

# ASX Announcement



30 January 2017

ABN: 45 116 153 514

ASX: TMX

## Quarterly Activities Report: December 2016

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### HIGHLIGHTS

- **Successful Capital Raise - \$845,550**
  - Funds raised; Underwritten Share Purchase Plan, Top Up Placement (over bid) & Directors Options Exercised
  - Board contributed 22.5% of total amount raised
- **Drilling Commenced at Great Western Gold Project**
  - Drilling targeting shallow oxide & eastern infill drilling
  - Results to be added to JORC & scoping studies pit shell models
  - 62,805oz Gold - JORC 2012 Compliant Resource
  - 100% ownership & No Royalties
- **Exceptional Drill Results at Great Western**
  - Results Announced after December Quarters end
  - Refer to ASX announcement date 11/01/2017 for full results
  - Potential to improve current cash flow models
- **On Site Processing Study Completed at Great Western**
- **Annual General Meeting Held**
  - All resolution successfully passed
- **Gimlet – Anomaly “A” Target**
  - Drill Program Designed with Program of works application submitted
  - Gold in soil auger Anomaly – untested
- **Rembrandt Divestment**
- **Corporate Update**

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**Terrain Minerals Limited (ASX: TMX)**, is pleased to provide the following updates on its activities for the December quarter,

## Successful Capital Raising - \$845,550

During the quarter the Company completed a Share Purchase Plan (SPP) which was underwritten by Patersons Securities Limited (Patersons) up to a total of \$500,000.

Under the SPP existing shareholders subscribed to a total of \$443,000 in the SPP, resulting in a very modest shortfall of only \$57,000 (11.4% shortfall) subscribed by clients of Patersons.

Due to strong demand from existing shareholders and sophisticated investors, Terrain completed a placement to raise a further \$250,000 at the same price as the SPP, being 0.8 cents per share (Top-Up Placement). Patersons acted as Lead Manager to the Top-Up Placement.

The Board is also pleased that the Company raised an additional \$95,550 through existing management options being exercised (expiry 1st December 2016 with an exercise price 0.78 cents per share) (Option Exercise).

**The combined total of \$845,550 raised** (before costs) by Terrain through the SPP, Top-Up Placement and Option Exercises. These funds put the Company in a strong position as it continues to advance the Great Western gold project towards production and review other opportunities.

Directors contributed \$190,800 (22.5%) of the total amount raised.

## Drilling Commenced at Great Western Gold Project

Renewed Focus Aims to Drive Great Western to Mine Approval Stage.

Stage One Drilling completed

<b>Stage 1: RC Drilling 1,020m for 21 holes</b>	Completed
<b>Stage 2: RC with Diamond Tails 1,031m for 9 holes</b>	546m RC & 485m Diamond Total 1,031m

This Stage One Program was aimed at infilling gaps in the eastern end of the pit to lift 42% of the JORC 2012 resource from Inferred to Indicated status so data can be included and announced in the pre-feasibility models. A seven-hole drill program was designed totalling ~612m of RC which has now been completed.

The other 14 holes for the remaining ~408m target several open sections within the central and western zones as well as targeting the top 30m. The recently completed drilling has confirmed high grade and wider intersections of mineralisation near to surface. These positive results have the potential to have major effect on the projects capital requirements.

The Stage Two Drilling Program will be reviewed once Stage One results are compiled and assessed.

Additional works include capturing sufficient sample material for metallurgical analysis and ensuring robust QA/QC protocols and analysis occur. All efforts are now focussing around advancing the Great Western Gold project into production.

## Exceptional Drill Results at Great Western

- Results Received & Announced after December Quarter End
- Refer to ASX announcement released on; **11/01/2017 “Exceptional Drill Results at Great Western Gold Project”**
- Results have the potential to improve current cash flow models and overall project confidence
- The JORC 2012 model update has commenced and will be completed once composite samples have been re assayed into 1m internals. Assays results pending
- CSA Global to re run engineering models

It is estimated that the above JORC and engineering update studies will be completed during the 1<sup>st</sup> Quarter 2017. Once these have been reviewed Terrain will update the market to the next phase of works aimed at advancing Great Western project towards production.

## On Site Processing Study Completed

As part of the preliminary scoping studies, Terrain have been examining both toll treatment options and onsite processing options.

Terrain has appointed consulting metallurgist Mr Adrian Hall of Metallurgy Matters to design and cost onsite gravity milling solutions for Great Western. His concepts and designs have been based on the following early stage assumptions:

- Gravity recovery of ~85%
- ~400,000 ton of material\*
- Grade ~2.9g/t\*\*
- 25 to 40 ton per hour milling capacity

**Gravity Recovery\*\*\*** has been based on these early stage results:

SAMPLE	Weight (g)	Au (ppm)	Gravity Au %
GW MET 01	309.5	77.6	90.36
GW MET 02	316.3	198	92.36
GW MET 03	313.6	25.1	80.83

Gravity Recovery Amdel 16/07/2009

**Quote:** from Amdel report 16/07/2009 “Surprisingly a significant amount of “free gold” was recovered at this stage”.

The option of onsite processing is attractive and potentially has a number of advantages over batch treating at third party plants. One of the principal advantages is the potential to create a constant cash flow rather an erratic one that may result from third party treatment in batches. The proposed onsite gravity processing design (No CIL circuit) has the potential to lower Opex costs.

Preliminary work suggests gravity tails are amenable to CIL processing and possibly other viable processing alternatives or on-selling of this material. No economic studies have been carried out on this material to date.

As this early stage, metallurgy work has indicated the gold is of a coarse nature, which suits the suggested onsite gravity treatment option. This also eliminates potential metal reconciliation issues often encountered when utilising third party plants.

Hall has suggested the following conceptual on-site lay outs:



**Diagram 1:** Sepro Systems 75 tph three stage crushing circuit.



**Diagram 2:** Sepro Systems 40 tph grinding and gravity plant (dual stream mills and centrifugal concentrators).

This scoping level work and the results will be used in further studies, including detailed pit design work and preparation of an Ore Reserve.

**Footnotes:**

**\*~ 400,000 ton material** The material estimate has been taken from several in-house scoping level studies of various pit designs and the recent JORC 2012 compliant mineral resource. Refer to ASX Announcement released on 24/08/2015.

**\*\*Grade ~2.9g/t** Grades are from an undiluted resource estimation, and various in-house pit designs at scoping study level and the JORC 2012 compliant resources; Refer to Announcement released on 24/08/2015 – [“Great Western Gold Resource, Now JORC 2012 Compliant & Project Update”](#).

**\*\*\*Gravity Recovery** Sample material is presentative of oxide and transitional material of limited volume. Additional bulk testing is required. This material will be collected from the drilling campaign announced on the 03/10/2016.

## Annual General Meeting

The Annual General Meeting was held on the 28<sup>th</sup> November 2016 with all resolutions were passed on a show of hands.

In accordance with section 251AA of the Corporations Act, proxy votes exercisable by all proxies validly appointed were:

	<b>Resolution</b>	<b>For</b>	<b>Discretionary</b>	<b>Abstain</b>	<b>Against</b>
1	Approval of Remuneration Report	25,111,626	13,187,301	85,318,256	Nil
2	Re-Election of Director – Mr Paul Dickson	83,893,659	39,723,524	Nil	Nil
3	Issue of Options to Justin Virgin	25,111,626	13,187,301	84,318,256	1,000,000
4	Issue of Options to Paul Dickson	25,111,626	13,187,301	84,318,256	1,000,000
5	Issue of Options to Jonathan Lim	25,111,626	13,187,301	84,318,256	1,000,000
6	Approval of 10% Placement Facility	83,893,659	39,723,524	Nil	Nil
7	Issue of Shortfall Shares to the Underwriter under the Share Purchase Plan	83,893,659	39,723,524	Nil	Nil
8	Issue of Shortfall Shares to Justin Virgin	74,523,659	39,723,524	9,370,000	Nil
9	Issue of Shortfall Shares to Jonathan Lim	37,294,463	13,187,301	73,135,419	Nil

## Gimlet - Gold Target - Anomaly “A”

The recently completed historic review of data over Terrain’s Gimlet project has identified an untested gold soil Anomaly “A”. This represents a ‘walk up’ untested Gold target. A Program of works has been submitted with first pass air core drilling planned for first half 2017.

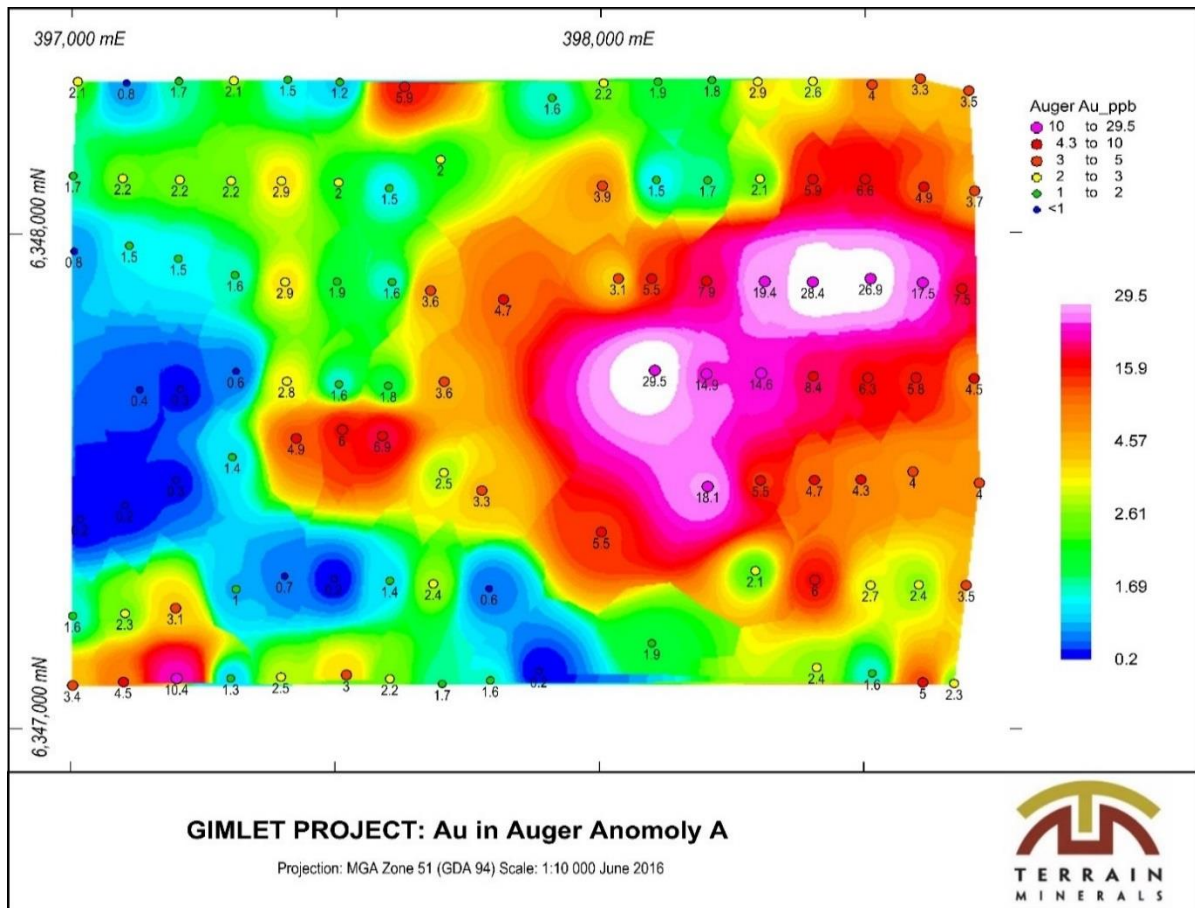
### Highlights from the historic data review include:

- Greater than 600m by 200m auger anomaly (Gold target);
- Drilling just to the west encountered low 2 to 3 metres overburden;
- Drill program (aircore/rab) has been Board approved with planning underway; and
- Project area 100% held by Terrain all situated on freehold acreage
- Total area now consists of 26 blocks and 146 blocks have been relinquished
- Land 100% Terrain no royalties

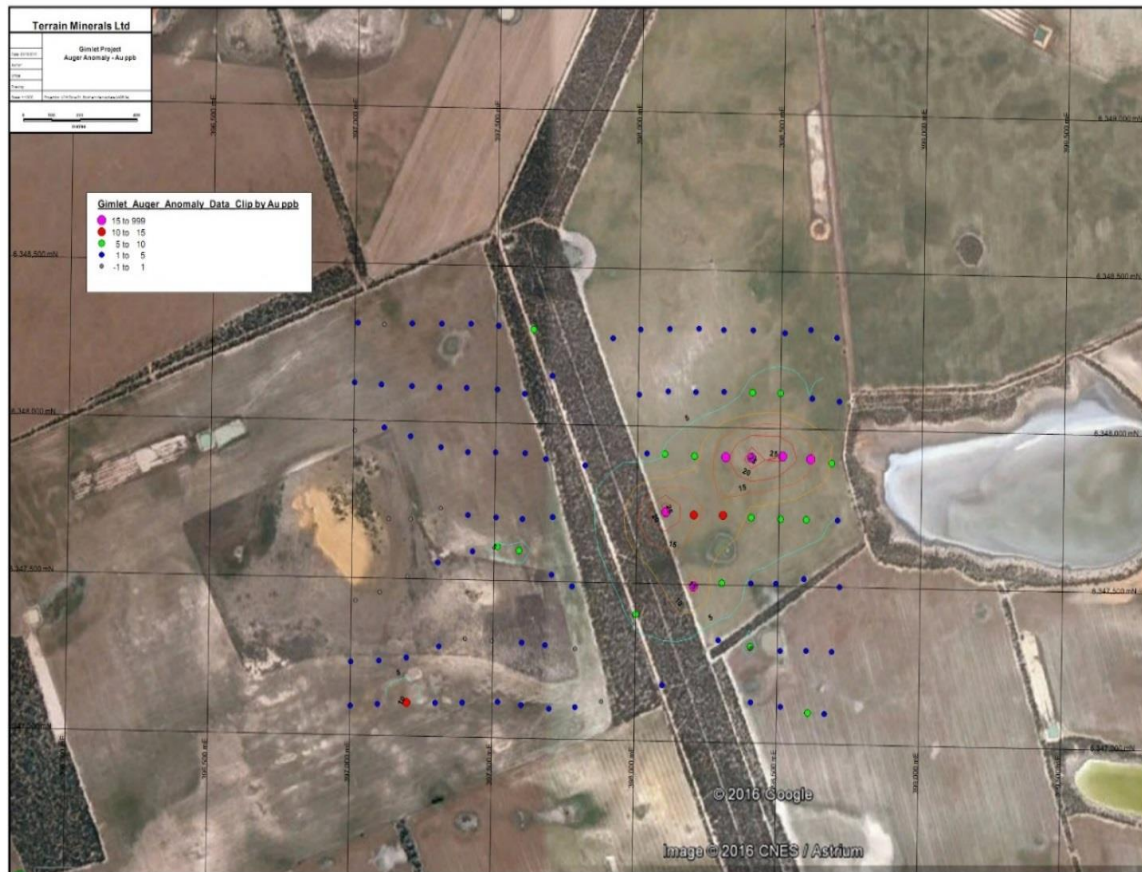
Anomaly A is a discrete east-west trending 600x200m gold in soil anomaly, defined by a historic 200x100m spaced auger sampling. The low level 15-30ppb anomaly is located on private arable land.

Magnetic testing displays complex underlying bedrock geology. Three shallow aircore drill holes drilled 200m to the west of the anomaly intersected quartz-feldspathic gneisses, and while no anomalism was identified, the holes show transported cover to be thin (<3m), suggesting the anomaly is not part the extensive palaeo-channel system transecting the area, and potentially reflects a bedrock source.

The anomaly represents a modest lithostructural and geochemical target. The Company plans to test the structure with a small rab/aircore program in due course.

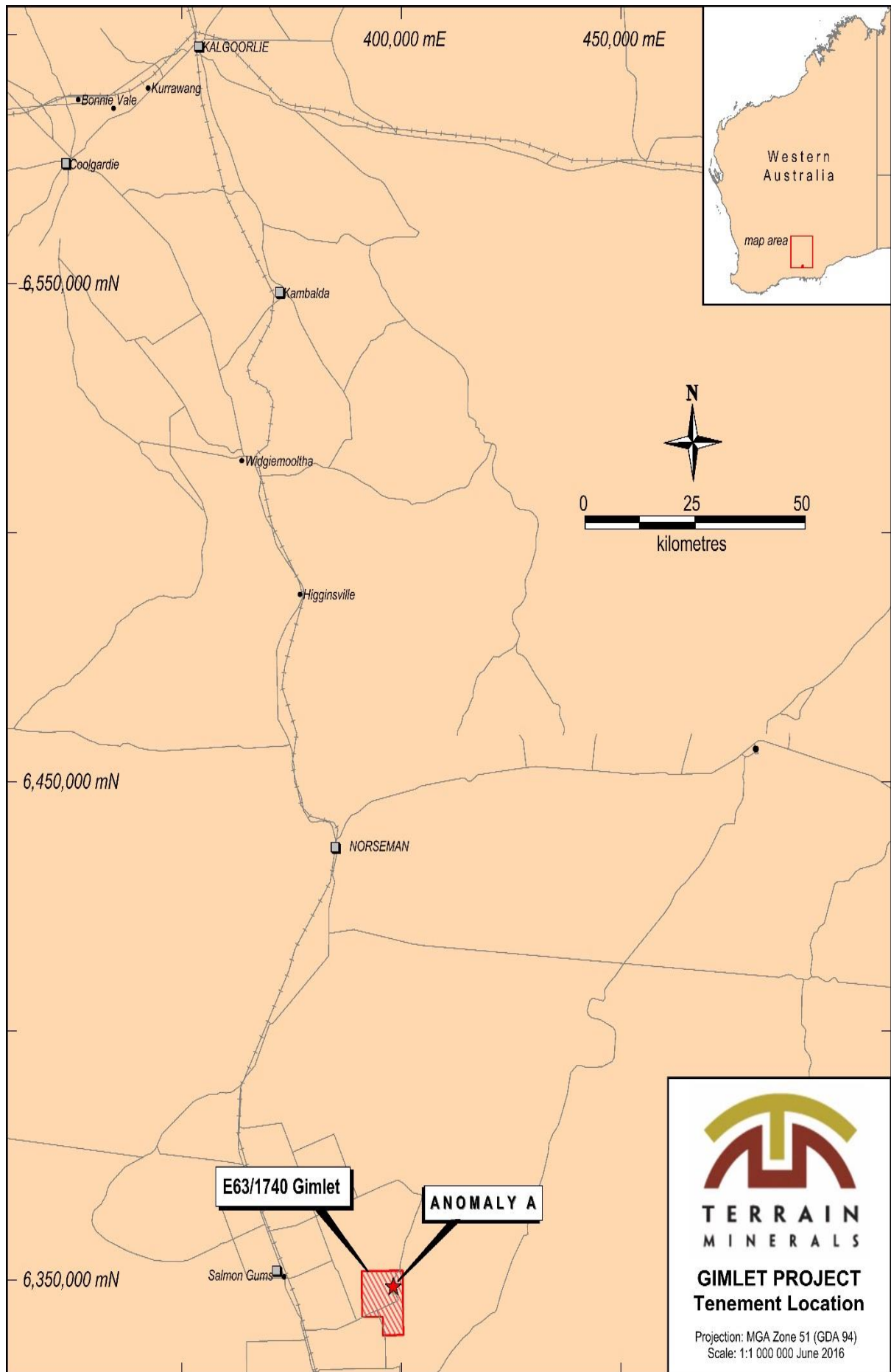


**Diagram: 3** Untested Auger Soil Anomaly



**Diagram: 4** Anomaly "A" is located over free hold agricultural land. Permission to access and first pass drill test this the area is underway





**Diagram: 5** Gimlet project location

## Rembrandt Divestment

Rembrandt Mining Pty Ltd has been sold to local prospector Mr Adrian Hall after the December Quarter's end. Tenements (P29/2262, P29/2263, E29/0867, E29/0863). If Mr Hall is successful in mining the Monet project or another area he will pay Terrain the second payment of \$70,000 out of production. After the second payment, Terrain, will have recouped all project expenditure and continue to receive income from the trailing 2% Royalty.

Details:

- \$5,000 paid up front
- The First \$70,000 from production or 10% of gold won from prospecting activities until \$70,000 is paid
- Royalty - 2% of all gold produced
- If the project is on sold the \$70,000 becomes due & the royalty stands

The existing Royalty with the previous vendor Refer to ASX announcement; "Option Agreement Signed to Acquire Rembrandt Gold Project" released on 16th September 2015. Has been replaced by a new agreement. The new royalty is divided as to the original agreement.

## Corporate

Terrain continues to explore ways to realise cash flow or value from Great Western and has continued to receive interest from several new groups. The board is now focusing on adding value to the project by advancing Great Western to mine approval stage and into production.

### Other Business

Terrain Minerals is currently searching and assessing potential projects: Gold in Australia, several Lithium, Cobalt & Gold opportunities in Africa, Continent Europe and the Americas (and other regions). Several jurisdictions of interest have now been identified. All economic commodities are being considered as indicated in previous Quarterly reports.

**For further information, please contact:**

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Executive Director  
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Phone: +61 8 9381 5558

### Competent Person Disclosures

#### *Rembrandt Gold Project*

The information relating to Rembrandt Gold Project has been extracted from the Company's ASX announcements dated 4 December 2015 and 2 March 2016 and is available to view on <http://terrainminerals.com.au/investor-relations/asx-releases-reports>. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company further confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

#### *Great Western*

The information relating to Great Western was prepared and first disclosed under the JORC Code 2004 (refer to ASX announcements dated 16 February 2010 and 22 September 2010), and was subsequently updated to comply with the JORC Code 2012 on 24 August 2015. Information contained within this announcement has been extracted from the Company's ASX announcement dated 24 August 2015 and is available to view on <http://terrainminerals.com.au/investor-relations/asx-releases-reports>. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material



assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

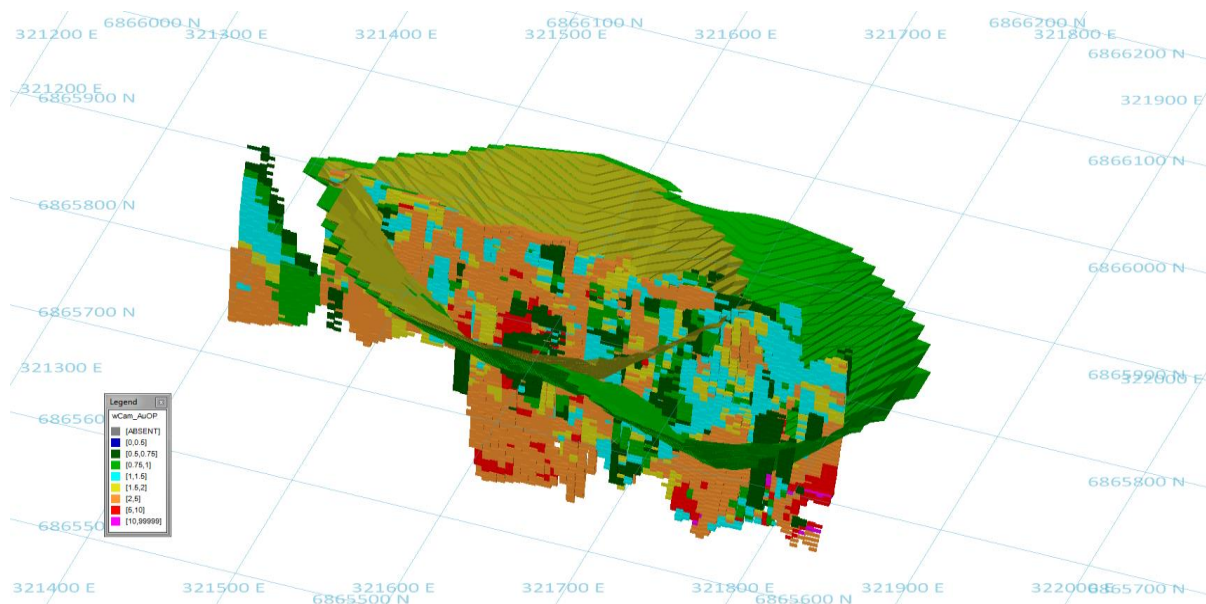
## Great Western Project:

The 100% owned project is Located 68 km north of Leonora and 1km from the Goldfields Highway on Weebo pastoral leases and forms part of the historic Wilsons Patch mining area. Terrain considers it as an advanced project, which is possibly still open down plunge and along the western strike.

### Great Western Scoping Study Progress Update

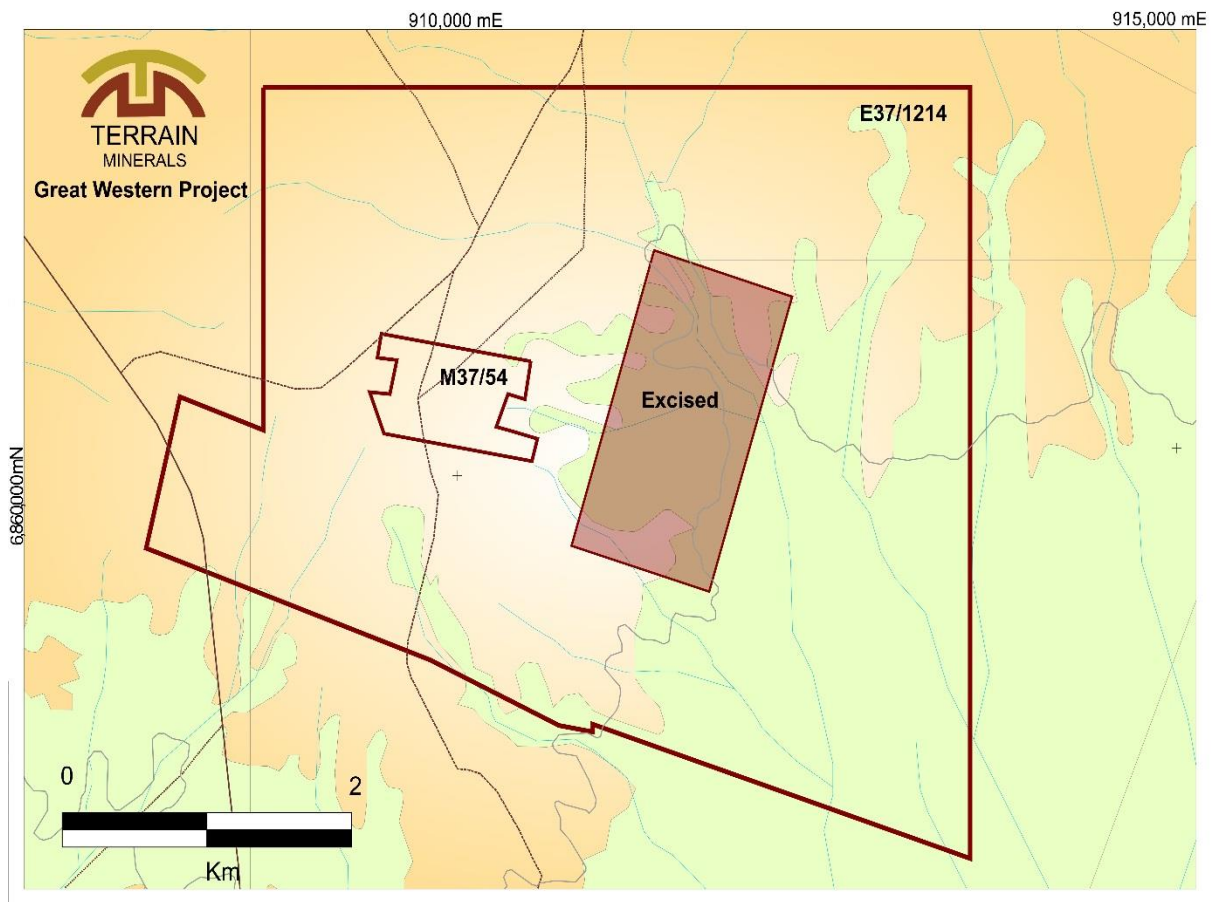
The Great Western scoping study findings to date are encouraging. Terrain has been working with mining consultants CSA Global Limited to complete a scoping study.

Terrain will continue to update the market accordingly with findings on project economics as work is completed. The data from the recent drilling campaign will be added to the existing 62,805oz Gold JORC 2012 Compliant Recourse and a new model will be calculated and current scoping studies will also be reviewed. This new data has the potential to be advanced as a standalone operation using Toll milling or on site processing.

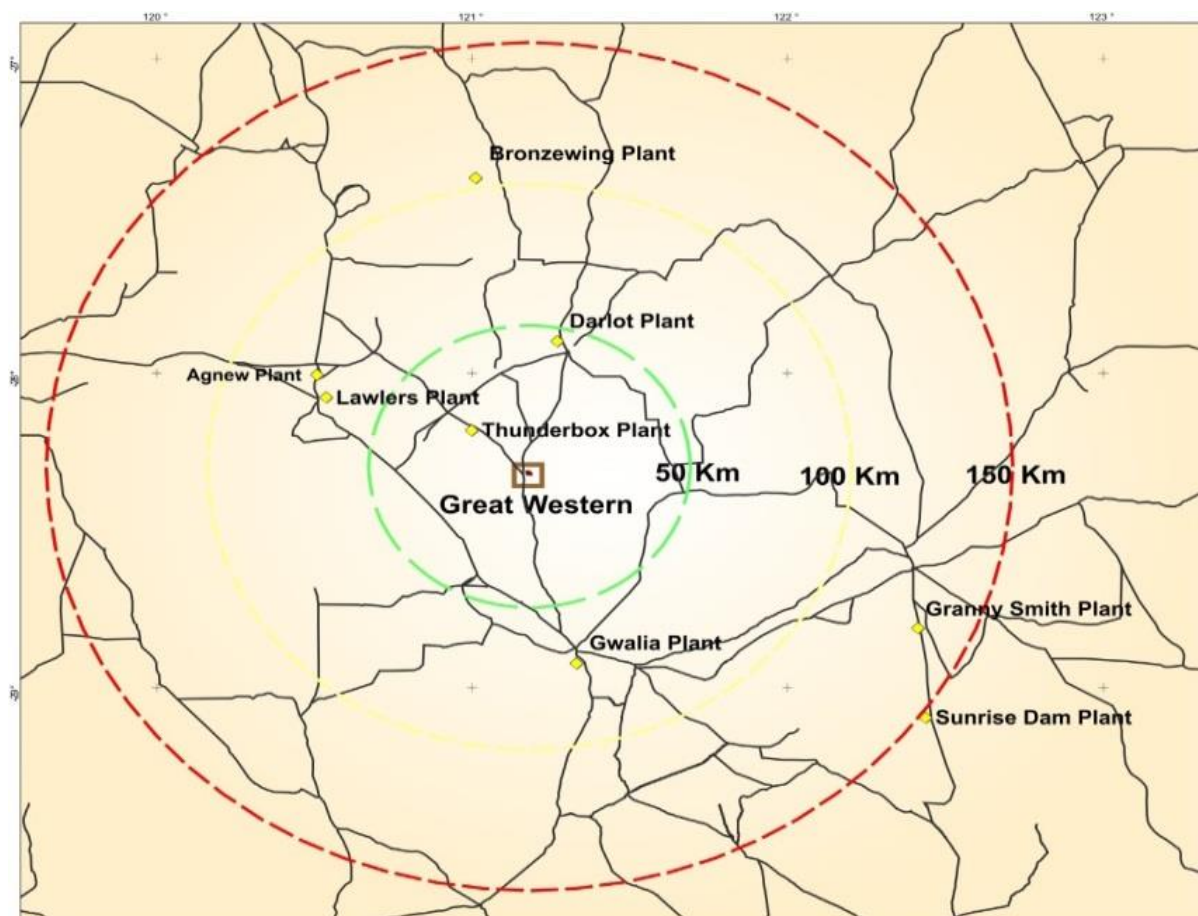


**Diagram: 6** Two of the proposed pit shells from Scoping study

**Diagram: 6** - The above smaller inner pit shell on the right-hand side predominately contains the Measured and Indicated classified material. The larger dark green outer pit shell on the right contains the eastern 42% inferred material. As this 42% Inferred represents a large percentage of metal, and now due to the new reporting standards internal confidence in this resource needs to be confirmed before being able to report the findings, This drilling has been completed and is being compiled into a new JORC block model.



**Diagram: 7** Great Western Project Area



**Diagram: 8** Great Western Centre and the proximity of possible nearby processing facilities.

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

TERRAIN MINERALS LIMITED

### ABN

45 116 153 514

### Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(48)	(76)
(b) staff costs	(27)	(58)
(c) administration and corporate costs	(112)	(179)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	10
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(185)</b>	<b>(303)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	750	750
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	96	96
3.4 Transaction costs related to issues of shares, convertible notes or options	(75)	(75)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>771</b>	<b>771</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	499	617
4.2 Net cash from / (used in) operating activities (item 1.9 above)	586	468
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of period</b>	<b>1,085</b>	<b>1,085</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	1,085	20
5.2 Call deposits	-	479
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,085</b>	<b>499</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
27

Director fees including superannuation

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

<b>Current quarter \$A'000</b>
-
-

## Mining exploration entity and oil and gas exploration entity quarterly report

8.	<b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end</b>	<b>Amount drawn at quarter end</b>
		<b>\$A'000</b>	<b>\$A'000</b>
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9.	<b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1	Exploration and evaluation	82
9.2	Development	-
9.3	Production	-
9.4	Staff costs	54
9.5	Administration and corporate costs	39
9.6	Other (provide details if material)	-
9.7	<b>Total estimated cash outflows</b>	<b>175</b>

10.	<b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Refer Table On page 5			
10.2	Interests in mining tenements and petroleum tenements acquired or increased				



**Schedule of Exploration Tenements held as at 31 December 2016 - Listing Rule 5.3.3**

**Interests in Mining Tenements**

<b>Project/Tenements</b>	<b>Location</b>	<b>Held at end of quarter</b>	<b>Acquired/Disposed during the quarter</b>	<b>Disposed during the quarter</b>
Gimlet E63/1740	Western Australia	100% <sup>1</sup>		-
Great Western ML 37/0054 M37/1214	Western Australia	100% 100%	- -	- -
Rembrandt P29/2262 P29/2263 E29/0867 E29/0863	Western Australia	100%	-	Sold 100% on 17/01/2017


NB: Tenements P29/2262, P29/2263, E29/0867, E29/0863 that make up the Rembrandt Project were sold post the completion of the quarter.

<b>Farm-in Agreements / Tenements</b>	<b>Location</b>	<b>Held at end of quarter</b>	<b>Acquired during the quarter</b>	<b>Disposed during the quarter</b>

<b>Farm-out Agreements / Tenements</b>	<b>Location</b>	<b>Held at end of quarter</b>	<b>Acquired during the quarter</b>	<b>Disposed during the quarter</b>

### **Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: ..... Date: 30 January 2017.....  
(Joint Company secretary)

Print name: Winton Willesee

### **Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.