** with respect to each Decision to Mine, up to an aggregate maximum payment or issue to the value of $300,000.

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

NOTE 22 CASH FLOW INFORMATION

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

	2020	2019
	$	$
Net profit/(loss) for the year	**1,318,822**	(446,554)
Other income		
Non-cash items in profit/(loss)		
Share based payments	**16,866**	9,085
Exploration written off	**212,397**	23,211
Depreciation	**11,116**	-
Gain on disposal of exploration asset	**(1,979,789)**	-
Changes in assets and liabilities		
(Increase)/decrease in trade and term receivables	**(19,925)**	3,764
Decrease/(increase) in prepayments	**1,671**	(3,498)
(Decrease) in trade payables and accruals	**235,477**	(6,291)
Net cash used in operating activities	**(203,365)**	(420,283)

(B) NON-CASH INVESTING AND FINANCING ACTIVITIES

During the year ended 30 June 2020 non-cash investing activities of $2,200,000 for Red 5 shares issued for the sale of the Great Western project (2019: Nil)

NOTE 23: EVENTS AFTER THE END OF THE REPORTING DATE

Subsequent to year end the Company received $396,574 cash from the sale of 1,500,000 Red 5 shares.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has had limited impact on the entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than matters disclosed above there are 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.

NOTE 24: OTHER ACCOUNTING POLICIES

(A) GOODS AND SERVICES TAX (GST)

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows

(B) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

KEY ESTIMATES – IMPAIRMENT

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of Ore Reserves and Mineral Resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices. As at 30 June 2020, the carrying value of capitalised exploration and evaluation is $278,662 (2019: $809,040)

KEY JUDGEMENTS – CORONAVIRUS (COVID-19) PANDEMIC

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the services offered, farm-in partners, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

KEY JUDGEMENTS - SHARE-BASED PAYMENT TRANSACTIONS

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

KEY JUDGEMENTS – CONTINGENT LIABILITIES

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

KEY JUDGEMENTS – TAXATION

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

NOTE 24: OTHER ACCOUNTING POLICIES (CONTINUED)

B) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

KEY JUDGEMENTS – LEASES

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

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

Early adoption of accounting standards

The Company has not elected to apply any pronouncements before their operative date in the annual reporting year beginning 1 July **2019**.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards is that they are not expected to have a material impact on the Group in the current or future periods.

New and amended standards adopted by the Company
The Company has adopted new or amended standards became applicable for the current reporting period:

AASB 16 Leases

AASB 16 Leases supersedes AASB 117 Leases. The Company has adopted AASB 16 from 1 July 2019 which has resulted in changes classification, measurement and recognition of leases. The changes result in almost all leases where the Company is the lessee being recognised on the Statement of Financial Position and removes the former distinction between operating and finance lease. The new standard requires recognition of a right-of-use asset (the leased item) and a financial liability (to pay rentals). The exceptions are short-term, and low value leases.

The Company has adopted AASB 16 using the modified retrospective approach under which the reclassifications and the adjustments arising from the new leasing rules are recognised in the opening Statement of Financial Position on 1 July 2019. There is no initial impact on retained earnings under this approach. The Company has not restated comparatives for the 2019 reporting period.

The Company leases premises in Western Australia. From 1 July 2019, where the Company is a lessee and recognised a right-of-use asset and a corresponding liability at the date which the lease asset is available for use by the Company. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a consistent period rate of interest on the remaining balance of the liability for each period.

The lease payments are discounted using an interest rate implicit in the lease, If that rate cannot be determined, the Company's incremental borrowing rate is used, being the rate the lessee would have to pay to borrow funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

NOTE 24: OTHER ACCOUNTING POLICIES (CONTINUED)

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

On initial application right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position as at 30 June 2019. There were no onerous lease contracts that required an adjustment to the right-of-use assets of initial application.

On adoption of AASB 16, the Company recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to lease liabilities on 1 July 2019 was 10%.

In the statement of cash flows, the Company will recognise cash payments for the principal portion of the lease liability within financing activities, cash payments for the interest portion of the lease liability as interest paid within operating activities and short-term lease payments and payments for lease of low-value assets within operating activities.

If termination options were included in the property lease this would then become an area of judgement. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease Is reasonably certain to be extended (or not terminated).

Practical expedients applied

In applying AASB 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases, with no right-of-use asset nor lease liability recognised; and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2020

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) the financial statements and accompanying notes are prepared in compliance with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board;

(c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, other mandatory professional reporting requirements including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company; and

(d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001.

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

Justin Virgin
Executive Director
Dated: 25 September 2020

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INDEPENDENT AUDITOR'S REPORT

To the members of Terrain Minerals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Terrain Minerals Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

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

(i) Giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report. We are independent of the Company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Material uncertainty related to going concern

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Recoverability of exploration and evaluation expenditure

Key audit matter	How the matter was addressed in our audit
As disclosed in Note 7 to the financial report, the carrying value of capitalised exploration and evaluation expenditure represents a significant asset of the Company. In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources (AASB 6), the recoverability of exploration and evaluation expenditure requires significant judgment by management in determining whether there are any facts or circumstances that exist to suggest that the carrying amount of this asset may exceed its recoverable amount. As a result, this is considered a key audit matter.	Our procedures included, but were not limited to: • Obtaining a schedule of the areas of interest held by the Company and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Company's exploration budgets, ASX announcements and directors' minutes; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Note 7 to the Financial Report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

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

https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 25 to 31 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Terrain Minerals Limited, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Responsibilities

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

BDO Audit (WA) Pty Ltd

BDO

J Prue

Jarrad Prue

Director

Perth, 25 September 2020

Corporate Governance

The Company's 2020 Corporate Governance Statement is contained in the 'Corporate Governance' section of the Company's website at www.terrainminerals.com.au

ADDITIONAL ASX INFORMATION

FOR THE YEAR ENDED 30 JUNE 2020

The shareholder information set out below was applicable as at 24 September 2020.

1. Quotation

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

2. Voting Rights

All issued ordinary shares carry one vote per share. There are no voting rights attached to options on issue.

3. Distribution of Shareholders

(i) Fully Paid Ordinary Shares

Range	Holders	Units	%
1 – 1,000	42	9,461	0.00
1,001 – 5,000	23	77,474	0.01
5,001 – 10,000	38	350,293	0.05
10,001 – 100,000	384	21,460,222	2.97
100,001 Over	542	701,263,559	96.97
Total	**1,029**	**723,161,009**	**100.00**

On 24 September 2020, there were 187 holders of unmarketable parcels of less than 31,250 ordinary shares (based on the closing share price of $0.016).

(ii) Unlisted Securities

At 24 September 2020, the Company has on issue 49,600,000 unlisted options over ordinary shares. The names of security holders holding more than 20% of an unlisted class of security are listed below.

Holder	Unlisted Options $0.0117 24/11/2020	Unlisted Options $0.0188 7/12/2021	Unlisted Options $0.0175 18/12/2022	Unlisted Options $0.85 22/11/2023	Unlisted Options $0.0065 20/11/2024
Mr Justin Anthony Virgin <J Virgin T/A Stockfeed A/C>	10,000,000	6,000,000	-	-	4,000,000
Mr Keng Hock Jonathan Lim	-	3,000,000	-	-	-
Ricketts Point Investments Pty Ltd <Dickson Family Fund A/C>	-	3,000,000	-	-	-
Mr Trevor Bradley	-	-	4,000,000	3,000,000	2,000,000
Mr Johannes Lin	-	-	2,000,000	-	-
Holders individually less than 20%	12,600,000	-	-	-	-
Total	**22,600,000**	**12,000,000**	**6,000,000**	**3,000,000**	**6,000,000**

4. Substantial Shareholders

The names of the substantial shareholders listed on the Company's register as at 24 September 2020 are:

Name: Mr Jonathan Lim
Holder of: 67,329,041 fully paid ordinary shares, representing 9.31%
Notice Received: 13 October 2015

Name: Mr Johannes Lin
Holder of: 43,862,771 fully paid ordinary shares, representing 6.07%
Notice Received: 10 September 2020

Name: John Wardman and John Wardman & Associates Pty Ltd
Holder of: 37,750,000 fully paid ordinary shares, representing 5.22%
Notice Received: 18 August 2020

5. Restricted Securities

At 24 September 2020, there was a total of 5,000,000 ordinary fully paid shares subject to escrow until 20 December 2020.

6. On market buy-back

There is currently no on market buy back in place.

7. Twenty Largest Shareholders

The twenty largest shareholders of the Company's quoted securities as at 24 September 2020 are as follows:

Holder	Units	%
MR KENG HOCK JONATHAN LIM	31,335,115	4.36
DRYCA PTY LTD <DRYCA EMPLOYEES RET/F A/C>	30,000,000	4.18
JOHANNES LIN	28,411,223	3.96
JOHN WARDMAN & ASSOCIATES PTY LTD <WARDMAN SUPER FUND A/C>	26,650,000	3.71
MR JONATHAN KENG HOCK LIM	26,564,081	3.70
MR JUSTIN ANTHONY VIRGIN <J VIRGIN T/A STOCKFEED A/C>	17,300,000	2.41
GERARD C TOSCAN MANAGEMENT PTY LIMITED <GERARD C TOSCAN FAM NO 2 A/C>	16,600,000	2.31
ARMCO BARRIERS PTY LTD	16,000,000	2.23
MR JOHANNES Y LIN	15,451,548	2.15
VAN AM MARKETING PTY LTD	14,285,740	1.99
RINGWOOD MANAGEMENT PTY LIMITED <RINGWOOD SUPER FUND A/C>	14,000,000	1.95
SERLETT PTY LTD <DILIGENT INV SUPER FUND A/C>	9,800,000	1.36
MR JONATHAN KENG HOCK LIM	9,429,845	1.31
MR JOHN WARDMAN	9,100,000	1.27
MR GEOFFREY GUILD HILL	9,000,000	1.25
MR BOON KHENG ONG	8,070,569	1.12
MR MARK ANDREW TKOCZ	8,000,000	1.11
CITICORP NOMINEES PTY LIMITED	7,939,213	1.11
TIMMS GROUP PTY LTD	7,492,307	1.04
MR JASON STANLEY MACDONALD	7,142,900	0.99
Total	**312,572,541**	**43.52**

8. Tenement Listing

The Company has an interest in the following tenements:

Project	Tenement	Status	Interest
Wild Viper	E37/1214	Granted	100%
Wilsons Patch	P37/8521*	Granted	100%
Smokebush	E59/2234	Granted	100%
Smokebush	P59/2125	Granted	100%
Smokebush	P59/2126	Granted	100%
Smokebush	P59/2127	Granted	100%
Smokebush	P59/2128	Granted	100%

*exploration and mining rights acquired over tenement.

Competent Persons Statement

Exploration

The information in this report that relates to historic exploration activities are based on information compiled by Mr. S Nicholls, who is a Member of the Australian Institute of Geoscientists and full time employee of Apex Geoscience Australia Pty Ltd. Mr Nicholls has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Nicholls consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.