



TERRAIN MINERALS LIMITED

ANNUAL REPORT

30 JUNE 2022

ABN: 45 116 153 514

TERRAIN MINERALS LIMITED

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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

Computershare Investor Services Pty Ltd

Level 11

172 St Georges Terrace

Perth WA 6000

Telephone 1300 787 272

Facsimile +61 8 9323 2033

Auditor

BDO Audit (WA) Pty Ltd

Level 9, Mia Yellagonga Tower 2

5 Spring Street

Perth WA 6000

Solicitors

Palisade Corporate Law

(formally Price Sierakowski Corporate)

Level 24, St Martins Tower

44 St Georges Terrace

Perth WA 6000

Banker

National Australia Bank

Level 12, 100 St Georges Terrace

Perth WA 6000

Stock Exchange

Terrain Minerals Ltd shares are

listed on the Australian Securities Exchange

Ordinary fully paid shares (ASX code TMX)

Principal and Registered office in Australia

Suite 2, 28 Outram Street

West Perth, WA 6005

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TERRAIN MINERALS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

Your Directors present the financial report of Terrain Minerals Limited (**Terrain** or the **Company**) for the financial year ended 30 June 2022. 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

Ms Melissa Chapman (*Certified Practising Accountant (CPA), AGIA/ACIS, GAICD*) and Ms Catherine Grant-Edwards (*Chartered Accountant (CA)*) 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.

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 in activities during the year.

OPERATING RESULTS

The loss of the company for the year ended 30 June 2022 from ordinary activities after providing for income tax amounted to a loss of \$578,458 (30 June 2021: loss of \$622,819).

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

REVIEW OF OPERATIONS

Terrain has had a busy year following up from last year's large exploration program that saw 6,786 meters drilled over 90 holes across several projects and multiple targets. The main activities this year have been reviewing these drill results and newly generated data, as well as seeking new opportunities and repositioning the Company towards new age metals.

Terrain had been in advanced discussions and close to finalising a transaction regarding a project located in Eastern Europe. Unfortunately, due to regional issues which appear to be continuing for the foreseeable future, the board has withdrawn from this opportunity as they believe the risks are too high to proceed at this time.

Wild-Viper, (100%) which encompasses the areas around the now sold Great Western tenement, has seen an increase of exploration activities. Our geological team conducted multiple sites visits and continues to stay focused on unlocking this tenement potential. Terrain is currently looking at conducting a electron paramagnetic resonance survey over the tenement.

Smokebush, gold exploration project, of which Terrain has obtained an 80% ownership over the JV tenements as well as pledged surrounding tenements 100%. The results of Terrains second RC drill program extended the mineralisation from 400m to 700m and identified several new areas, that require further work. Extensive ground-based work including mapping, and geophysics has been conducted to assist with unlocking this project.

Lort River, (100%) – Rear Earth Minerals (REE) exploration project comprising of three tenements located ~50km Northwest of town of Esperance WA. Covering 320km² of prospective exploration acreage for REE within the now tightly held and emerging hosted REE province. Data review has highlighted REE in historic gold auger sampling.

New areas, Terrain has applied for two large packages north of Smokebush which are yet to be full granted and will be subject to data review and field testing in due course.

The board has continued to maintain a hands-on approach to continue to achieve a low-cost base as well as being focused on asset rationalisation. Terrain maintained the services of a full-time geologist for half the year and is currently looking to fill this now vacant position with contract staff currently being used for specific services. This has increased the Company's technical capacity and ability to generate opportunities as well as its capacity to successfully execute programs in the field. Management is maintaining its focus on a cost-conscious mindset, which continues to be part of the Company's culture.

The board is excited with the exploration advancements over the Company's exploration projects this year. The board aims to continue exploration momentum as it advances projects and assess new opportunities with the sole aim of adding value and increasing shareholder wealth.

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

ACTIVITIES UNDERTAKEN DURING THE YEAR

Wild-viper - Gold Exploration

- Multiple field trips conducting detailed mapping, targeting and desk top programs executed.
- A magnetic survey is currently being planned.

SMOKEBUSH – EXPLORATION PROGRAM RESULTS

First Pass Drilling over Monza (80% TMX) has successfully extended the strike of gold mineralisation by a further 400 meters to define 700 meters of mineralised strike extent within Tenement P59/2128.

New Area: Monza North drilling identified a new offset mineralised gold structure that is open along strike and down dip (refer to diagram 15 & 16).

Best Gold (Au) Results Include:

Monza (adjacent) – Strike extension 50m spaced line results

- 1m @ 1.62 g/t Au from 64m, 3m at 3.62 g/t Au from 73m, 4m at 2.71 g/t Au from 89m, & 1m @ 0.58 g/t Au from 105m, SBRC013
- 2m @ 0.8 g/t Au from 59m, SBRC018
- 3m at 4.86 g/t Au from 135m, SBRC023

Monza Extension - 100m spaced line results (First Pass drilling)

- 2m @ 1.67 g/t Au from 57m, SBRC014
- 1m @ 1.24 g/t Au from 131m, & 2m @ 1.21 g/t Au from 134m, SBRC015
- 3m @ 2.07 g/t Au from 87m, SBRC016
- 2m @ 0.8 g/t Au from 59m, SBRC018

Monza North - Drilling has identified a mineralised structural zone

- 1m @ 0.83 g/t Au from 37m, and 1m @ 0.81 g/t Au from 53m, SBRC019
- 1m @ 0.54 g/t Au from 74m and 1m @ 2.36 g/t Au from 91m, SBRC020
- 3m at 1.53 g/t Au from 39m, SBRC021

Paradise City (100% TMX)

- 1m @ 0.85 g/t Au from 16m, & 1m at 1.18 g/t Au from 29m, SBRC025
- 2m @ 0.64 g/t Au from 66m, SBRC026

Note: (Downhole lengths, >0.5g/t, no internal waste)

LORT RIVER - Rare Earth Minerals (REE)

- Tenements identified, applied for, and granted
- Acquisition of historic exploration data
- Data review, identifying REE minerals

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

PROJECT GENERATION

Throughout the year the Terrain Board and geological team has continued to search and assess new and potential company making 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 to shareholders, from discovery, mining and or asset sales.

Commodities that have been pursued include Gold, Copper, Nickel and industrial minerals in multiple jurisdictions including Australia, Europe and other regions.

EXPLORATION ACTIVITIES UNDERTAKEN DURING THE YEAR

WILD-VIPER GOLD EXPLORATION PROJECT 100% OWNED

About Wild Viper Gold Exploration Project:

The 100% owned Wild-viper Gold exploration project is located 68 km north of Leonora, adjacent to the Goldfields Highway, 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 Wild-viper exploration lease being known to host the Great Western deposit which is located in the Bundarra lineament.

Wild-viper 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 Northern Star Limited (ASX: NST) Bundarra gold deposits to the south and the historic Black Cat workings located adjacent to the northern boundary.

The Wilson Patch tenement that was secured during the previous financial year is located in the middle of Wild-viper (refer to Diagram 1). 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 towards/around the old Bundarra home stead area within the Wild-viper holding.

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

EXPLORATION ACTIVITIES AT WILD-VIPER

Following up from last year's drilling Terrain has used this knowledge a continued filed exploration activities over several areas including new areas. These filed activities have continued to highlight new and prospective areas with returning high grade rock chip samples.

Eastern Quartz Veins - Rock Chip Samples:

- 13.6 g/t Au – Sample description: Pyritic Quartz vein, from old mineshaft. Strike 100 dip subvertical
- 7.7 g/t Au – Sample description: Fe-stained quartz vein
- 6.0 g/t Au – Sample description: Old diggings 50m NW of old shaft. High Fe. Strike 300 dip 80S

Terrain geologists mapped and sampled the Wild-viper Gold Project to improve the geological understanding of the area. A total of 51 rock chip samples were collected covering an area of approximately 400m as part of this work (refer to Diagram 1).

The high-grade rock chips were taken from a zone of patchy subcrop near the eastern margin of Terrains tenement E37/1214, in an area termed, "Eastern Quartz Veins" (refer to Diagram 2). The high-grade rock chips are associated with a steeply dipping quartz vein array within host granitoid of the Bundarra batholith. Sub vertical vein sets occur in at least two strike orientations interpreted as a conjugate set. The vein array occurs on the far east of the tenement in an area where sparse prior exploration has occurred, and only patches of previous RAB drilling. Historical RAB holes that transect parts of this newly identified area were limited in effectiveness because they were drilled vertically.

Wilson Arc Structure – Rock Chip Samples:

- 2.6 g/t Au – Sample description: Vein in shallow pit, strike 280 dips subvertical
- 0.4 g/t Au – Sample description: Vein in coarse granite, strike 280 dips 85 Nth

In addition to high grade rock chips identified in the East of Terrain tenement, Terrain has identified a new anomalous area with rock chips up to 2.6 g/t Au which has been named, "Wilsons Arc". Mineralisation in this area occurs within quartz veins in the southern portion south of the Great Western deposit and over the historic Wilson Patch area. There is a moderate level of historic exploration that corroborates these results and consist of small historic workings and patches of vertical RAB drilling (refer to Diagram 3 and 4).

Additional work is warranted over both areas, with more field exploration work planed, the market will be updated accordingly.

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FOR THE YEAR ENDED 30 JUNE 2022

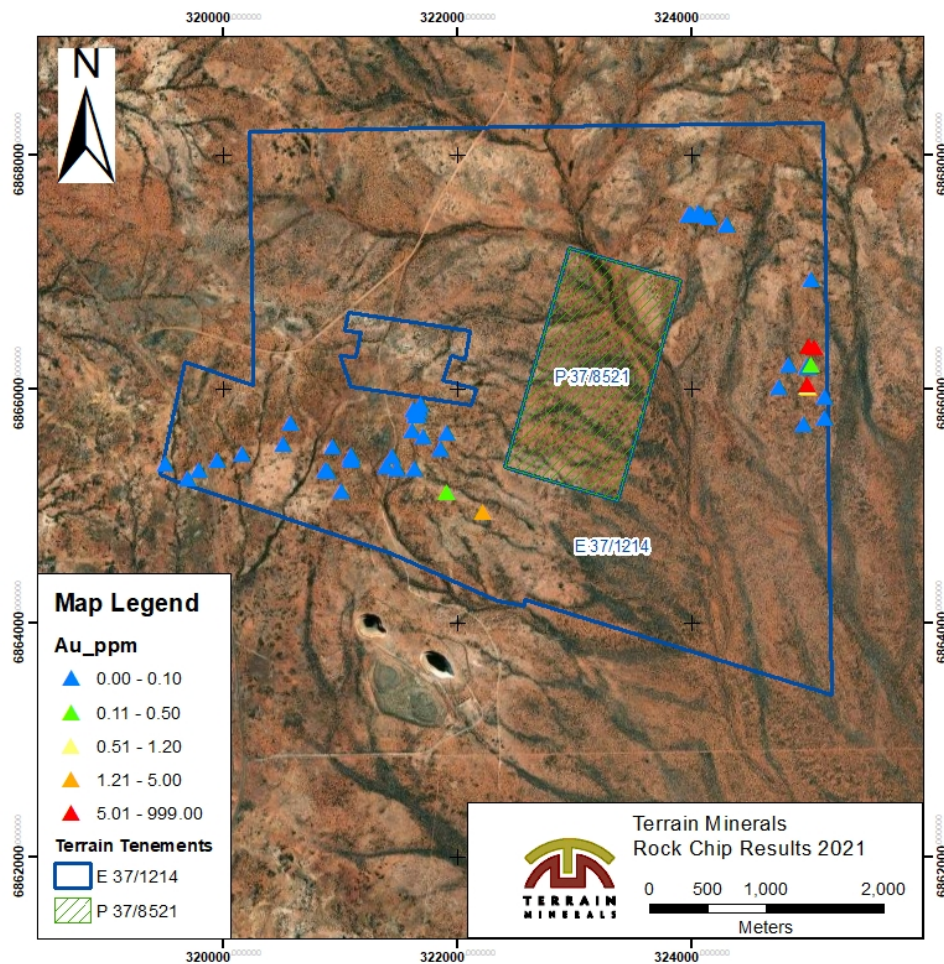


Diagram 1: Locations of recent rock chip results at Wild-viper.

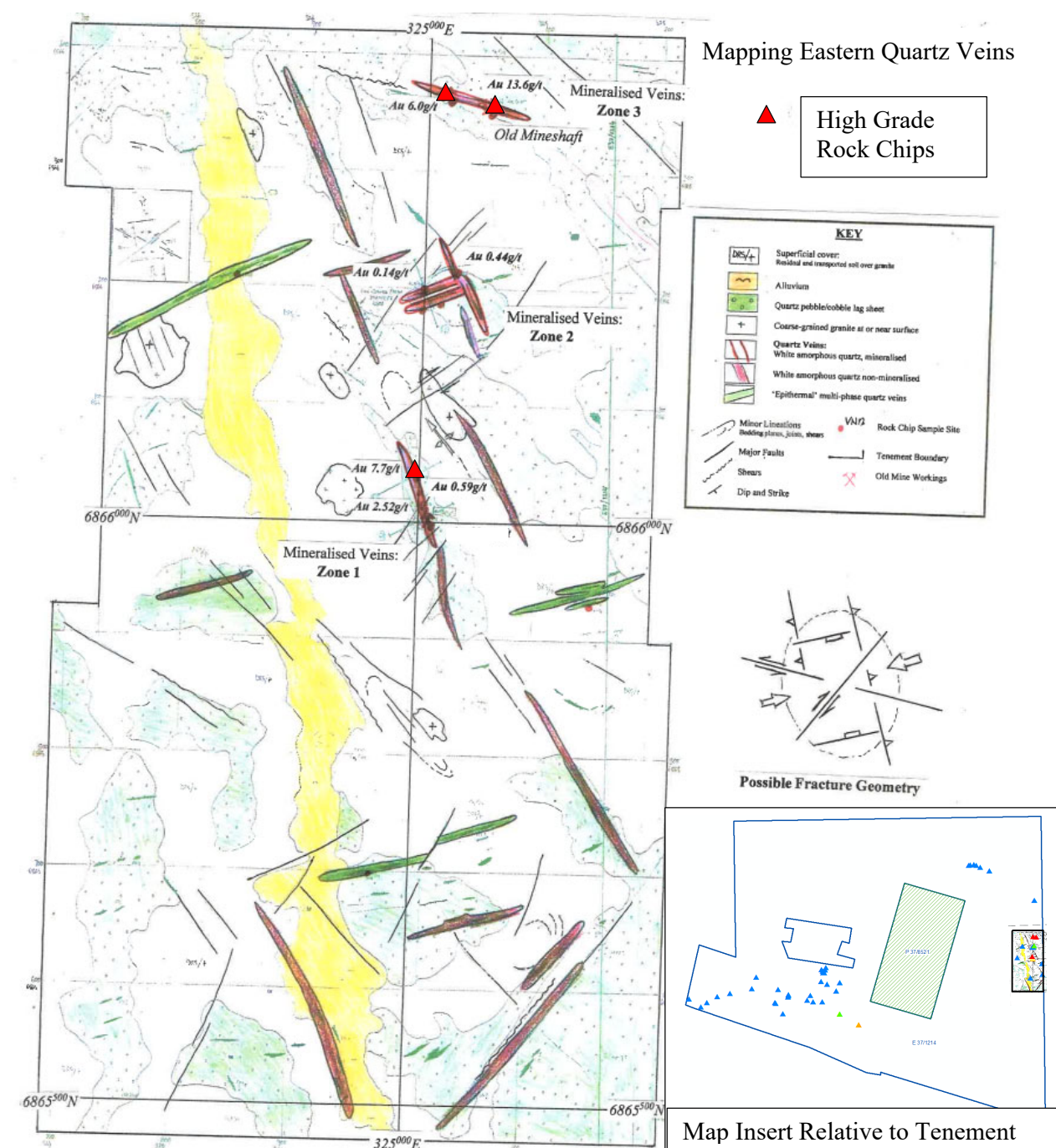


Diagram 2: Geological Field Map Eastern Quartz Veins with recent rock chip results.

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022



Diagram 3: Geological Field Map of Wilsons Arc with recent rock chip results.

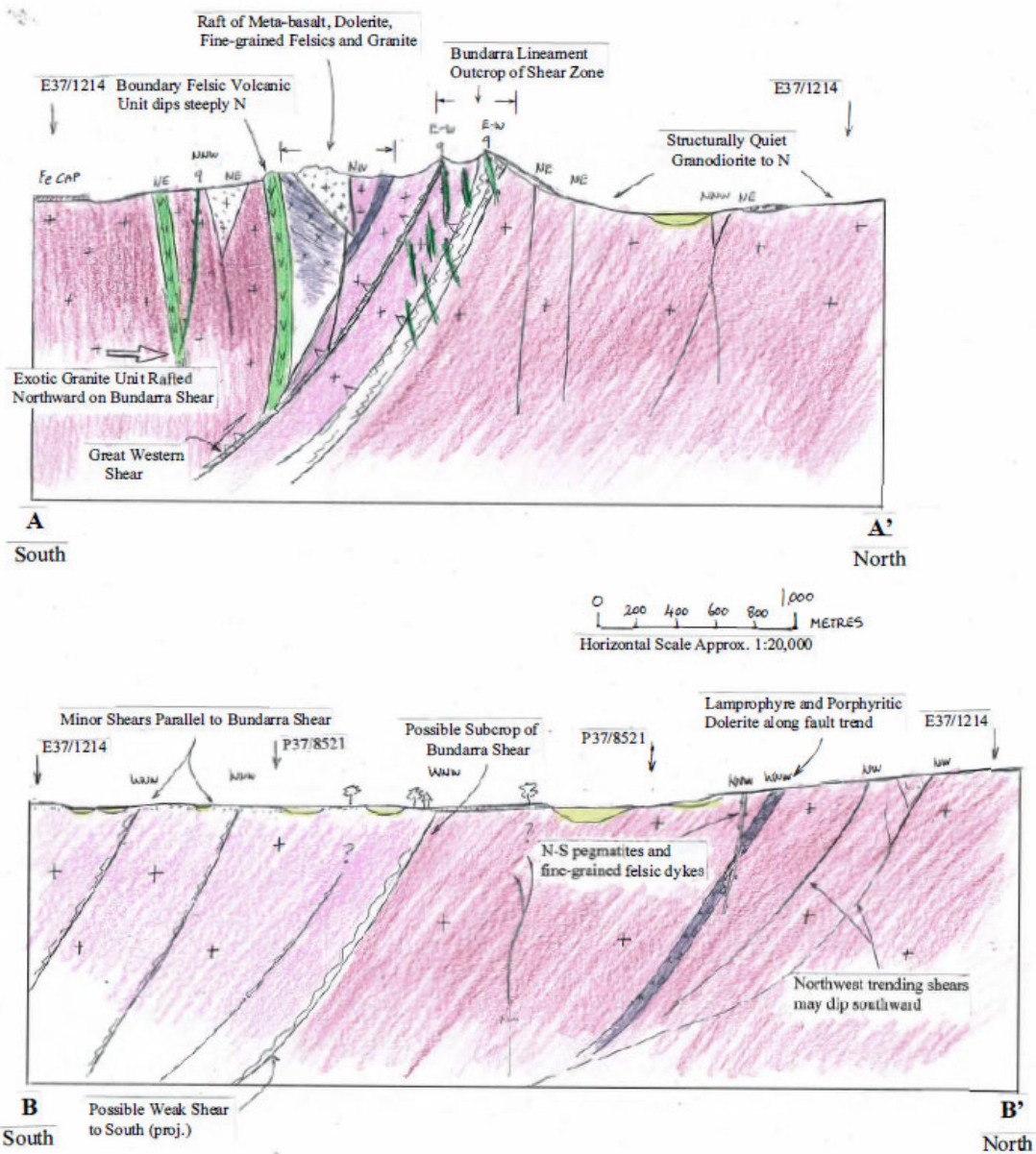


Figure 3 Schematic Cross Sections A - A' and B - B', Wild Viper.

Diagram 4: Geological Interpretation of Wilsons Arc.

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DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

MAPPING & TARGETING PROGRAM

Terrain's geological team continues advance the mapping program incorporating knowledge acquired from recent drilling works. The mapping and sampling have highlighted three key areas which warrant further investigation. A new drilling program has been designed and a program of works application (POW) has been approved. Terrain will now conduct a magnetic survey over the area to assist with targeting.

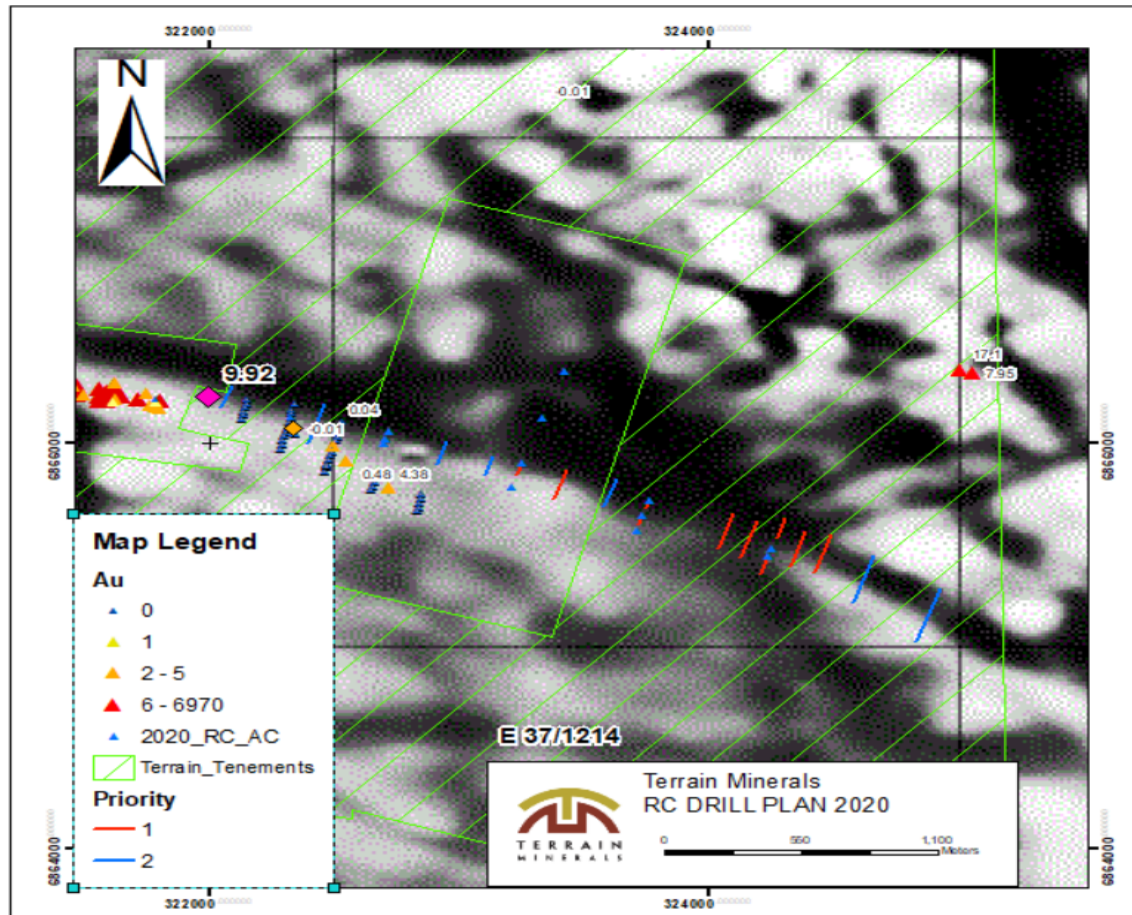


Diagram 5: The red and blue lines indicate the drill lines tested last year.

Note: For additional information refer to ASX announcements and in Quarterly reports:

- **22 June 2020** - Wild-viper & Smokebush Gold Projects Update.
- **29 June 2020** - Strategic Acquisition at Wild-viper Gold Project "The Missing Piece of the Puzzle" & New Targets.
- **3 August 2020** - Drilling has Commenced at the Wild-viper Gold Project & Smokebush Gold Project Update.
- **7 October 2020** - Wild-viper Gold Exploration Project Update.
- **5 November 2020** - Commencement of 2,650m drill program at Wild-viper Gold Project & Smokebush Gold update.
- **02 February 2022** - High Grade Rock Chips from New Areas at Wild Viper Gold Project.

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DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

SMOKEBUSH GOLD PROJECT

SMOKEBUSH – GOLD EXPLORATION PROGRAM

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 JV project (80% TMX) 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, throughout the years the project has been expanded as new area have been granted, these new areas are 100% owned (Refer to diagram 8).

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 open pit gold mines (Minjar Gold Pty Ltd).

Terrain has achieved 80% ownership of the Smokebush JV tenements via expenditure of \$250,000 over 2 years.

Two RC drill programs have been carried out over the project area with the majority of the work being conducted over the Monza target. The program returned positive drill results but also appear to be structurally complex in nature.

The Best Historical Drilling Results Include:

Monza Prospect (80% TMX):

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

Hurley & T17 (80% TMX):

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

Wildflower (80% TMX):

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

Paradise City Prospect (100% TMX):

- 3m @ 2.17 g/t Au from 10m (PCRC001)
- 5m @ 1.35 g/t Au from 13m (PCRC002)
- 2m @ 3.61 g/t Au from 15m (PCRC007)
- 3m @ 1.94 g/t Au from 19m (PCRC008)

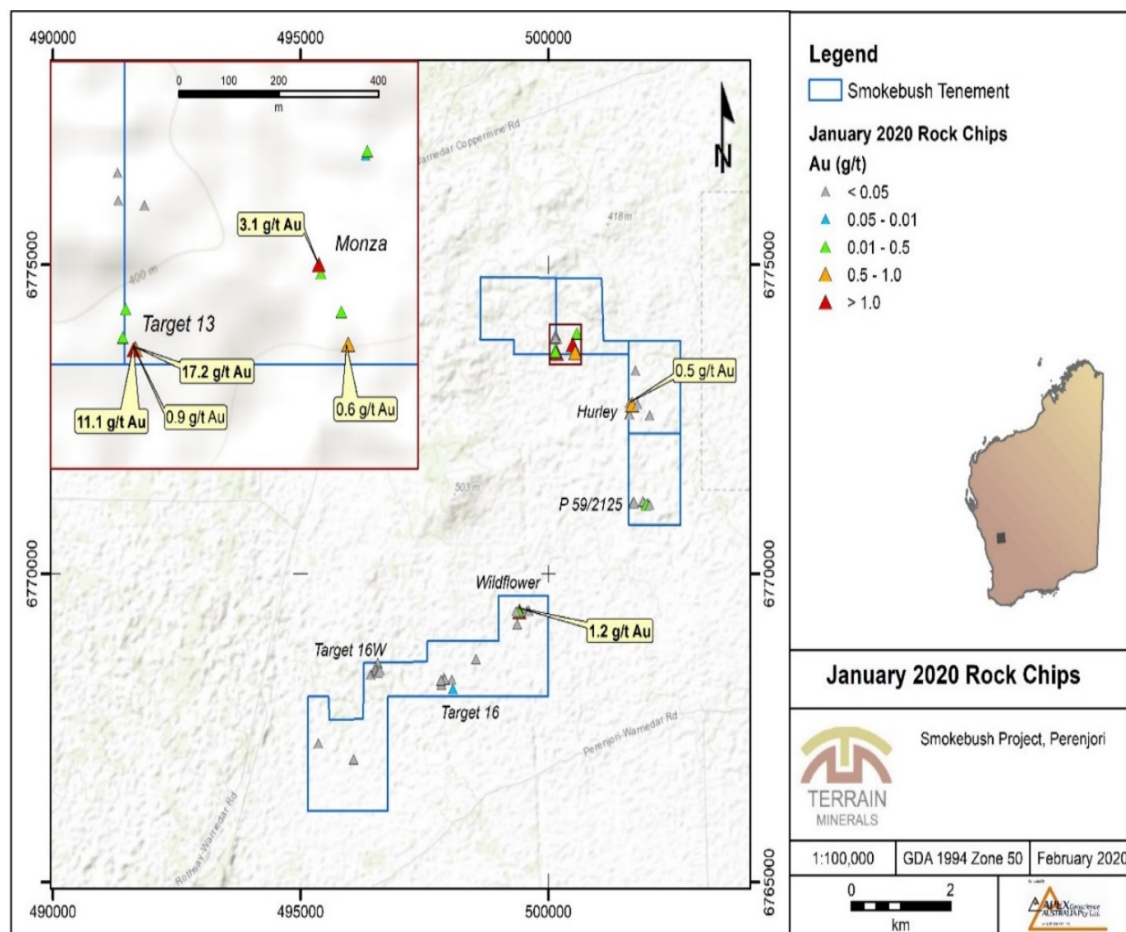


Diagram 6: Target Identification Map & Locations & Results from January 2020 Site Visit.

FINDINGS FROM MAIDEN SMOKEBUSH PROJECT SITE VISIT FINDINGS

The observations and results from sampling activities have confirmed that the area is highly prospective for gold exploration.

The best rock chip samples over the priority targets include (refer to Diagram 6):

Monza Prospect 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

Refer to ASX release: 3 March 2020 - Exciting Results from Smokebush Gold Project.

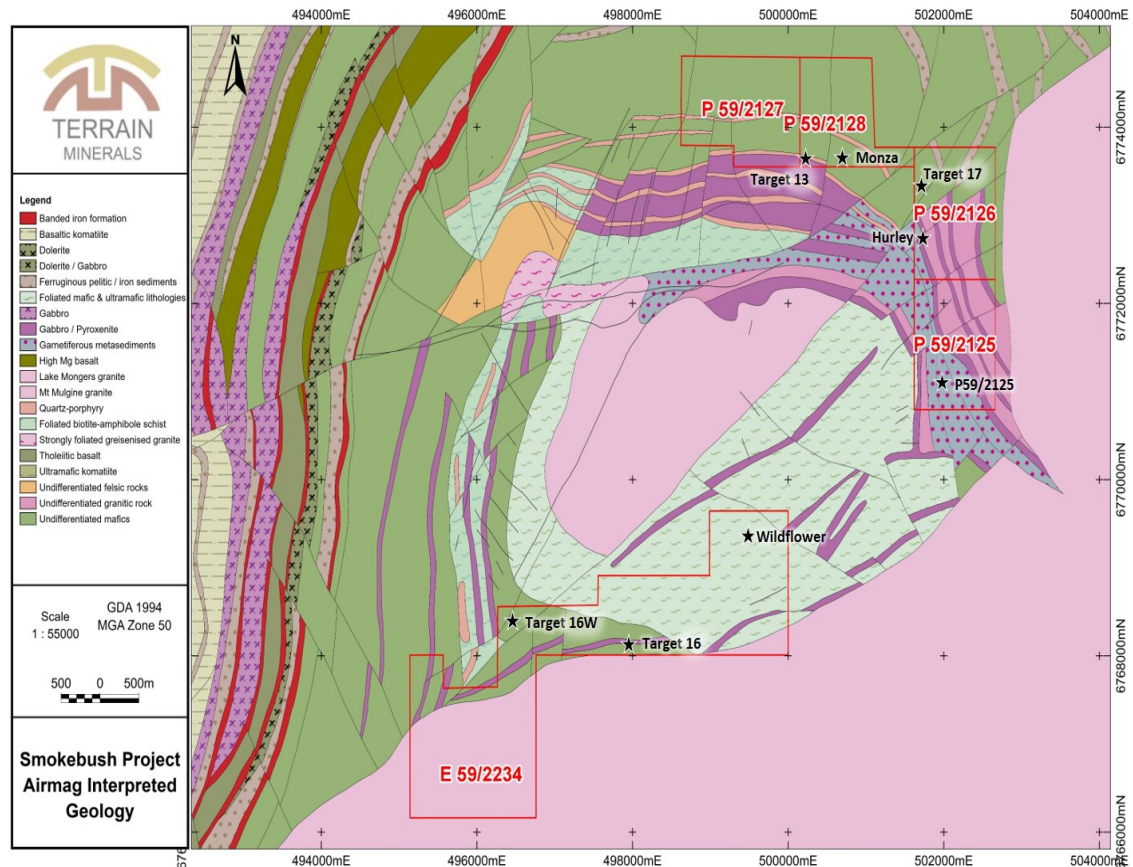


Diagram 7: Tenement locations and Geology of the Smokebush gold exploration project.

GROUND GEOPHYSICS & MAPPING REFINES TARGETING MATRIX AT SMOKEBUSH GOLD PROJECT

Terrains geological teams have conducted two ground-based geophysics programs, along with detailed mapping over the project during the year to better target areas for drilling.

The geophysics concentrated on 3 key areas: Monza, Wildflower and Paradise City (including surrounding areas). All the new data is continually merged with the existing data set to create an advanced data set for precise drill targeting (refer to Diagram 9).

The program also consisted of a very detailed mapping program which extended beyond the key areas. This has identified several new areas that now require further investigation. One of these new areas is situated along the newly identified Monza corridor.

The Survey Covered:

- **Monza** (80% TMX) 700 by 1000-meter area was covered by 50m spaced north-south ground magnetic lines. The information was key for the preparation for drilling which targeted depth and strike extents, as well as testing new areas along the ~800m plus strike (refer to Diagram 10).
- **Wildflower** (80% TMX) 650 by 1000-meter area was covered by 50m spaced north-south ground magnetic lines. This prospect requires further investigation to understand structural controls on gold mineralisation due to transported cover, an air core program is currently designed (refer to Diagram 11).

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DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

- **Paradise City** (100% TMX) 600 by 1200-meter area was covered 50m spaced east-west ground magnetic lines. The maiden drill program which followed up on exceptional historic first pass RC program (refer ASX announcement 3 December 2020). This target shares similarities to Monza prior to Terrain's successful maiden drilling program (refer to Diagram 12). The structure appears to head north towards other known mineralisation some ~3km to the north.

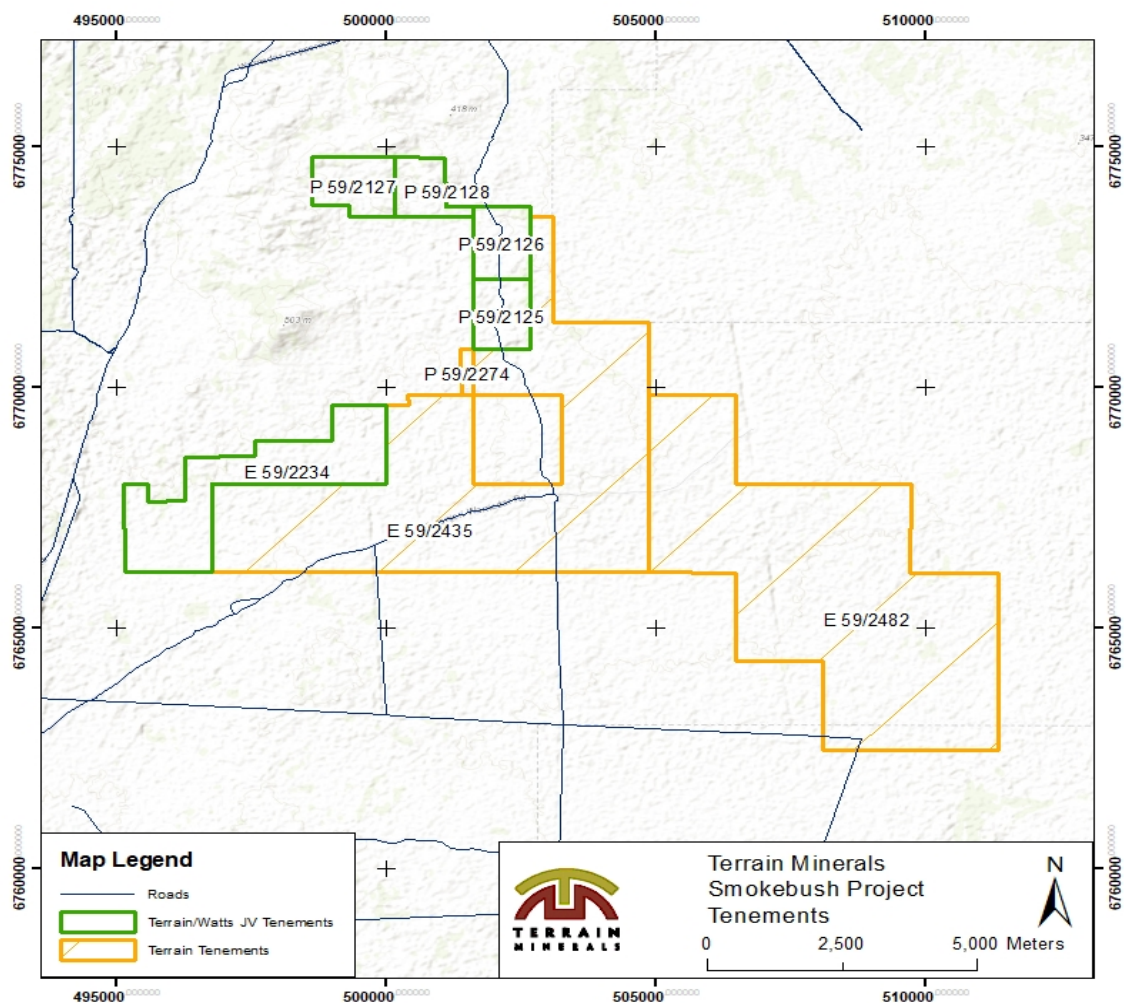


Diagram 8: Map of Terrain Minerals Smokebush tenements. Tenements in bold are 100% Terrain.

GROUND GEOPHYSICS RESULTS

Ground geophysics was undertaken on 3 selected grids, data was collected with geometrics 858 magnetometer at 50m line spacing, processed and gridded (Diagram 9).

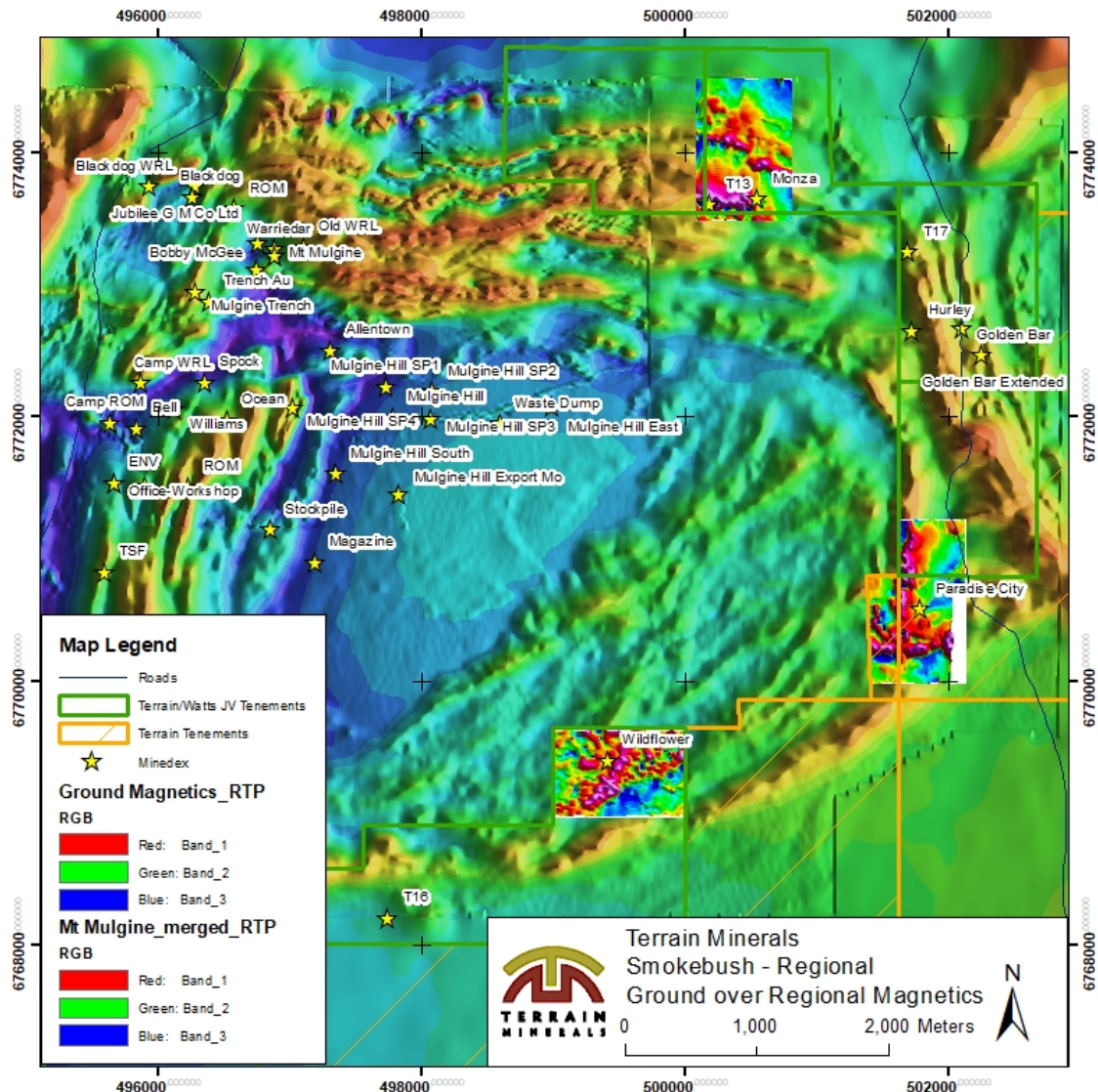


Diagram 9: Gridded RTP (Reduced to Pole) ground magnetic data sets in the context of the Smokebush Project.

MONZA PROSPECT

Ground Magnetic data over the Monza Prospect has revealed a break in the stratigraphic magnetic feature (trending E-W), corresponding with the location of the shear zone hosting mineralisation at Monza. There is also a subdued Magnetic feature trending north-south along the Monza corridor. Terrain geologists have interpreted an 800m corridor of potential gold mineralisation along the northern extension of this structure based on the magnetics and locations of 2020 rock chips taken from historic workings (refer to Diagram 10).

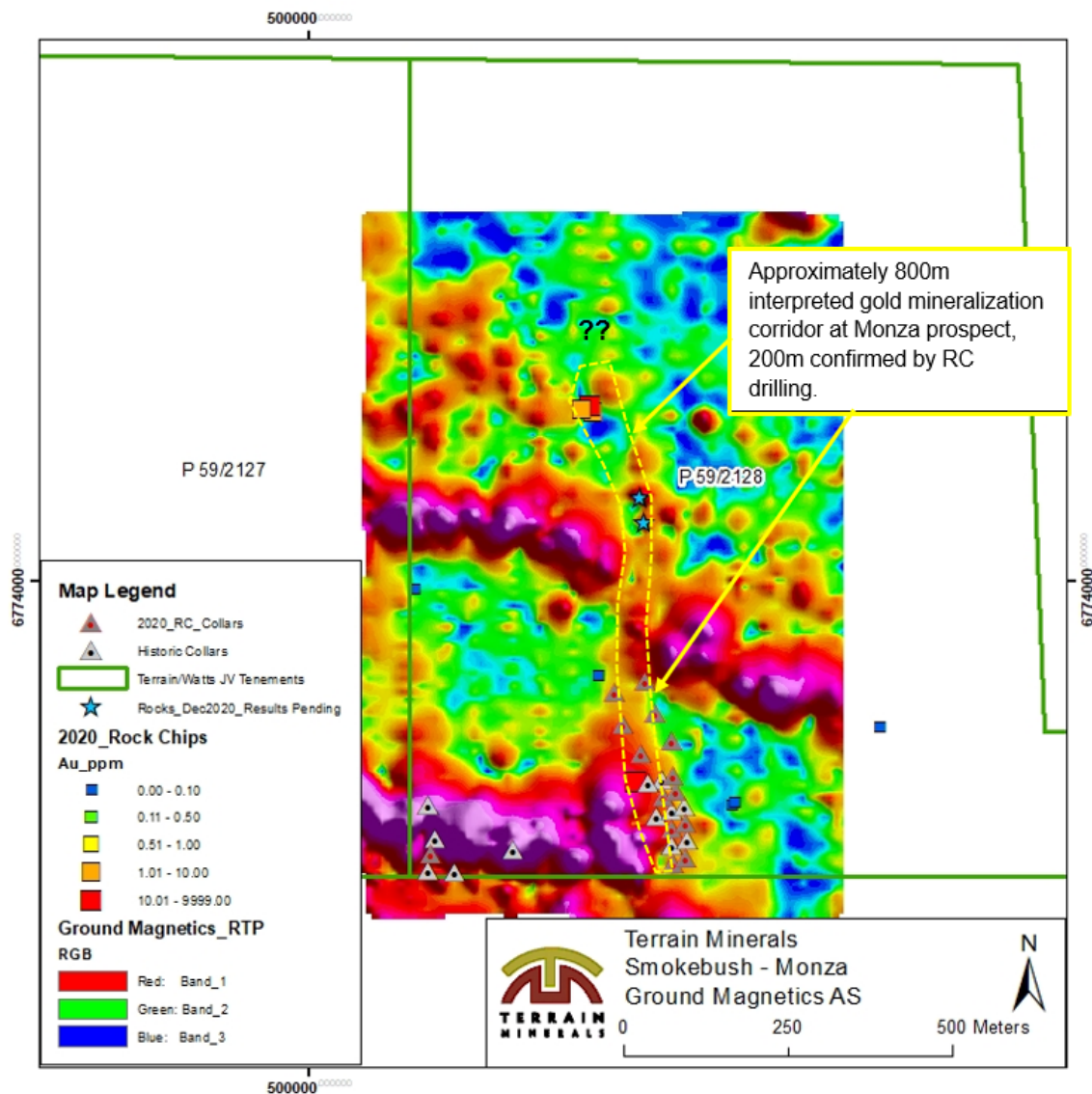


Diagram 10: Gridded AS (Analytical Signal) ground magnetic data set over the Monza Prospect.

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

WILDFLOWER PROSPECT

Ground Magnetic data over the Wildflower Prospect reveals a broad, indistinct anomaly that roughly coincides with elevated gold in soil geochemistry.

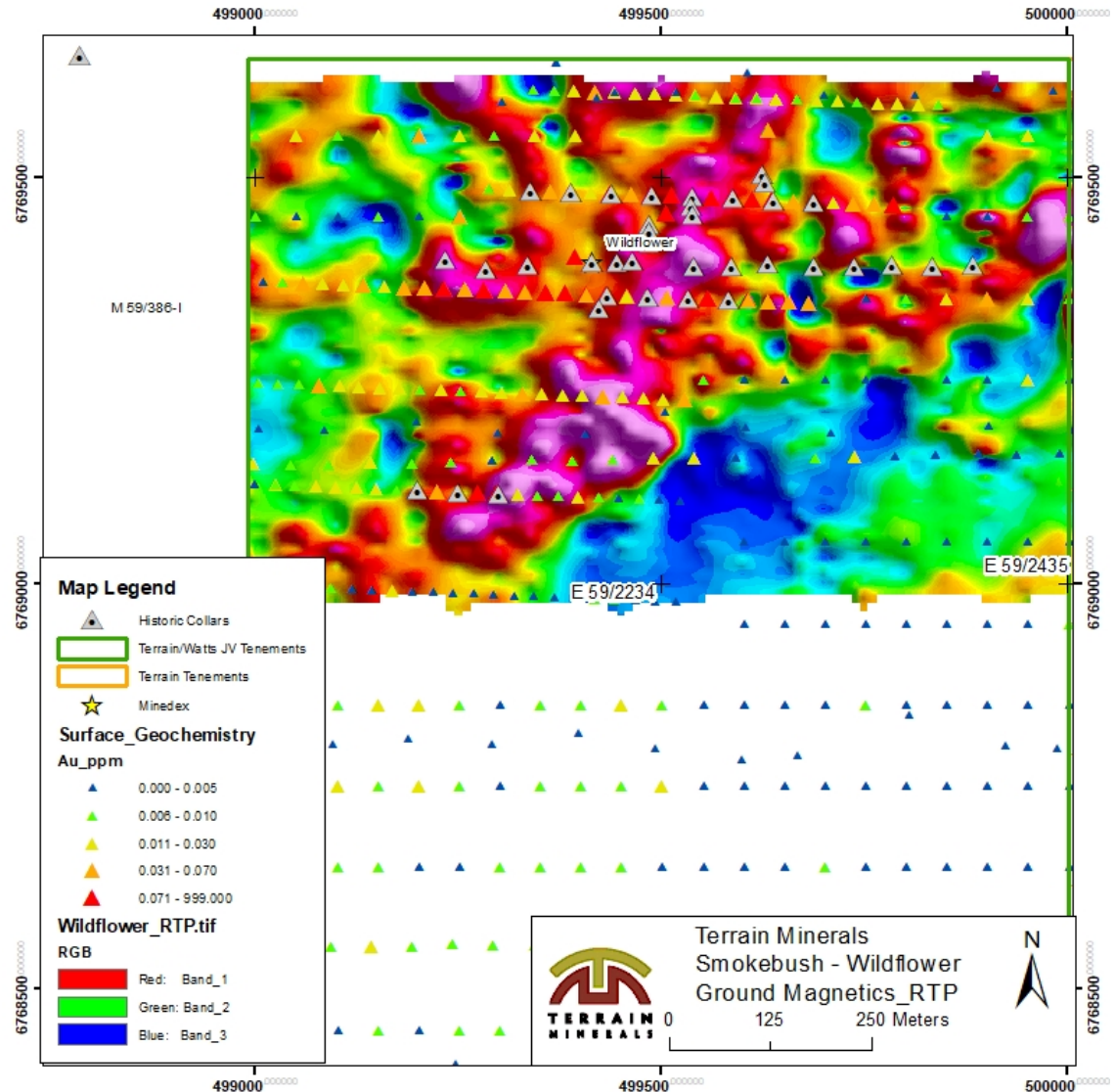


Diagram 11: Gridded RTP (Reduced to Pole) ground magnetic data set over the Wildflower Prospect.

PARADISE CITY PROSPECT

Ground Magnetic data over the Paradise City Prospect reveals a stratigraphic anomaly forming a synformal folded feature with known gold mineralisation between contrasting magnetic stratigraphy around the closure of this feature. Terrain geologists have interpreted a 600m long surface expression of potentially anomalous gold associated with the Paradise City prospect.

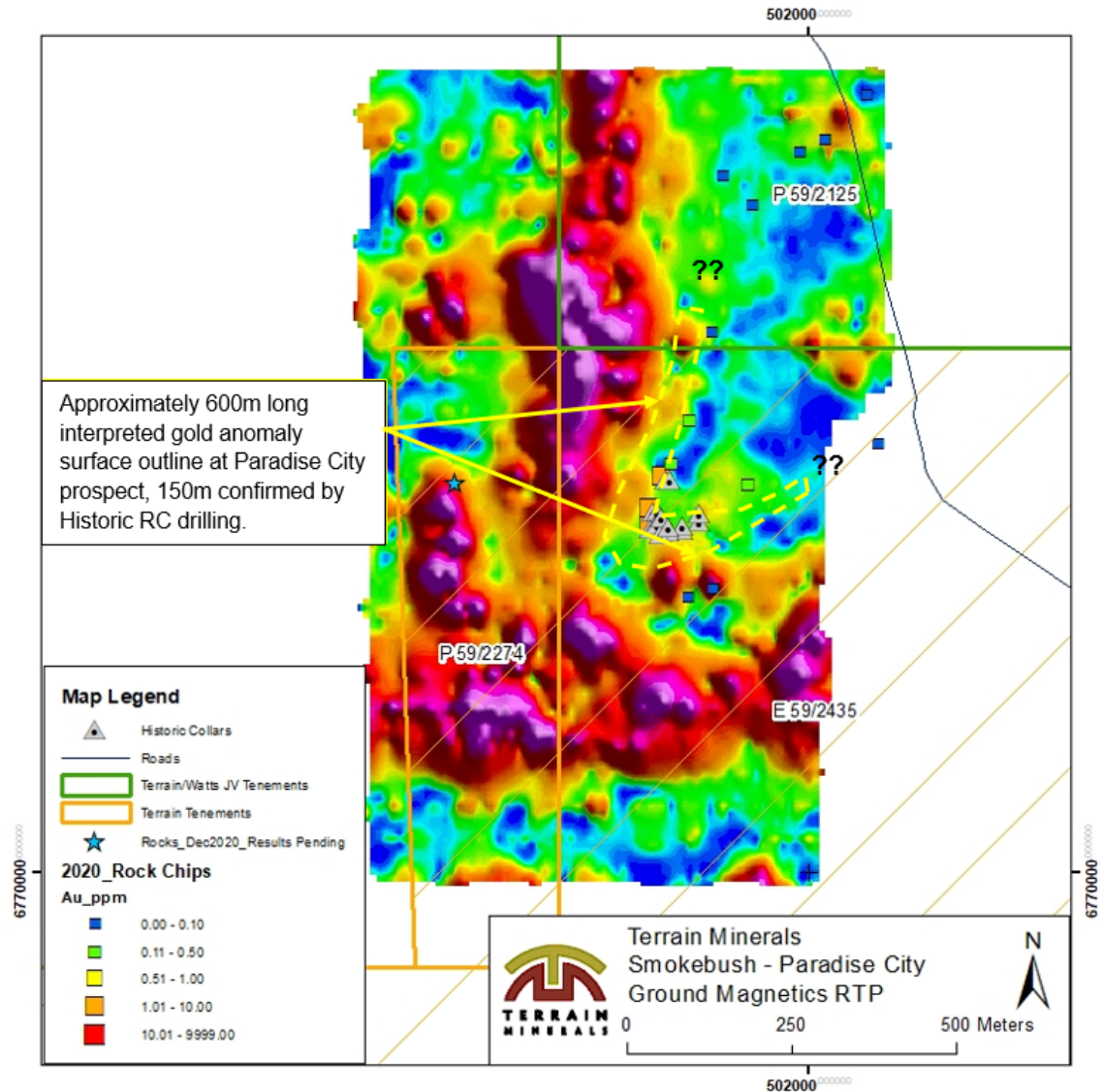


Diagram 12: Gridded RTP (Reduced to Pole) ground magnetic data set over the Paradise City Prospect. The trend appears to head north towards Hurley and T17, historic targets that are located ~3km away.

EXPLORATION DRILLING AT MONZA

The maiden RC program comprised of a total of 12 RC holes, 11 holes at the Monza prospect and 1 hole at Target 13 (refer to Diagram 13) were completed for a total 981 metres as part of this first pass exploration program.

The successful RC Drilling program was carried out over a 200-250m area to improve confidence in grade continuity, orientation previously identified in historic drilling, and to test interpreted extensions to mineralisation. The drilling was concentrated at the Monza prospect area because this was identified as the most advanced target within the Smokebush project for hosting significant gold mineralisation.

Multiple significant intersections were returned from drilling associated with shearing and alteration within meta-dolerite and felsic intrusive host rock.

Monza - Best Gold (Au) Results Include:

- **4m at 4.46 g/t Au** (incl 1m at 10.3 g/t) from 51 metres SBRC003
- **7m at 2.72 g/t Au** (incl 1m at 11.1 g/t) from 25 metres and **1m at 0.85g/t** from 43m SBRC005
- **6m at 2.12 g/t Au** (incl 1m at 7.2 g/t) from 80 metres SBRC011
- **8m at 1.37 g/t Au** from 85 metres and **2m at 0.8 g/t** from 96m SBRC006
- **3m at 1.14 g/t Au** from 103 metres and **1m at 0.74 g/t** from 111m SBRC002 - New Zone*
- **1m at 0.63 g/t Au** from 28m, **1m at 0.57 g/t** from 33m & **1m at 0.53 g/t** from 54m SBRC008
- **1m at 0.72 g/t Au** from 14 metres SBRC009 – hole failed to reach target depth

Hole 2 identified a new foot wall mineralised zone hosted in a felsic intrusive that sits beneath the known structure. Note: Holes SBRC007 and 010 were collared into the foot wall and drilling was stopped.

The first program confirmed that mineralisation remains open down dip and along trend. The structure that is evident in the northern most drill line trends further north towards the newly identified workings ~500m away which now after drilling appear to be associated with a newly discovered zone of mineralisation (refer to Diagram 15 and 16). Rock chip samples from these workings returned several higher-grade assays of up to 100 g/t Au.

Refer to ASX release: 12 October 2020 - Exciting Drilling Results at Smokebush Gold Project.

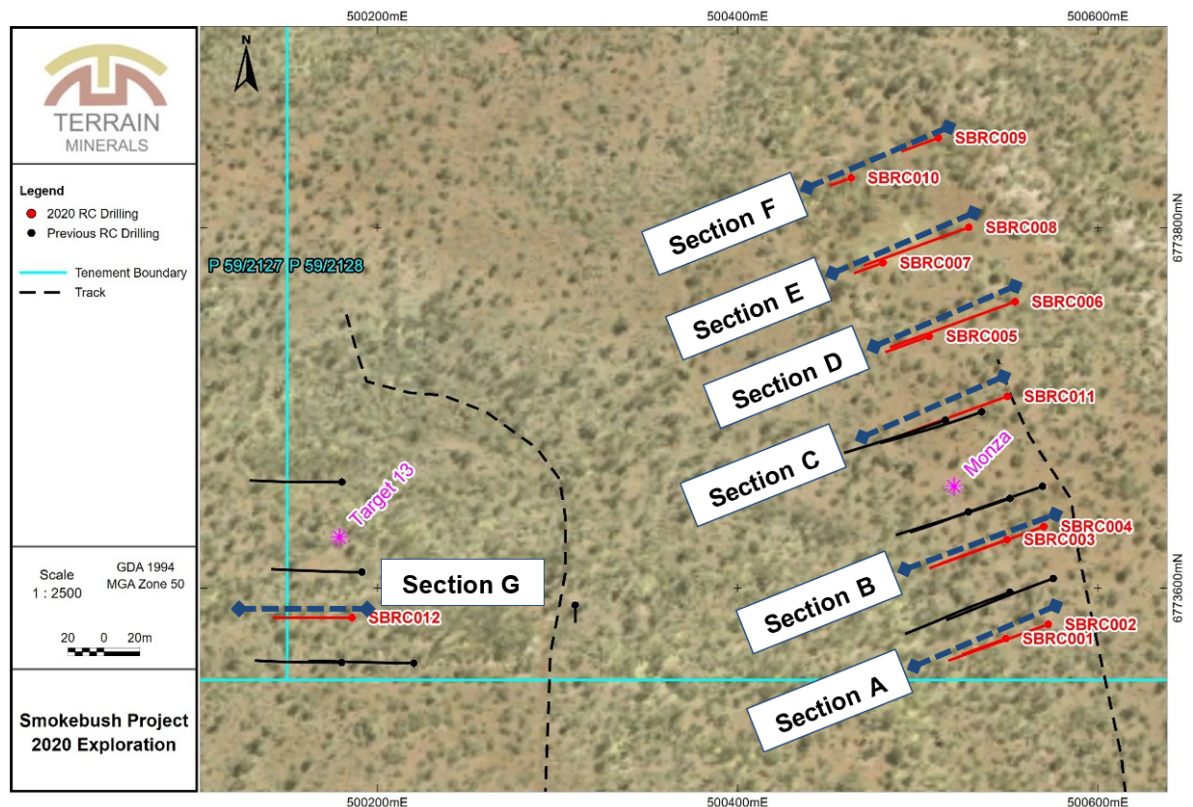


Diagram 13: Location of drill collars from 2020 RC drilling at Monza Prospect - Smokebush. New drill traces are red with the hole ID labelled; historic drill traces are black. The above cross sections can be found in ASX release: 12 October 2020 - Exciting Drilling Results at Smokebush Gold Project.

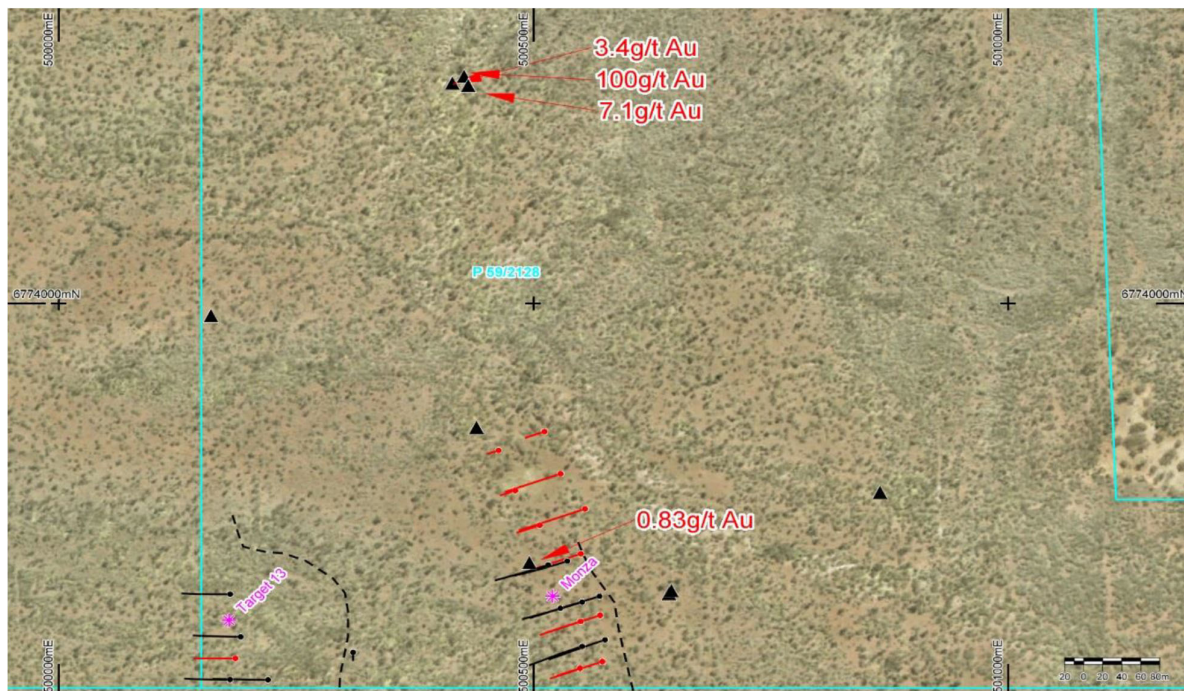


Diagram 14: High grade results from historic workings ~500m away now believed to a new structure (refer to Diagram 15 and 16). Red lines are drill hole traces of 11 recently drilled RC holes, black lines represent historic drill holes (refer to Diagram 13). Further information can be found in the ASX announcement: 8 October 2020 - High Grade Rock Chips at Smokebush Gold Project.



Picture 1: Orlando Drilling rig completed all drilling at Smokebush Gold Exploration Project.

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DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

SECOND STAGE DRILLING OVER NEW AREAS AT SMOKEBUSH:

More Positive First Pass Extension Drilling Results at Monza

The results from the April 2021 Drilling, (released in July 2021) campaign saw a total of 16 RC holes completed for 2,079 meters with four areas being tested.

First Pass Drilling over new extensions along Monza (80% TMX) has successfully extended the strike of gold mineralisation by a further **400 meters** to define **700 meters** of mineralised strike extent within Tenement P59/2128. Monza is structurally complex, with multiple structural orientations hosting gold mineralisation. Geological interpretation is continuing to enhance targeting in this area.

New Area: Monza North drilling identified a new offset mineralised gold structure that is open along strike and down dip (refer to diagram 15 & 16).

Best Gold (Au) Results Include:

Monza (adjacent) – Strike extension 50m spaced line results

- **1m @ 1.62 g/t** Au from 64m, **3m at 3.62 g/t** Au from 73m, **4m at 2.71 g/t** Au from 89m, & **1m @ 0.58 g/t** Au from 105m, SBRC013
- **2m @ 0.8 g/t** Au from 59m, SBRC018
- **3m at 4.86 g/t** Au from 135m, SBRC023

Monza Extension - 100m spaced line results (First Pass drilling) potential moved off target

- **2m @ 1.67 g/t** Au from 57m, SBRC014
- **1m @ 1.24 g/t** Au from 131m, & **2m @ 1.21 g/t** Au from 134m, SBRC015
- **3m @ 2.07 g/t** Au from 87m, SBRC016
- **2m @ 0.8 g/t** Au from 59m, SBRC018

Monza North - Drilling has identified a mineralised structural zone.

- **1m @ 0.83 g/t** Au from 37m, and **1m @ 0.81 g/t** Au from 53m, SBRC019
- **1m @ 0.54 g/t** Au from 74m and **1m @ 2.36 g/t** Au from 91m, SBRC020
- **3m at 1.53 g/t** Au from 39m, SBRC021

Paradise City (100% TMX)

- **1m @ 0.85 g/t** Au from 16m, & **1m at 1.18 g/t** Au from 29m, SBRC025
- **2m @ 0.64 g/t** Au from 66m, SBRC026

Note: (Downhole lengths, >0.5g/t, no internal waste)

Refer to ASX release: 19 July 2021 - Positive First Pass Drilling Results Smokebush Gold Project.

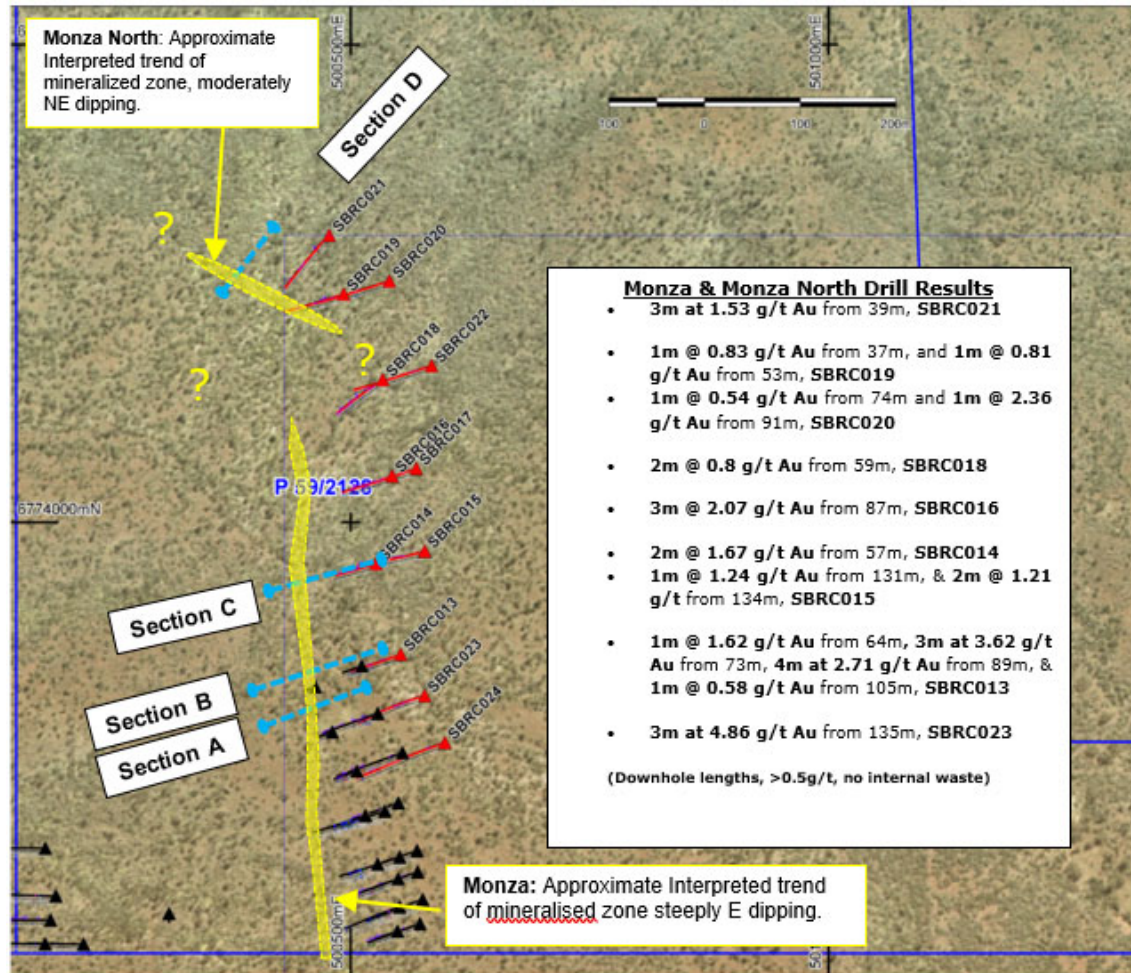


Diagram 15 : Location of drill collars from 2021 RC drilling at Monza and newly identified structure at Monza North prospects, Smokebush Project. New drill traces are red with the hole ID labelled; historic drill traces are black (refer to diagram 16 for addition information on newly identified areas). The above sections A, B & C can be located in ASX release 19 July 2021 - Positive First Pass Drilling Results Smokebush Gold Project.

Note: For additional results from previous drill results see ASX announcement:

- **12 October 2020** – Exciting Drilling Results at Smokebush Gold Project.

POTENTIAL FOLLOW-UP WORKS PROGRAM

The last phase of exploration drill program has defined exciting new zones of gold mineralisation over a broad spatial area at Monza, Monza North and Paradise City. The next stage of exploration is now being investigated to better understand, test and target the interpreted extensional zones down dip, along trend at both Monza, Monza north, and along trend at Paradise City (Refer to diagrams 16 & 17).

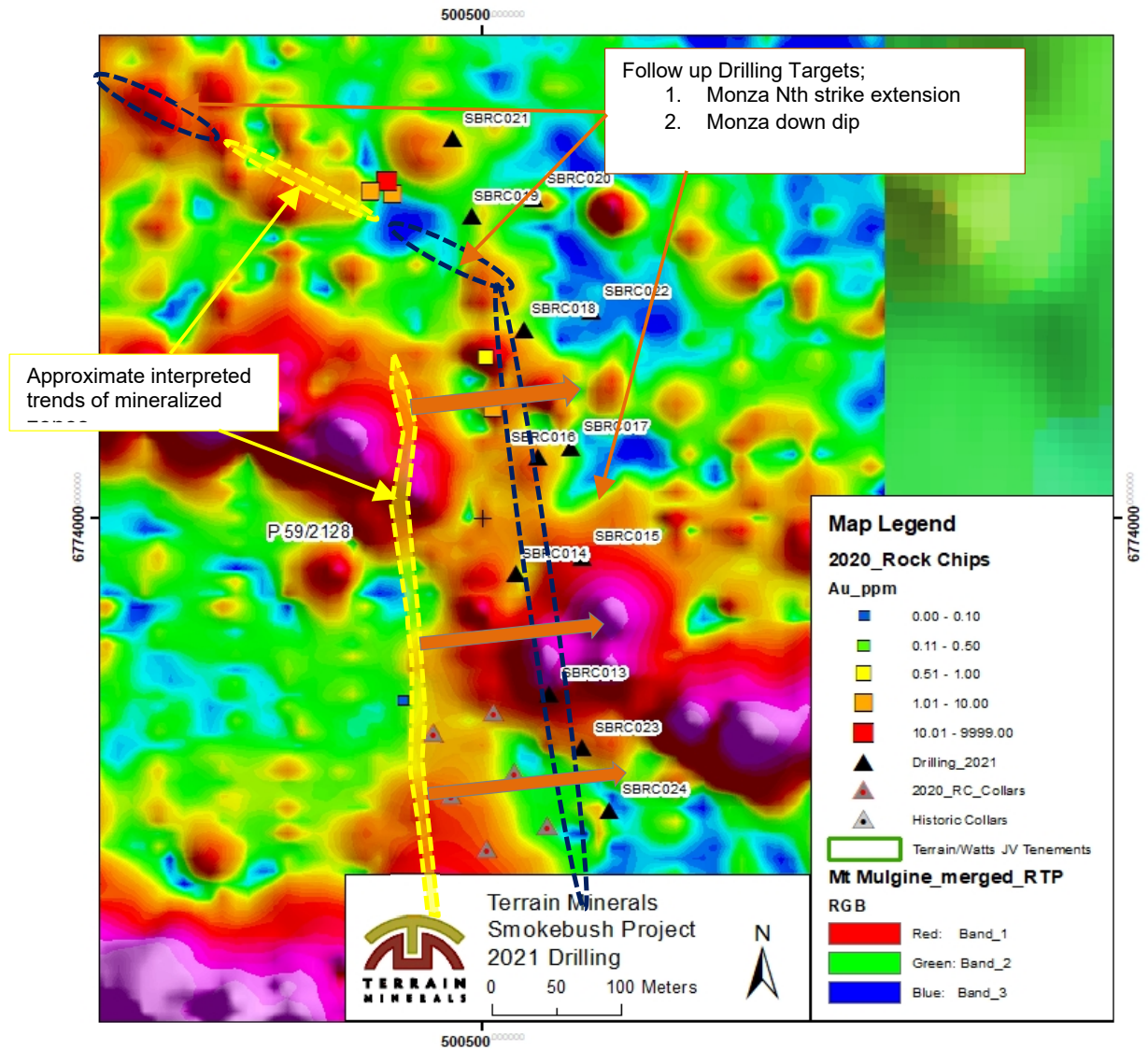


Diagram 16: Follow up Drill Target areas at Monza and Monza North (As magnetic Image).

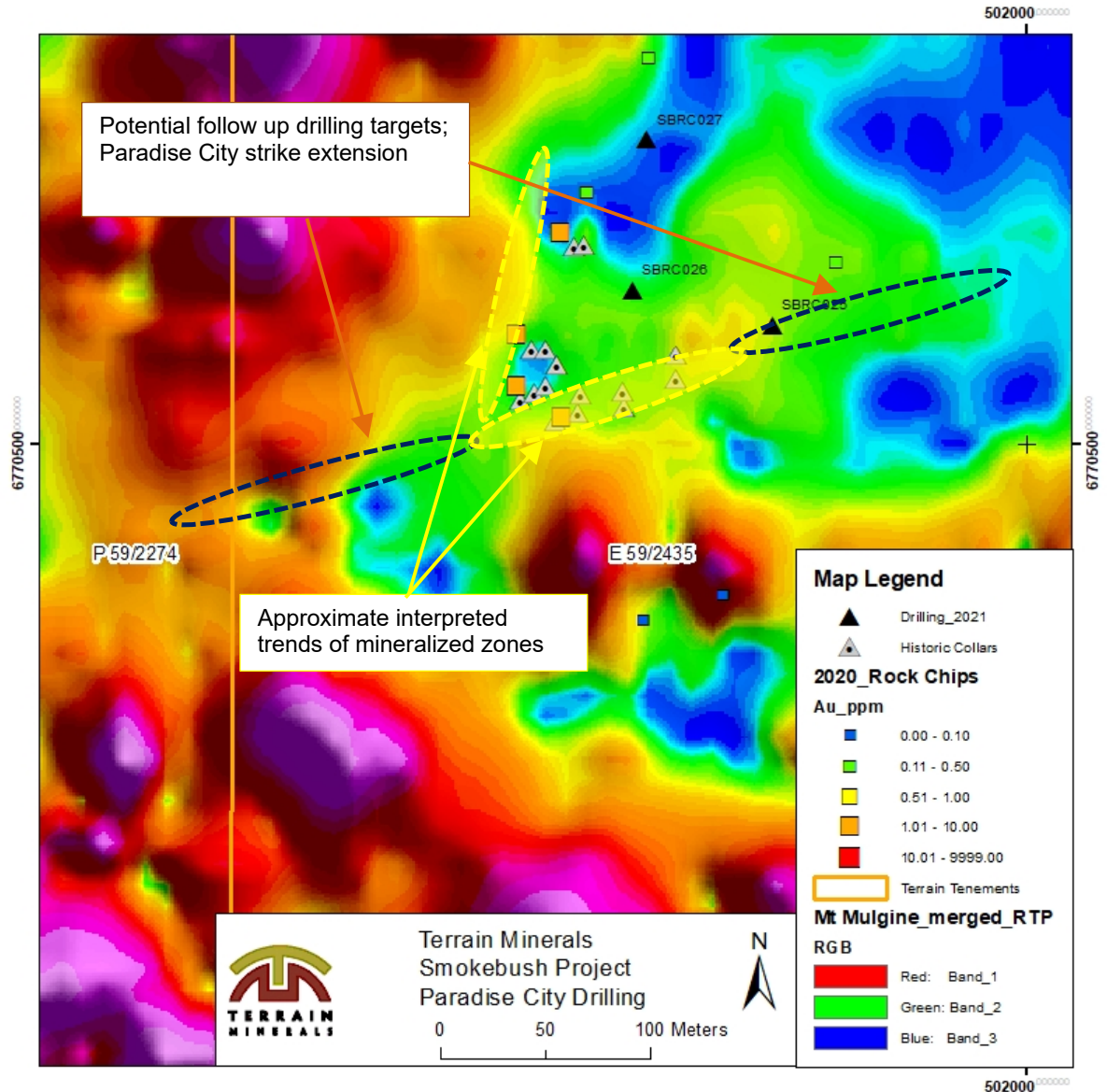


Diagram 17: Follow up Drill Target areas at Paradise City (As magnetic Image).

MONZA NORTH - NEW AREA

Monza north is a newly discovered mineralised zone on a NW-SE trending, shallowly dipping structural zone (shear and vein). Monza North appears to be separate from Monza and is open along strike and down dip. Terrain geological team is now re-examining its model over this area and are excited by its potential, which includes the potential for other off set structures in the Monza north area (refer to Diagram 15 & 16).

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

PARADISE CITY

The historic mineralisation was extended a further 50m East intersecting 1m at 1.18 g/t Au from 14m SBRC025 in this very shallow hole, which possibly skimmed the top of the system. The significant intercept (>0.5 g/t) within SBRC025 occurs within a broader anomalous (> 0.1 g/t) border anomalous zone of 20m.

The aim of drilling at Paradise City was to gain a better understanding of the potential scale of mineralisation in the area around the historic drilling. Terrain geological team will continue to remodel the area to gain a better understanding of the potential strike extent (refer to diagram 18).

SUMMARY HISTORIC DRILLING AT PARADISE CITY

Historic RC Drilling Results Over the 'Paradise City' Prospect include:

- **3m @ 2.17 g/t Au** from 10m PCRC001
- **5m @ 1.35 g/t Au** from 13m PCRC002
- **2m @ 3.61 g/t Au** from 15m PCRC007
- **3m @ 1.94 g/t Au** from 19m PCRC008

Historic Rock Chip Sampling Results Over the Paradise City Prospect:

- 7 samples above 10 g/t Au with a maximum of 49.27 g/t Au
- 31 rock chip or grab samples averaging 8.15 g/t Au

Rock Chip Sampling Results by Terrain Over Paradise City Confirms Mineralisation:

- 4 new rock chip samples over Paradise City old workings averaged 5.18 g/t Au
- Rock chip samples from vein extensions 150m from the workings returned anomalous gold values between 0.21 g/t, 0.19g/t Au

Note: For additional information and JORC tables for Paradise City refer to ASX announcements:

- **3 December 2020** - New Application Granted with Exciting Historic Results at the Paradise City Gold Prospect - Smokebush Gold Project.

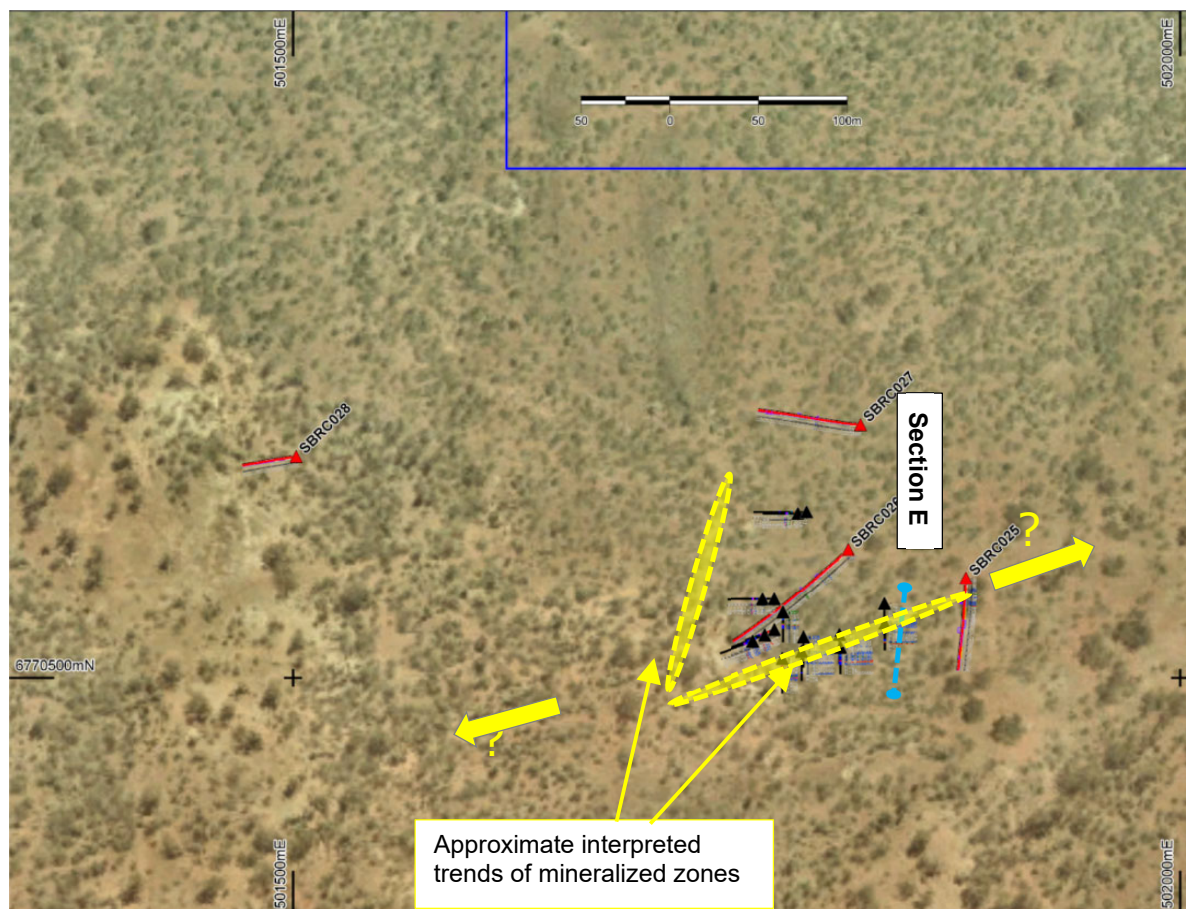


Diagram 18: Location of drill collars from 2021 RC drilling at Paradise City Prospect. New drill traces are red with the hole ID labelled; historic drill traces are black (refer to diagram 19 for above cross section E). The yellow arrows identify the trending direction of the newly identified mineralized strike extensions.

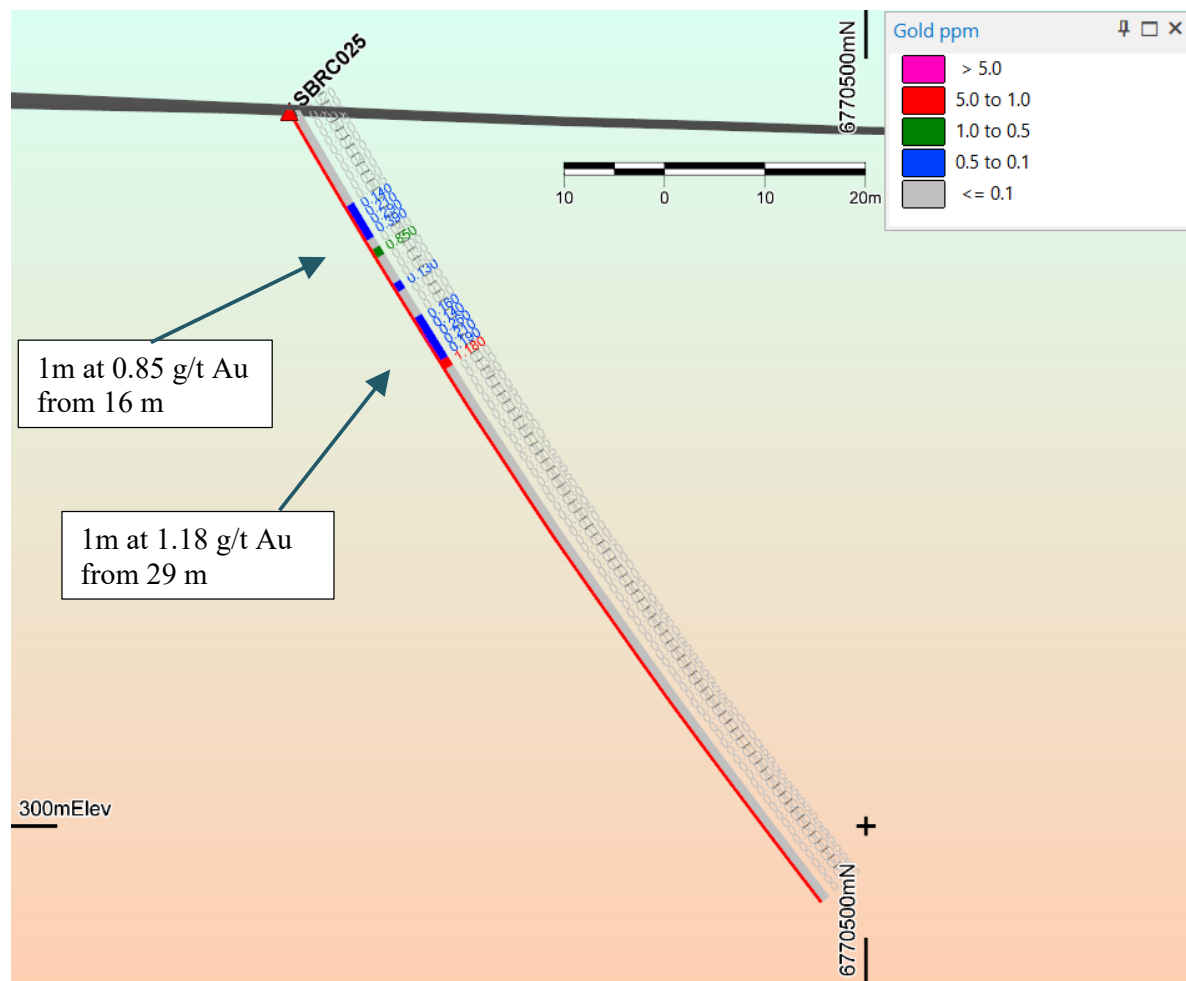


Diagram 19: Section E (Looking East refer to Diagram 18) - RC drilling results at Paradise City.

GEOLOGICAL INTERPRETATION AT MONZA

Mineralisation at Monza occurs in variably altered (silica ± sericite ± muscovite ± biotite ± chlorite), weakly sheared dolerite proximal to felsic porphyry and pegmatite intrusives. The higher grade (> 0.5 g/t) intercepts occur where alteration is most intense and sulphide (pyrite ± pyrrhotite ± arsenopyrite ± chalcopyrite ± stibnite) mineralisation is strong (generally + 10% sulfide). These zones commonly occur within broader zones with weaker alteration, sulphide mineralisation and lower grades. The anomalous grade zones (>0.1 g/t) indicate potential for larger scale controls within the Monza mineralisation system. A schematic interpretation of the mineralised system at Monza is included below (Refer to diagrams 10 & 11).

Anomalous zone halos (downhole lengths, Au grade > 0.1 g/t) include;

- **12 m @ 1.42 g/t Au** from 127 m within drillhole SBRC023
- **7 m @ 1.77 g/t Au** from 72 m, and 8 m @ 1.44 g/t Au from 89 m within drillhole SBRC013

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

Alteration zone halos (downhole lengths, length of sulphides and/or alteration including zones of internal barren material <0.1g/t);

- **16 m @ 1.1 g/t Au** in SBRC023 (includes 2 m of internal barren material < 0.1 g/t)
- **26 m @ 0.93 g/t AU** in SBRC013 (includes 11 m of internal barren material < 0.1 g/t)

Note: For additional information refer to ASX release: **19 July 2021** - Positive First Pass Drilling Results Smokebush Gold Project .

Note: For additional information refer to ASX announcement & Quarterly reports:

- **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.
- **17 August 2020** - Drilling Commenced at the Smokebush Gold Project.
- **08 October 2020** - High Grade Rock Chips at Smokebush Gold Project.
- **12 October 2020** - Exciting Drilling Results at Smokebush Gold Project.
- **3 December 2020** - New Application Granted with Exciting Historic Results at the Paradise City Gold Prospect - Smokebush Gold Project.
- **12 February 2021** - Ground Geophysics & Mapping Refines Targeting Matrix at Smokebush Gold Project.
- **23 February 2021** - Smokebush JV Tenements (Gold) 80% Project Ownership Milestone Achieved.
- **17 March 2021** - Drilling & Project Update - Smokebush Gold Project.
- **22 April 2021** - 2,100m RC Drilling Program Commenced at the Smokebush Gold Project.
- **27 May 2021** - New Rock Chip Samples & Drilling Update Smokebush Gold Project.
- **19 July 2021** - Positive First Pass Drilling Results Smokebush Gold Project.
- **13 September** - 2021 New Geological Interpretation (Monza) & Exploration Update Smokebush Gold Project.

LORT RIVER - RARE EARTHS (REE) EXPLORATION PROJECT

In May 2022, Terrain was granted the Lort River REE project tenements covering a total area of 320km² of highly prospective exploration acreage for REE within the now tightly held and emerging southern Esperance clay hosted REE province of Western Australia (**Lort River Project**) (refer to diagram 22).

Terrain is pleased to announce that clay type rare earths have been discovered over large areas within the Lort River Project following the review of historic auger drilling data. The Board is very excited to have identified multiple REE walk-up drill targets.

High-Grade Rare Earths Soil Anomalies Identified

- Assays show a high percentage of valuable magnet rare earth elements (up to 35% of the total grade).
- The shallow auger samples returned Total Rare Earth Oxide (TREO) grades of:
 - 580 ppm TREO in VKU28733 (25% Magnet REO of total grade)
 - 525 ppm TREO in VKU28802 (27% Magnet REO of total grade)
 - 513 ppm TREO in VKU28806 (28% Magnet REO of total grade)
 - 505 ppm TREO in VKU28712 (35% Magnet REO of total grade)
 - 504 ppm TREO in VKU28729 (29% Magnet REO of total grade)
- Assays also show high Scandium (Sc) grades, a valuable metal and potentially important addition to the rare earth mineralisation.
- Terrain intends to advance exploration at the Lort River Project, targeting the underlying clay horizon below the shallow soil anomaly.

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

- The tenure also covers the Kateup Creek, Helms, Bishops Hat and Lauriana Shear Zones and is prospective for gold and base metals, in addition to the shallow rare earth mineralisation already identified.
- This large tenement package is directly adjacent to emerging clay hosted rare earth discoveries in the region.

These exciting results are from historic shallow auger samples taken ~1m below surface and appear to have been taken along road reserves relating to early-stage gold exploration activities. Terrain will target the more prospective underlying clay horizon where grades are hoped to improve within larger zones.

The soil results span Terrains two western tenements (E63/2208 and E63/2209), over 300km². The Company's eastern tenement (E63/2207) has never been explored for rare earth mineralisation and is also considered prospective for further REE soil anomalies (refer to diagram 23).

Companies operating within the region are having success with identifying clay hosted rare earth mineralisation within this newly potential rare earth mineral province. These include Meeka Gold Ltd (ASX:MEK) at the Cascade Project (which is located to the east of Terrain's Lort River Project) with grades up to 4,029ppm TREO reported. In addition, Odette Six Metals Ltd have also reported clay hosted REE.

In addition to the rare earth soil anomalism spread across large areas of the Lort River Project, the tenure covers significant sections of major regional shear zones. This includes the Kateup Creek and Helms Shear Zone, the Bishops Hat Shear Zone and the Lauriana Shear Zone, positioned on the western side of a major bifurcation in the red island shear zone where both the Belgian and Lauriana Shears splay off to the west (refer to diagrams 26 and 27). In addition to rare earth targets, these shear zones present significant untested and prospective targets, for gold and base metals.

Terrain intends to continue its systematic approach to exploration with the aim of advancing towards drilling at the Lort River Project. Drilling will be targeting shallow, high-grade clay rare earth mineralisation as well as testing for other mineral occurrences.

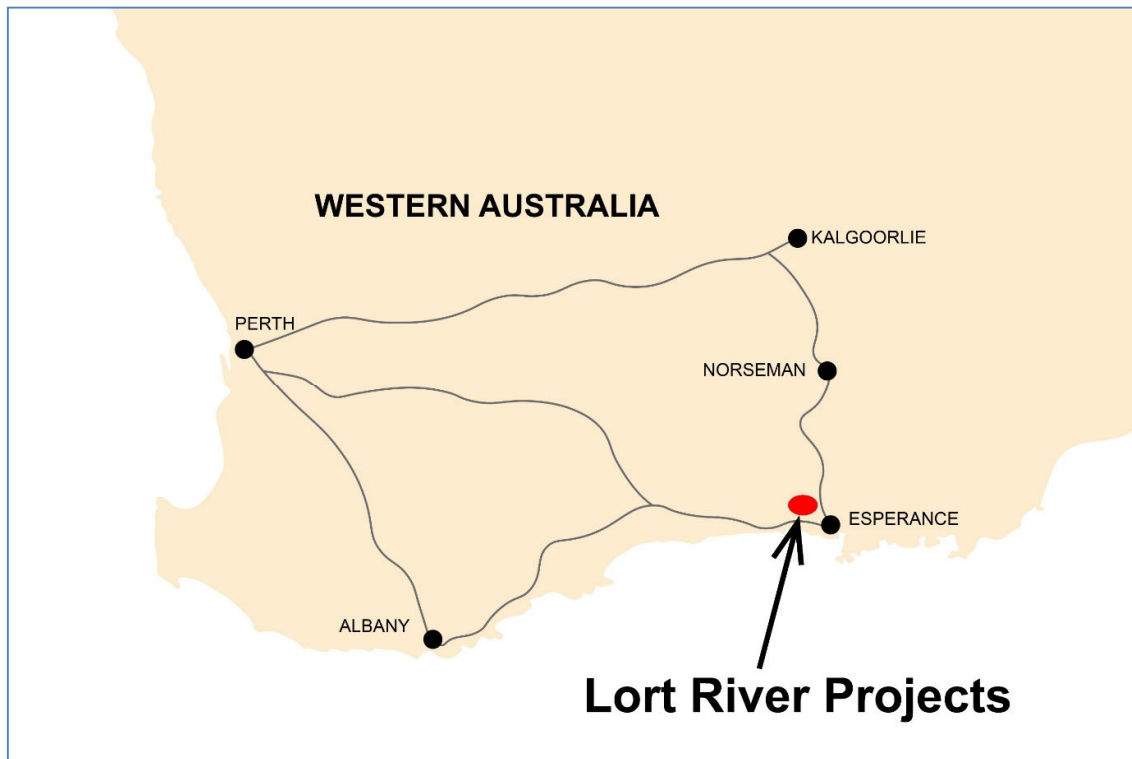


Diagram 22: Location of Lort River Project (TMX 100%) where surface REE clay type anomaly has been identified.

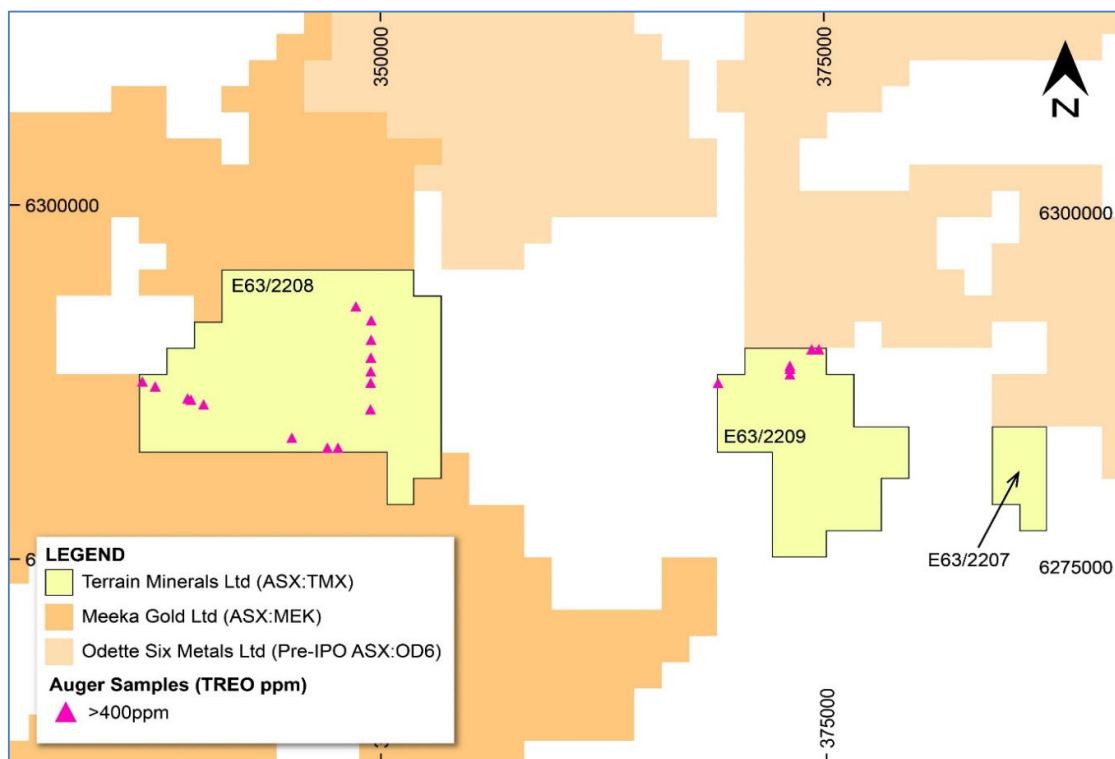


Diagram 23: Higher-grade rare earth surface sample locations.

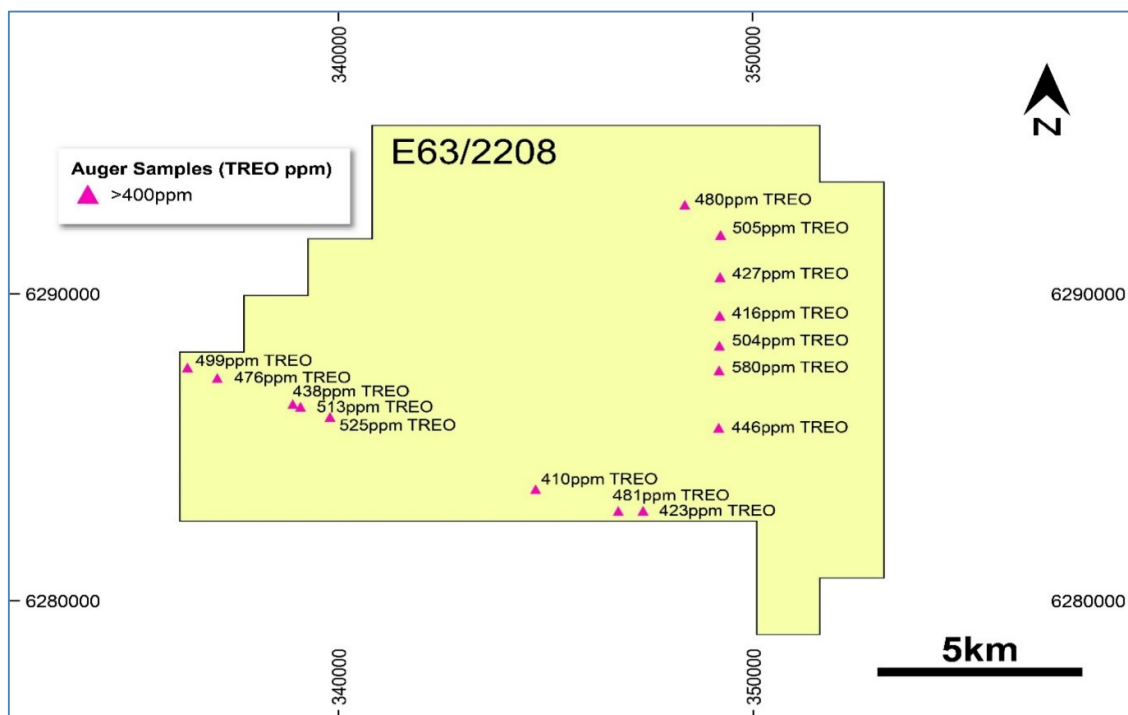


Diagram 24: Some of the rare earth surface assays within this large tenement E63/2208.

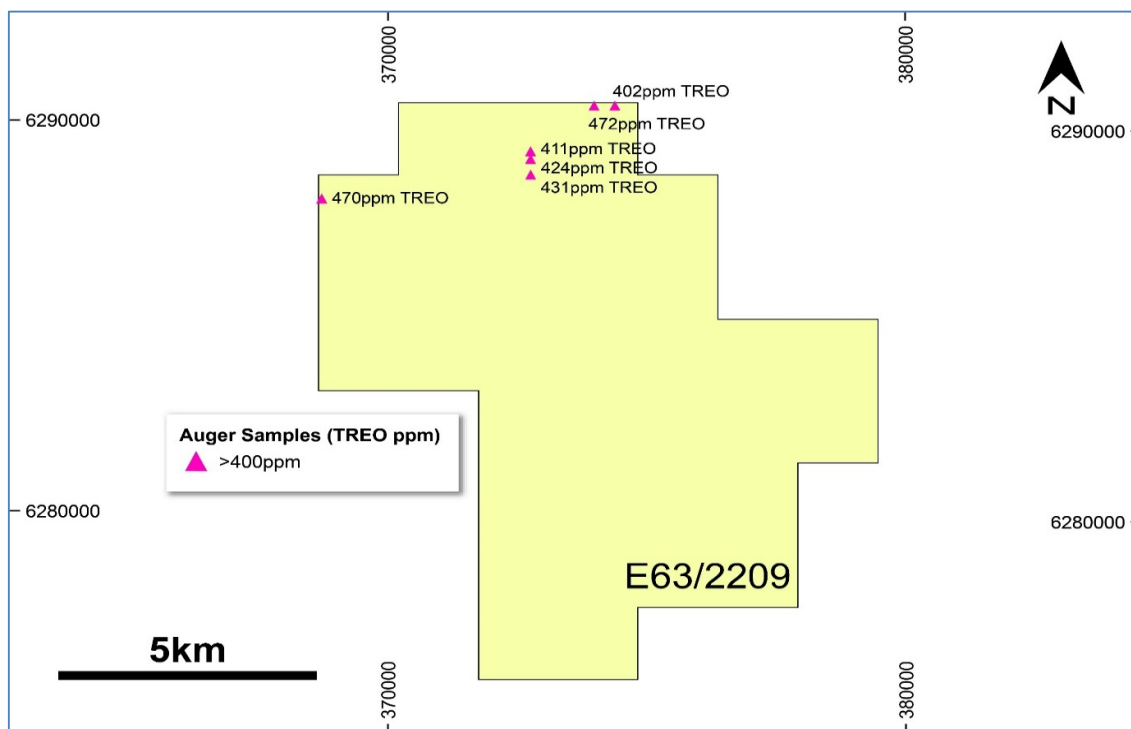


Diagram 25: Rare earth surface assays within E63/2209.

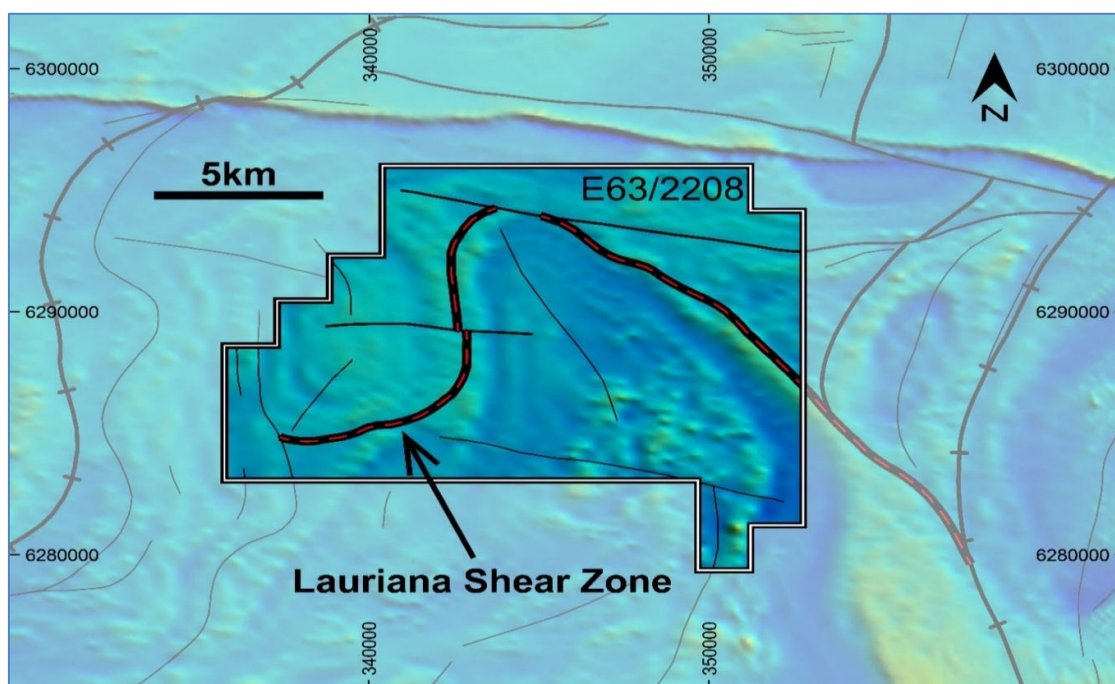


Diagram 26: E63/2208 tenement boundary (TMX 100%) overlaid on regional magnetics showing prospective Lauriana Shear Zone and second order structures.

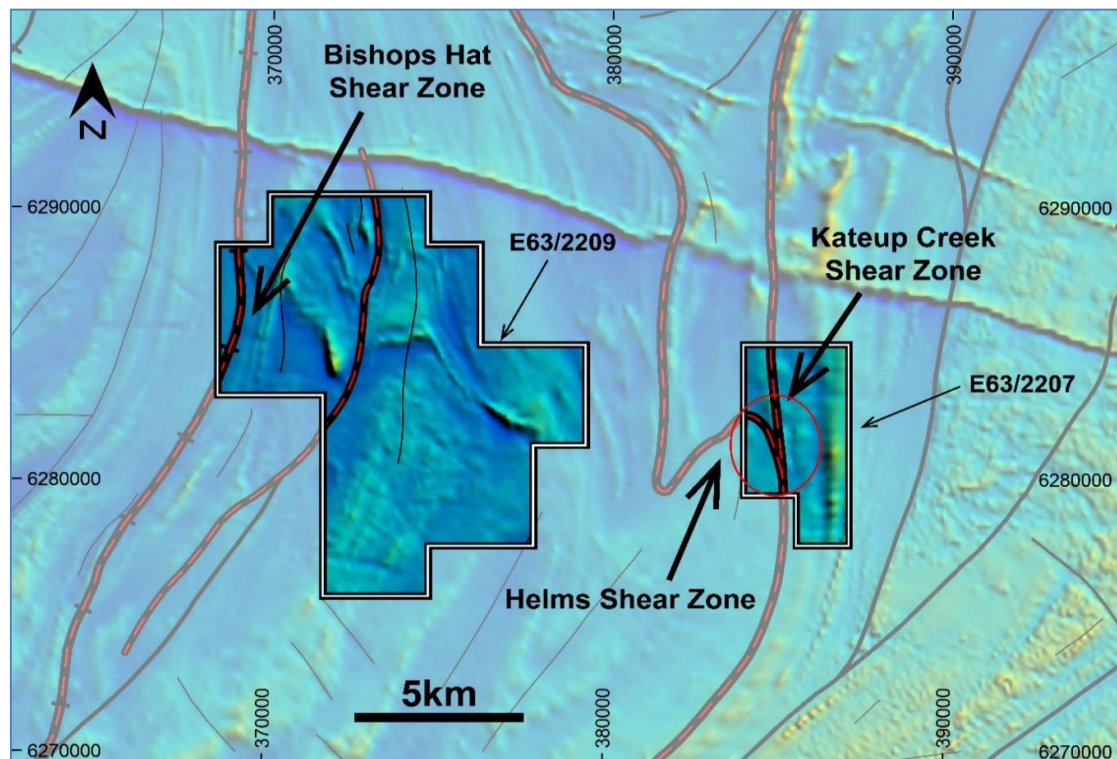


Diagram 27: E63/2207 and E63/2209 tenement boundaries (TMX 100%) overlaid on regional magnetics showing prospective regional shear zones and second order structures.

Note: For additional information refer to ASX announcement:

- **5 May 2022** - Lort River (320km²) Rare Earth Project Highly Prospective Tenements Granted.
- **30 May 2022** - High-Grade Clay Type Rare Earths (REE) Soil Anomaly Identified at Lort River Project.

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

DIVIDENDS PAID OR RECOMMENDED

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

FINANCIAL POSITION

The net assets of Terrain Minerals Limited have decreased from \$2,861,050 at 30 June 2021 to \$2,768,619 at 30 June 2022 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 \$101,136 cash from the sale of 350,000 Red 5 shares.

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.

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

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 – Appointed 31 July 2012

Experience

Mr Virgin has over 10 years' experience as a ASX Director of listed exploration companies as well as Sixteen 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 18,000,000 options over ordinary shares and 36,000,000 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 – Appointed 1 May 2017

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 13,000,000 options over ordinary shares

Special Responsibilities

Nil

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

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

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

Mr Johannes Lin

Experience

Non-Executive Director – 1 May 2017

Mr Lin has over eleven 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 6,000,000 options over ordinary shares and 43,862,771 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	5

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.

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

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
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
25 November 2020	25 November 2025	0.0214	16,000,000
7 December 2021	7 December 2026	0.0150	6,000,000
			<u>37,000,000</u>

For details of options issued to Directors and executives as remuneration, refer to the remuneration report.

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 2022 has been received and can be found on page 46 of the financial report.

The auditor did not provide any non-audit services for the year ended 30 June 2022 (30 June 2021: 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.

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 pays 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 are no guaranteed base pay increases included in any senior executives' contracts.

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

- ii. Incentives

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

- iii. Other

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

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

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 2022	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. Under the terms of the contract:

- Mr Virgin was paid from 1 December 2015 a remuneration package of \$120,000 p.a. base salary plus superannuation. Mr Virgin's Executive Service Agreement minimum remuneration package has been increased to a base salary of \$180,000 plus superannuation effective 1 September 2020..
- The Company may terminate this agreement in writing if the Executive becomes incapacitated by illness or accident for an accumulated period of two months or a period aggregating more than three months in any twelve month period.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. On termination with cause, the Executive is not entitled to any payment.
- If the Company terminates the agreement for any reason other than the above, the Company must pay the Executive an amount equal to six month's salary.
- If Mr Virgin terminates the agreement, he must provide the Company with 60 days' notice period.

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

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 2022 and 30 June 2021 is set out in the following tables:

For the year ended 30 June 2022

KEY MANAGEMENT PERSONNEL	SHORT-TERM BENEFITS		POST-EMPLOYMENT BENEFITS	EQUITY-SETTLED SHARE-BASED PAYMENTS		TOTAL	REMUNERATION CONSISTING OF OPTIONS
	SALARY, FEES AND LEAVE	OTHER	SUPERANNUATION	SHARES	OPTIONS		%
	\$	\$	\$	\$	\$	\$	
Mr Justin Virgin	180,000	-	18,000	-	35,564	233,564	15
Mr Trevor Bradley	40,000	-	4,000	-	-	44,000	-
Mr Johannes Lin	30,000	-	3,000	-	-	33,000	-
TOTAL	250,000	-	25,000	-	35,564	310,564	11

For the year ended 30 June 2021

KEY MANAGEMENT PERSONNEL	SHORT-TERM BENEFITS		POST-EMPLOYMENT BENEFITS	EQUITY-SETTLED SHARE-BASED PAYMENTS		TOTAL	REMUNERATION CONSISTING OF OPTIONS
	SALARY, FEES AND LEAVE	OTHER	SUPERANNUATION	SHARES	OPTIONS		%
	\$	\$	\$	\$	\$	\$	
Mr Justin Virgin	170,000	-	16,150	-	78,001	264,151	30
Mr Trevor Bradley	38,333	-	3,642	-	39,000	80,975	48
Mr Johannes Lin	30,000	-	2,850	-	39,000	71,850	54
TOTAL	238,333	-	22,642	-	156,001	416,976	37

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

REMUNERATION REPORT (CONTINUED) (AUDITED)

Other Key Management Personnel Transactions

	2022	2021
	\$	\$
Payments to director-related parties:		
Bradley Geoscience Pty Ltd (i)	6,000	-

- (i) The payments were made to Bradley Geoscience Pty Ltd, a company of which Trevor Bradley is a director. The payments were for geological services on an arm's length basis. At the year-end there was \$6,000 outstanding.

SHARE-BASED PAYMENTS

During the year ended 30 June 2022, 6,000,000 (30 June 2021: 16,000,000) 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	7 December 2021	6,000,000	35,564	100	-	-

DESCRIPTION OF OPTIONS/RIGHTS ISSUED AS REMUNERATION

2022

The options granted to Directors, in the year 30 June 2022 were for nil consideration as remuneration, exercisable at \$0.0150 options with an expiry date of on or before 7 December 2026. They vested immediately. The value per option was \$0.0059.

They were valued using Black Scholes with the below assumptions:

Number of options in series	6,000,000
Grant date share price	\$0.008
Exercise price	\$0.015
Expected volatility	115%
Option life	5 years
Dividend yield	0.00%
Interest rate	1.35%

2021

The options granted to Directors, in the year 30 June 2021 were for nil consideration as remuneration, exercisable at \$0.0214 options with an expiry date of on or before 25 November 2025. They vested immediately. The value per option was \$0.01.

They were valued using Black Scholes with the below assumptions:

Number of options in series	16,000,000
Grant date share price	\$0.0110
Exercise price	\$0.0214
Expected volatility	155%
Option life	5 years
Dividend yield	0.00%
Interest rate	0.30%

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

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 2022	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	18,000,000	6,000,000	-	-	(6,000,000) ¹	18,000,000	6,000,000	18,000,000	35,564
Mr Trevor Bradley	13,000,000	-	-	-	-	13,000,000	-	13,000,000	-
Mr Johannes Lin	6,000,000	-	-	-	-	6,000,000	-	6,000,000	-
	37,000,000	6,000,000	-	-	(6,000,000)	37,000,000	6,000,000	37,000,000	35,564

1. Options expired 7 December 2021

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:

30 June 2022	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
Mr Justin Virgin	33,794,686	-	-	2,205,314 ²	36,000,000
Mr Trevor Bradley	-	-	-	-	-
Mr Johannes Lin	43,862,771	-	-	-	43,862,771
	77,657,457	-	-	2,205,314	79,862,771

2. Justin Virgin purchased shares in an off and on market transfers

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

VOTING AND COMMENTS MADE AT THE COMPANY'S 2021 ANNUAL GENERAL MEETING

The Company's remuneration report for the 2021 financial year was approved at the Annual General Meeting held on 25 November 2021. The Company did not receive any feedback at the AGM on its Remuneration Report.

During the year ended 30 June 2022, 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: 21 September 2022

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 2022, 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
21 September 2022

TERRAIN MINERALS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

		2022	2021
	NOTE	\$	\$
Other income		309	55,668
Net income	2	309	55,668
Administrative expenses		(145,906)	(129,496)
Share based payments	12	(35,564)	(156,001)
Exploration expenditure write off	7	(32,280)	(36,007)
Employee benefits expenses		(275,000)	(260,975)
Depreciation	8	(11,481)	(11,421)
Other expenses		(78,536)	(84,587)
(Loss)/profit before income taxes		(578,458)	(622,819)
Income tax expense	3	-	-
(Loss)/profit after income tax for the year		(578,458)	(622,819)
Other comprehensive income			
<i>Items that will not be classified to profit or loss</i>			
Changes in the fair value of Financial assets through other comprehensive income		252,750	61,405
Total comprehensive (loss)/profit for the year attributable to owners of Terrain Minerals Limited		(325,708)	(561,414)
(Loss)/profit from continuing operations attributable to owners of Terrain Minerals Limited		(325,708)	(561,414)
(Loss)/profit per share attributable to owners of TMX			
From continuing operations:			
Basic (loss)/profit per share (cents)	14	(0.08)	(0.09)
Diluted (loss)/profit per share (cents)	14	(0.08)	(0.09)

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 2022**

	NOTE	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	1,084,926	1,144,436
Trade and other receivables	5	30,851	52,770
Prepayments	6	10,473	10,355
TOTAL CURRENT ASSETS		1,126,250	1,207,561
NON-CURRENT ASSETS			
Other receivables	5	20,000	20,000
Exploration expenditure	7	1,437,459	1,052,883
Right of use asset	8	872	872
Financial assets at fair value through other comprehensive income	10	250,000	665,000
TOTAL NON-CURRENT ASSETS		1,708,331	1,738,755
TOTAL ASSETS		2,834,581	2,946,316
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	65,012	84,316
Lease liability	9	950	950
TOTAL CURRENT LIABILITIES		65,962	85,266
TOTAL LIABILITIES		65,962	85,266
NET ASSETS		2,768,619	2,861,050
EQUITY			
Issued capital	12	21,285,504	21,087,791
Reserves	13(A)	2,447,970	2,159,656
Accumulated losses	13(B)	(20,964,855)	(20,386,397)
TOTAL EQUITY		2,768,619	2,861,050

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

TERRAIN MINERALS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	ORDINARY SHARES \$	OPTIONS RESERVE \$	FAIR VALUE OTHER COMPREHENSIVE INCOME ("FVOCI") RESERVE	ACCUMULATED LOSSES \$	TOTAL \$
Balance at 1 July 2021	21,087,791	1,788,751	370,905	(20,386,397)	2,861,050
(Loss) attributable to members of the parent entity	-	-	-	(578,458)	(578,458)
Other comprehensive income for the year	-	-	252,750	-	252,750
Total comprehensive profit/(loss) for the year	-	-	252,750	(578,458)	(325,708)
Transactions with owners, in their capacity as owners, and other transfers					
Contributions of equity, net of transaction costs	197,713	-	-	-	197,713
Issue of options	-	35,564	-	-	35,564
Balance at 30 June 2022	21,285,504	1,824,315	623,655	(20,964,855)	2,768,619
Balance at 1 July 2020	20,940,371	1,632,750	309,500	(19,763,578)	3,119,043
Profit attributable to members of the parent entity	-	-	-	(622,819)	(622,819)
Other comprehensive income for the year	-	-	61,405	-	61,405
Total comprehensive profit/(loss) for the year	-	-	61,405	(622,819)	(561,414)
Transactions with owners, in their capacity as owners, and other transfers					
Contributions of equity, net of transaction costs	147,420	-	-	-	147,420
Options based payments	-	156,001	-	-	156,001
Balance at 30 June 2021	21,087,791	1,788,751	370,905	(20,386,397)	2,861,050

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

TERRAIN MINERALS LIMITED**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	2022 \$	2021 \$
CASH FROM OPERATING ACTIVITIES:			
Payments to suppliers and employees		(466,777)	(652,828)
Interest received		309	613
Government stimulus grants		-	55,055
Net cash used in operating activities	21	<u>(466,468)</u>	<u>(597,160)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for Exploration and evaluation expenditure		(258,505)	(887,105)
Proceeds from sale of investment		667,750	396,405
Net cash from/(used in) in investing activities		<u>409,245</u>	<u>(490,700)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		-	-
Proceeds from exercise of options		-	147,420
Payment of share issue costs		(2,287)	-
Net cash from/(used in) financing activities		<u>(2,287)</u>	<u>147,420</u>
OTHER ACTIVITIES:			
Net cash increase/(decrease) in cash and cash equivalents		(59,510)	(940,440)
Cash and cash equivalents at beginning of year		1,144,436	2,084,876
Cash and cash equivalents at end of the year	4	<u>1,084,926</u>	<u>1,144,436</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: BASIS OF PREPARATION

This financial report includes the financial statements and notes of Terrain (the company) and was approved for issue on 21 September 2022 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 23.

Going Concern

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

The Company incurred a net loss of (\$578,458) for the year ended 30 June 2022 and had cash outflows from operations activities of \$466,468 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 \$1,084,926 as at 30 June 2022.

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.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 2: REVENUE AND SIGNIFICANT EXPENSES ITEMS

	2022	2021
	\$	\$
Revenue from continuing operations:		
Interest income	309	613
Government stimulus grants	-	55,055
	309	55,668

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.

NOTE 3: INCOME TAX

THE COMPONENTS OF TAX EXPENSE COMPRISE

	2022	2021
	\$	\$
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% (2021: 30%)	(173,537)	(186,844)
Add/(less) tax effect of:		
- Revenue losses not recognised	162,529	161,636
- Other assessable items	-	-
- Share based payments	10,669	46,800
- Other non-deductible expenses	2,571	1,268
- Other non-assessable items	-	(16,517)
- Recoupment of prior year tax losses not previously brought to account	75,103	(31,990)
- Deferred tax balances not recognised	(77,335)	25,647
	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 3: INCOME TAX (CONTINUED)

	2022	2021
	\$	\$
Deferred tax recognised at 30% (2021:30%) (1):		
Deferred tax liabilities:		
- Exploration expenditure	(365,315)	(308,690)
- Financial assets	(17,820)	-
- Prepayments	(66)	(168)
	<u>(383,201)</u>	<u>(308,858)</u>
Deferred tax assets:		
- Carry forward revenue losses	383,201	308,858
Net deferred tax	<u>-</u>	<u>-</u>
 Unrecognised deferred tax assets at 30% (2019: 30%) (1):		
Carry forward revenue losses	4,607,166	4,462,456
Carry forward capital losses	965,114	1,042,449
Other	6,246	9,143
	<u>5,578,526</u>	<u>5,514,048</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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

	2022	2021
	\$	\$
Cash at bank	1,082,362	1,141,872
Petty cash	2,564	2,564
	1,084,926	1,144,436

The company's exposure to interest rate risk is disclosed in note 16. The maximum exposure to credit risk at the end of the reporting year is the carrying amount of each class of cash and cash equivalents.

Accounting policy

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

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 5: TRADE AND OTHER RECEIVABLES

CURRENT	2022	2021
	\$	\$
Other receivables	23,091	15,774
GST paid	7,760	36,996
	<u>30,851</u>	<u>52,770</u>
NON-CURRENT		
Other receivables	20,000	20,000

Trade and other receivables are non-trade receivables, non-interest bearing and have an average term of 3 months and for GST generally received from the ATO in that time. The carrying amount is equivalent to their face value. No trade and other receivables and other receivables were impaired during the current year. The Company's exposure to risks arising from trade and other payables is disclosed in Note 16.

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 assesses 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.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 6: OTHER ASSETS

	2022	2021
	\$	\$
Current		
Prepayments	10,473	10,355
	<u>10,473</u>	<u>10,355</u>

NOTE 7: EXPLORATION EXPENDITURE

Balance at beginning of the year	1,052,883	278,662
Expenditure during the year	216,856	810,228
Share issue for Lort River project	200,000	-
Written off exploration expenditure	(32,280)	(36,007)
	<u>1,437,459</u>	<u>1,052,883</u>

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

The recoverability of the carrying amount of the exploration and evaluation assets is dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. During the period, the Company has identified that there are assets where no exploration program can be justified, and the tenements should be relinquished and therefore capitalised expenditure allocated to these tenements was written off in accordance with AASB 6 'Exploration for and Evaluation of Mineral Resources'. The Board has approved the write down of \$32,280 (June 2021: \$36,007) 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; and
- 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:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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: RIGHT OF USE OF LEASE ASSETS

Carrying value

	2022	2021
Premises	\$	\$
Cost	34,889	23,409
Accumulated depreciation	(34,018)	(22,537)
Carrying value as at 30 June	872	872

Reconciliation

	2022	2021
Premises		
30 June	\$	\$
Opening Balance	872	1,855
Additions	11,481	10,438
Depreciation expense	(11,481)	(11,421)
Closing Balance	872	872

Accounting policy

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.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 9: LEASE LIABILITIES

	2022	2021
	\$	\$
Premises		
Current Liabilities	950	950
Fair value as at 30 June	950	950

Reconciliation

Premises	2022	2021
30 June	\$	\$
Opening Balance	949	1,994
Additions	12,113	12,112
Finance Expenses	(12,112)	(13,157)
Closing Balance	950	949

NOTE 10 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	2022	2021
	\$	\$
Financial assets at fair value through other comprehensive income		
<i>Opening balance</i>		
Red 5 Limited	665,000	1,000,000
Financial assets at fair value through other comprehensive income		
<i>Movement during the period</i>		
Proceeds from sale of financial assets at fair value	(667,750)	(396,405)
Gain/(gain) recognised in other comprehensive income	252,750	61,405
Balance for the year ended 30 June 2022	250,000	665,000

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 10 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

- (i) On 6 April 2020, 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:

	Gain on disposal for the financial year ended 30 Jun 2022		
	Net proceeds \$	Carrying value at 30 June 2022 \$	Gain \$
Sold in the full year ended 30 June 2022	667,750	(476,500)	191,250
	667,750	(476,500)	191,250

The gain recognised of \$191,250 for the financial year ended 30 June 2022 (30 June 2021: \$110,674) was disclosed as other comprehensive income as per AASB 9.

The balance as at 30 June 2022 of \$250,000 represents the investment in Red 5 Ltd. The Company holds 1,000,000 shares and the share price as at 30 June 2022 was \$0.25 per share.

(ii) Amounts recognised in other comprehensive income

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

	30 June 2022 \$	30 June 2021 \$
Gains recognised in other comprehensive income	252,750	61,405

The movement of gain recognised in other comprehensive income for the financial year ended 30 June 2022 was as follows:

Gain on sale of Red 5 shares for the full year ended 30 June 2022	191,250
Increase in value of Red 5 shares	61,500
Gain recognised in other comprehensive income	<u>252,750</u>

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 11: TRADE AND OTHER PAYABLES

	2022	2021
	\$	\$
CURRENT		
Trade payables – unsecured	55,972	75,276
Other payables – unsecured	9,040	9,040
	<u>65,012</u>	<u>84,316</u>

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 16. The carrying amounts of trade and other payables approximate the fair values.

Accounting policy

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

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

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

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 12: ISSUED CAPITAL

	2022 Number	2022 \$	2021 Number	2021 \$
Fully paid ordinary shares	760,761,009	21,285,504	735,761,009	21,087,791

Description	Date	Number of shares	Issue Price	\$
2022				
Opening balance	1 July 2021	735,761,009		21,087,791
Issued for data on application of tenements (i)	9 May 2022	25,000,000	\$0.008	200,000
Less: transaction costs				(2,287)
Closing balance	30 June 2022	760,761,009		21,285,504

Description	Date	Number of shares	Issue Price	\$
2021				
Opening balance	1 July 2020	723,161,009		20,940,371
Exercise of options	26 Nov 2020	12,600,000	\$0.0117	147,420
Less: transaction costs				-
Closing balance	30 June 2021	735,761,009		21,087,791

- (i) On 9 May 2022 Terrain issued 25,000,000 shares valued at \$200,000 for the mining data for granted tenements at Lort River project.

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:

2022 Number	Exercise Price	Grant	Expiry
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
16,000,000	\$0.0214	25 November 2020	25 November 2025
6,000,000	\$0.0150	7 December 2021	7 December 2026
37,000,000			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 12: ISSUED CAPITAL (CONTINUED)

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

Description	2022 Number	Weighted Average Exercise Price	2021 Number	Weighted Average Exercise Price
Options				
Opening balance	43,000,000	0.2477	49,600,000	0.2451
Issued during the year (i)	6,000,000	0.015	16,000,000	0.0214
Exercised during the year	-	-	(12,600,000)	(0.0188)
Expired during the year	(12,000,000)	(0.0188)	(10,000,000)	-
Balance at 30 June	37,000,000	0.2439	43,000,000	0.2477

- (i) Options (valued at \$0.0059) were issued to the Directors were valued using Black Scholes with the below assumptions:

2022	Unlisted options
Number of options in series	6,000,000
Grant date share price	\$0.008
Exercise price	\$0.015
Expected volatility	115%
Option life	5 years
Dividend yield	0.00%
Interest rate	1.35%
Total value	\$35,564

Options (valued at \$0.010) were issued to the Directors were valued using Black Scholes with the below assumptions:

2021	Unlisted options
Number of options in series	16,000,000
Grant date share price	\$0.0110
Exercise price	\$0.0214
Expected volatility	155%
Option life	5 years
Dividend yield	0.00%
Interest rate	0.30%
Total value	\$156,001

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 12: 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 include 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 2022 and 30 June 2021 are as follows:

	2022	2021
	\$	\$
Cash and cash equivalents	1,084,926	1,144,436
Trade and other receivables	30,851	52,770
Trade and other payables	(65,012)	(84,316)
Working capital position	1,050,765	1,112,890

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

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 13: RESERVES AND ACCUMULATED LOSSES

(A) RESERVE

	2022 \$	2021 \$
Option Reserve		
Opening balance	1,788,751	1,632,750
Option expenses (refer Note 12)	35,564	156,001
Closing balance	1,824,315	1,788,751
Fair value other comprehensive income Reserve		
Opening balance	370,905	309,500
Fair value of sale of Red 5 shares (refer Note 10)	252,750	61,405
Closing balance	623,655	370,905
	2,447,970	2,159,656

(B) ACCUMULATED LOSSES

Opening balance	(20,386,397)	(19,763,578)
Net (loss)/profit for the year	(578,458)	(622,819)
Closing balance	(20,964,855)	(20,386,397)

(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 14: EARNINGS PER SHARE

	2022 \$	2021 \$
(Loss)/profit used to calculate basic EPS	(578,458)	(622,819)
(Loss)/profit used in calculation of dilutive EPS	(578,458)	(622,819)
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	712,488,041	708,923,397
Weighted average number of ordinary shares outstanding during the year - No. used in calculating diluted EPS	712,488,041	708,923,397

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 14: EARNINGS PER SHARE (CONTINUED)

	2022	2021
	\$	\$
Total basic (loss)/profit per share attributable to the ordinary equity holders of the Company (cents)	(0.08)	(0.09)
Total diluted (loss)/profit per share attributable to the ordinary equity holders of the Company (cents)	(0.08)	(0.09)

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 15: CAPITAL AND LEASING COMMITMENTS

CAPITAL EXPENDITURE COMMITMENTS

	2022	2021
	\$	\$
Payable:		
- not later than 12 months	142,440	144,440
- between 12 months and 5 years	1,495,760	727,760
- greater than 5 years	-	-
	<u>1,638,200</u>	<u>872,200</u>

NOTE 16: 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:

		2022	2021
	NOTE	\$	\$
FINANCIAL ASSETS			
Cash and cash equivalents	4	<u>1,084,926</u>	<u>1,144,436</u>
TOTAL FINANCIAL ASSETS		<u>1,084,926</u>	<u>1,444,436</u>
FINANCIAL LIABILITIES			
Trade and other payables	11	65,012	84,316
Lease liability	9	<u>950</u>	<u>950</u>
TOTAL FINANCIAL LIABILITIES		<u>65,962</u>	<u>85,266</u>

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

NOTE 16: 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 16: FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL LIABILITY AND FINANCIAL ASSET MATURITY ANALYSIS	WITHIN 1 YEAR		1 TO 5 YEARS		TOTAL CONTRACTUAL CASH FLOW	
	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$
FINANCIAL LIABILITIES						
DUE FOR PAYMENT						
Trade and other payables	65,012	84,316	-	-	65,012	84,316
Lease liability	950	950	-	-	950	950
Total contractual outflows	65,962	85,266	-	-	65,962	85,266
Total expected outflows	65,962	85,266	-	-	65,962	85,266
FINANCIAL ASSETS - CASH FLOWS REALISABLE						
Trade and other receivables	30,851	52,770	-	-	30,851	52,770
Total anticipated inflows	30,851	52,770	-	-	30,851	52,770

(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 17: 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.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 18: INTERESTS OF KEY MANAGEMENT PERSONNEL/RELATED PARTIES

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 2022.

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

	2022	2021
	\$	\$
Short-term employee benefits	250,000	238,333
Post-employment benefits	25,000	22,642
Share-based payments	35,564	156,001
	310,564	416,976

OTHER KEY MANAGEMENT PERSONNEL TRANSACTIONS

Other Key Management Personnel Transactions

	2022	2021
	\$	\$
Payments to director-related parties:		
Bradley Geoscience Pty Ltd (i)	6,000	-

- (i) The payments were made to Bradley Geoscience Pty Ltd, a company of which Trevor Bradley is a director. The payments were for geological services is on an arm's length basis. At the year-end there was \$6,000 outstanding (exclusive of GST).

NOTE 19: AUDITOR'S REMUNERATION

	2022	2021
	\$	\$
Remuneration of the auditor of the company for:		
BDO Audit (WA) Pty Ltd - auditing or reviewing the financial report	38,001	27,752
	38,001	27,752

NOTE 20: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

- 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 20: 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 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 . 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.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 21 CASH FLOW INFORMATION

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

	2022	2021
	\$	\$
Net (loss)/profit for the year	(578,458)	(622,819)
Other income		
Non-cash items in profit/(loss)		
Share based payments	35,564	156,001
Exploration written off	32,280	36,007
Depreciation	11,481	11,421
Changes in assets and liabilities		
Decrease/(increase) in trade and term receivables	21,918	(25,005)
(Increase)/decrease in prepayments	(118)	36
Increase/(decrease) in trade payables and accruals	10,865	(152,801)
Net cash used in operating activities	(466,468)	(597,160)

(B) NON-CASH INVESTING AND FINANCING ACTIVITIES

During the year ended 30 June 2022 non-cash investing activities of shares issued with a value of \$200,000 for mining data for the Lort River project (30 June 2021: nil).

NOTE 22: EVENTS AFTER THE END OF THE REPORTING DATE

Subsequent to year end the Company received \$101,136 cash from the sale of 350,000 Red 5 shares.

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.

NOTE 23: 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 2022, the carrying value of capitalised exploration and evaluation is \$1,437,459 (2021: \$1,052,883)

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 23: 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 2021.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 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 no new or amended standards became applicable for the current reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 24: FAIR VALUE MEASUREMENT

This note provides an update on the judgements and estimates in determining the fair values of the financial instruments since the last annual financial report.

Fair Value Hierarchy

To provide an indication about the reliability of the inputs used in determining fair value. The Group classifies its financial instruments into the three levels prescribed under accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value.

	Level 1	Level 2	Level 3	Total
As at 30 June 2022	\$	\$	\$	\$
Financial assets as FVOCI – Equity Securities	250,000	-	-	250,000
As at 30 June 2021	\$	\$	\$	\$
Financial assets as FVOCI – Equity Securities	665,000	-	-	665,000

There were no transfers between levels during the year. The Group's policy is to recognise transfers into and out of the fair value hierarchy levels at balance date.

The fair value of the financial assets and liabilities held by the Group must be estimated for recognition, measurement and /or disclosure purposes. The Group measures fair value by level, per the following fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or the liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

TERRAIN MINERALS LIMITED

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2022

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: 21 September 2022

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 2022, 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 2022 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.

Carrying value 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 2022, 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 page 39 to 45 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Terrain Minerals Limited, for the year ended 30 June 2022 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


Jarrad Prue

Director

Perth

21 September 2022

Corporate Governance

The Company's 2022 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 2022

The shareholder information set out below was applicable as at 6 September 2022.

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	48	10,164	0.00
1,001 – 5,000	23	77,408	0.01
5,001 – 10,000	39	356,775	0.05
10,001 – 100,000	417	23,219,447	3.05
100,001 Over	515	737,097,215	96.89
Total	1,042	760,761,009	100.00

On 6 September 2022, there were 359 holders of unmarketable parcels of less than 55,556 ordinary shares (based on the closing share price of \$0.009).

(ii) Unlisted Securities

At 6 September 2022, the Company has on issue 37,000,000 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 \$0.0175 18/12/2022	Unlisted Options \$0.0085 22/11/2023	Unlisted Options \$0.0065 20/11/2024	Unlisted Options \$0.0214 25/11/2025	Unlisted Options \$0.015 7/12/2026
Mr Justin Anthony Virgin <J Virgin T/A Stockfeed A/C>	-	-	4,000,000	8,000,000	6,000,000
Mr Trevor Bradley	4,000,000	3,000,000	2,000,000	4,000,000	-
Mr Johannes Lin	2,000,000	-	-	4,000,000	-
Total	6,000,000	3,000,000	6,000,000	16,000,000	6,000,000

ADDITIONAL ASX INFORMATION

FOR THE YEAR ENDED 30 JUNE 2022

4. Substantial Shareholders

The Company has received the following substantial shareholders notices at 6 September 2022:

Name: Mr Jonathan Lim

Holder of: 65,982,046 fully paid ordinary shares, representing 8.67%

Notice Received: 1 September 2020

Name: Mr Johannes Lin

Holder of: 43,862,771 fully paid ordinary shares, representing 5.77%

Notice Received: 10 September 2020

Name: Gerard C Toscan Management Pty Limited & Ringwood Management Pty Limited

Holder of: 42,000,000 fully paid ordinary shares, representing 5.52%

Notice Received: 15 September 2021

Name: John Wardman and John Wardman & Associates Pty Ltd

Holder of: 41,250,000 fully paid ordinary shares, representing 5.42%

Notice Received: 18 August 2020

5. Restricted Securities

At 6 September 2022, there was no ordinary fully paid shares subject to escrow.

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 6 September 2022 are as follows:

Holder	Units	%
MR KENG HOCK JONATHAN LIM	31,335,115	4.12
JOHN WARDMAN & ASSOCIATES PTY LTD <WARDMAN SUPER FUND A/C>	30,150,000	3.96
DRYCA PTY LTD <DRYCA EMPLOYEES RET/F A/C>	30,000,000	3.94
MR JOHANNES LIN	28,411,223	3.73
MR JONATHAN KENG HOCK LIM	26,564,081	3.49
MR JUSTIN ANTHONY VIRGIN <J VIRGIN T/A STOCKFEED A/C>	25,500,000	3.35
GERARD C TOSCAN MANAGEMENT PTY LIMITED <GERARD C TOSCAN FAM NO 2 A/C>	23,000,000	3.02
RINGWOOD MANAGEMENT PTY LIMITED <RINGWOOD SUPER FUND A/C>	19,000,000	2.50
ARMCO BARRIERS PTY LTD	16,000,000	2.10
MR JOHANNES Y LIN	15,451,548	2.03
VAN AM MARKETING PTY LTD	14,285,740	1.88
MR KYLE DOUGLAS SHIELDS <SHIELDS CHILDREN FAMILY A/C>	13,500,000	1.77
MINE PLANNER PTY LTD <INTREPID NOMINEES A/C>	12,500,000	1.64
SAFEHANDZ PTY LTD <AURUM NOMINEES A/C>	12,500,000	1.64
VIRGIN PTY LTD <VL S/F A/C>	10,500,000	1.38
MR MARK ANDREW TKOCZ	10,251,567	1.35
CITICORP NOMINEES PTY LIMITED	10,062,410	1.32
MR JOHN WARDMAN	9,100,000	1.20
MR GEOFFREY GUILD HILL	9,000,000	1.18
MCGEE CONSTRUCTIONS PTY LTD <MCGORMAN SUPER FUND A/C>	9,000,000	1.18
Total	356,111,684	46.78

8. Tenement Listing

The Company has an interest in the following tenements:

Project	Tenement	Status	Interest
Wild Viper	E37/1214	Granted	100%
Smokebush	E59/2435	Granted	100%
Smokebush	E59/2482	Granted	100%
Smokebush	E59/2274	Granted	100%
Calytrix	E59/2692	Granted	100%
Calytrix	E59/2694	Granted	100%
Calytrix	E59/2744	Granted	100%
Calytrix	E59/2745	Granted	100%
Lort River	E63/2007	Granted	100%
Lort River	E63/2008	Granted	100%
Lort River	E63/2009	Granted	100%
Farm-in Agreements/Tenements			
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%
Wilsons Patch	P37/8521*	Granted	100%
Pending	E59/2761		

*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.