



TERRAIN MINERALS LTD  
ABN 45 116 153 514  
ASX: TMX

## **INTERIM FINANCIAL REPORT 31 DECEMBER 2016**

*Note: The information contained in this condensed report is to be read in conjunction with Terrain Minerals Limited 2016 annual report and any announcements made by the company during the half-year period ended 31 December 2016*

# **TERRAIN MINERALS LIMITED**

## **FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

### **CONTENTS**

	<u>PAGE</u>
CORPORATE DIRECTORY	1
DIRECTORS' REPORT	2
AUDITOR'S INDEPENDENCE DECLARATION	4
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	5
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	6
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	7
CONSOLIDATED STATEMENT OF CASH FLOWS	8
NOTES TO THE FINANCIAL STATEMENTS	9
DIRECTORS' DECLARATION	14
INDEPENDENT AUDITOR'S REVIEW REPORT	15

# TERRAIN MINERALS LIMITED

## CORPORATE DIRECTORY

### Terrain Minerals Limited Board

Paul Dickson

***Non-Executive Chairman***

Jonathan Lim

***Non-Executive Director***

Justin Virgin

***Executive Director***

Erlyn Dale and Winton Willesee

***Joint Company Secretaries***

### Share Register

Computershare Investor Services Pty Ltd  
Level 11

172 St Georges Terrace

Perth WA 6000

Telephone 1300 787 272

Facsimile +61 8 9323 2033

Auditor

**BDO Audit (WA) Pty Ltd**

38 Station Street

Subiaco WA 6008

### Banker

Westpac Banking Corporation

Business Banking Centre

218 St Georges Terrace

Perth WA 6000

### Securities 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

PO Box 79, West Perth, WA 6872

Telephone: +61 8 9381 5558

Facsimile : +61 8 6141 3599

Email: [terrain@terrainminerals.com.au](mailto:terrain@terrainminerals.com.au)

Website: [www.terrainminerals.com.au](http://www.terrainminerals.com.au)

# TERRAIN MINERALS LIMITED

## DIRECTORS' REPORT

### FOR THE HALF YEAR ENDED 31 DECEMBER 2016

Your directors present their report, together with the financial statements of Terrain Minerals Limited ("Terrain" or "the Company") for the half year ended 31 December 2016.

#### DIRECTORS

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

##### NAMES

##### POSITION

##### Current Directors

Mr Paul Dickson	Non-Executive Chairman (appointed 26 July 2016)
Mr Justin Virgin	Executive Director
Mr Jonathan Lim	Non-Executive Director

##### Former Directors

Mr David Porter	Non-Executive Chairman (resigned 25 July 2016)
-----------------	--

#### COMPANY SECRETARY

The joint company secretaries of Terrain during the financial period or up to the date of this report are:  
Ms Erlyn Dale and Mr Winton Willesee.

#### OPERATING RESULTS AND REVIEW OF OPERATIONS FOR THE HALF YEAR

The loss from ordinary activities after providing for income tax for the half year amounted to \$379,765 (2015: loss of \$366,950) and had a net cash outflow from operations of \$229,490 for the half-year (2015: \$197,333 outflow).

##### Review of Operations

- Capital - \$845,550 raised from shareholders, sophisticated investors and directors:
  - Share Purchase Plan ("SPP") Underwritten for \$500,000 by Paterson Securities Limited – raised \$404,750 leaving an 11.4% shortfall to underwriters. SPP was priced at \$0.008.
  - Top up placement of \$250,000 to sophisticated investors at \$0.008.
  - Directors exercise of Options and personal SPP take up of \$190,800. Director options at \$0.0078.
- Great Western Gold Project:
  - Drill results; infill eastern end and target untested shallow zones above existing resource.
  - On site processing study completed.
  - Options to monetise GW continue with Joint venture, full and partial sales opportunities discussed.
- Rembrandt Gold Project:
  - Start process and complete post period a trade sale for the asset package.
- Gimlets base metals & gold project acquisition:
  - Identify gold target and start planning to drill test the anomaly "A".
  - Historic data review and commencement of geophysical targeting.
- Non-Executive Chairman Mr David Porter resigned on 25 July 2016 and Non-Executive Director Mr Paul Dickson was appointed as the Non-Executive Chairman.
- Project review process continues looking for significant assets in Australia, Africa, Middle East and the Americas. Focusing on gold, copper, cobalt, lithium and other economic minerals.

Details of the exploration results of each of the Company's projects can be found in the quarterly activity reports located on the Company's website.

# **TERRAIN MINERALS LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

#### **EVENTS AFTER THE END OF THE REPORTING PERIOD**

On 30 January 2017 the Company announced that it sold Rembrandt Mining Pty Ltd representing tenements P29/2262, P29/2263, E29/0867 and E26/0863 (Monet project), if the Monet project or any other area of these tenements are successfully mined a subsequent payment of \$70,000 out of production will be made. With this subsequent payment Terrain will have recouped all project expenditure. The Company will continue to receive income from the trailing 2% royalty. If the project is sold the \$70,000 will become due and the royalty agreement will stand. The existing royalty agreement made with the previous owner of Rembrandt Mining Pty Ltd has been replaced with a new royalty agreement and is divided as to the original agreement as per the announcement on 16 September 2016.

Other than mentioned above or elsewhere in this report, financial statements or note thereto, at the date of this report there are no matters or circumstances have arisen since the end of the half 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.

#### **AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration for the half year ended 31 December 2016 has been received and can be found on page 4 of the interim financial report.

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



Mr Justin Virgin

Executive Director

Dated: 13 March 2017

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

As lead auditor for the review of Terrain Minerals Limited for the half-year ended 31 December 2016, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Terrain Minerals Limited and the entity it controlled during the period.



**Phillip Murdoch**

Director

**BDO Audit (WA) Pty Ltd**

Perth, 13 March 2017

# TERRAIN MINERALS LIMITED

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2016

		31 DECEMBER	31 DECEMBER
		2016	2015
	NOTE	\$	\$
Revenue from Continuing Operations	2	10,287	5,208
Depreciation expense		-	(2,250)
Employee benefits expense		(98,237)	(97,031)
Impairment of exploration	4	(60,396)	(625)
Impairment of receivable		-	(468)
Occupancy expenses		(6,400)	(7,975)
Share based payment expense	9	(109,122)	(150,528)
Administrative expenses		(115,897)	(113,281)
<b>Loss before income tax</b>		<b>(379,765)</b>	<b>(366,950)</b>
Income tax expense		-	-
Loss for the half year after tax		(379,765)	(366,950)
Other comprehensive income		-	-
<b>Total comprehensive loss for the half year</b>		<b>(379,765)</b>	<b>(366,950)</b>
Total comprehensive loss for the half year attributable to members of Terrain Minerals Ltd:		(379,765)	(366,950)
<b>Loss per share attributable to owners of TMX</b>			
Basic loss per share (cents)		(0.09)	(0.10)

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

**TERRAIN MINERALS LIMITED**
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**AS AT 31 DECEMBER 2016**

		<b>31 DECEMBER</b>	<b>30 JUNE</b>
	<b>NOTE</b>	<b>2016</b>	<b>2016</b>
		<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,084,833	617,287
Trade and other receivables	3	21,292	7,931
Other assets		16,929	13,960
<b>TOTAL CURRENT ASSETS</b>		<b>1,123,054</b>	<b>639,178</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		4,279	4,279
Deferred exploration and evaluation expenditure	4	483,737	401,008
<b>TOTAL NON-CURRENT ASSETS</b>		<b>488,016</b>	<b>405,287</b>
<b>TOTAL ASSETS</b>		<b>1,611,070</b>	<b>1,044,465</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		100,919	36,593
<b>TOTAL CURRENT LIABILITIES</b>		<b>100,919</b>	<b>36,593</b>
<b>TOTAL LIABILITIES</b>		<b>100,919</b>	<b>36,593</b>
<b>NET ASSETS</b>		<b>1,510,151</b>	<b>1,007,872</b>
<b>EQUITY</b>			
Issued capital	5(a)	19,829,146	19,056,224
Reserves		1,570,171	1,461,049
Accumulated losses		(19,889,166)	(19,509,401)
<b>TOTAL EQUITY</b>		<b>1,510,151</b>	<b>1,007,872</b>

The above Statement of Financial Position should be read in conjunction with the accompany notes.

# TERRAIN MINERALS LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### FOR THE HALF YEAR ENDED 31 DECEMBER 2016

#### 31 DECEMBER 2016

	ORDINARY SHARES \$	ACCUMULATED LOSSES \$	SHARE BASED PAYMENT RESERVE \$	TOTAL \$
Balance at 1 July 2016	19,056,224	(19,509,401)	1,461,049	1,007,872
loss attributable to members of the company	-	(379,765)	-	(379,765)
Other comprehensive loss for the half year	-	-	-	-
<b>Total comprehensive loss for the half year</b>	-	(379,765)	-	(379,765)
<b>Transactions with owners, in their capacity as owners, and other transfer</b>				
Contributions of equity, net of transaction costs	772,922	-	-	772,922
Options issued to directors and related parties 9	-	-	109,122	109,122
<b>Balance at 31 December 2016</b>	<b>19,829,146</b>	<b>(19,889,166)</b>	<b>1,570,171</b>	<b>1,510,151</b>

#### 31 DECEMBER 2015

	ORDINARY SHARES \$	ACCUMULATED LOSSES \$	SHARE BASED PAYMENT RESERVE \$	TOTAL \$
Balance at 1 July 2015	18,773,806	(18,953,751)	1,310,521	1,130,576
loss attributable to members of the company	-	(366,950)	-	(366,950)
Other comprehensive loss for the half year	-	-	-	-
<b>Total comprehensive loss for the half year</b>	-	(366,950)	-	(366,950)
<b>Transactions with owners, in their capacity as owners, and other transfer</b>				
	281,818	-	-	281,818
Options issued to directors 9	-	-	151,128	151,128
<b>Balance at 31 December 2015</b>	<b>19,055,624</b>	<b>(19,320,701)</b>	<b>1,461,649</b>	<b>1,196,572</b>

The above Statement of Changes in Equity should be read in conjunction with the accompany notes.

# TERRAIN MINERALS LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS

### FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	31 DECEMBER 2016 \$	31 DECEMBER 2015 \$
<b>CASH FROM OPERATING ACTIVITIES:</b>		
Payments to suppliers and employees	(239,777)	(202,541)
Interest received	10,287	5,208
Net cash used in operating activities	(229,490)	(197,333)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of plant and equipment	-	7,532
Proceeds from redemption of convertible note	-	200,000
Payments for exploration expenditure	(75,886)	(117,376)
Net cash provided by (used in) investing activities	(75,886)	90,156
<b>CASH FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of shares	845,550	300,000
Share issue costs	(72,628)	(18,182)
Net cash provided by financing activities	772,922	281,818
Net cash decreases in cash and cash equivalents	467,546	174,641
Cash and cash equivalents at beginning of the half year	617,287	711,289
Cash and cash equivalents at end of the half year	1,084,833	885,930

The above Statement of Cash Flows should be read in conjunction with the accompany notes.

# **TERRAIN MINERALS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

#### **1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **(A) BASIS OF PREPARATION**

This interim financial report for the half year ending 31 December 2016 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting.

The interim financial report is intended to provide users with an update on the latest annual financial report of Terrain Minerals Limited. As such it does not contain information that represents relatively insignificant changes occurring during the half year within Terrain Minerals Limited. This interim financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this interim financial report be read in conjunction with the annual financial report of Terrain Minerals Limited for the year ended 30 June 2016, together with any public announcements made during the half year.

The same accounting policies and methods of valuation have been followed in this interim financial report as were applied in the most recent annual financial report, except in relation to notes disclosed below.

##### **(B) NEW AND REVISED ACCOUNTING REQUIREMENTS THAT ARE FIRST EFFECTIVE IN THE CURRENT HALF YEAR REPORTING PERIOD**

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period. None of the new and revised standards and interpretations adopted during the period had a material impact nor did they result in any changes to the Company's presentation of, or disclosure in, its half-year financial report.

##### **NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS**

There are no new and revised Standards and amendments thereof and Interpretations effective for future reporting periods issued during the current report period that are relevant to the Company.

##### **(C) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The critical estimates and judgments are consistent with those applied and disclosed in the 30 June 2016 annual report.

**TERRAIN MINERALS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

**2 REVENUE FROM CONTINUING OPERATIONS**

	<b>31 DECEMBER</b>	<b>31 DECEMBER</b>
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Interest income	10,287	5,208
	<u>10,287</u>	<u>5,208</u>

**3 TRADE AND OTHER RECEIVABLES**

	<b>31 DECEMBER</b>	<b>30 JUNE</b>
	<b>2016</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
CURRENT		
Trade receivables	-	1,302
GST	21,292	6,629
	<u>21,292</u>	<u>7,931</u>

**4 DEFERRED EXPLORATION AND EVALUATION EXPENDITURE**

The following table details the movement in deferred exploration and evaluation expenditure reported in the statement of financial position during the half year.

	<b>31 DECEMBER</b>	<b>30 JUNE</b>
	<b>2016</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Carrying amount at beginning of period	401,008	236,931
Capitalised Expenditure	143,125	164,702
Impairment expense	(60,396)	(625)
	<u>483,737</u>	<u>401,008</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 \$60,396 (June 2016: \$625) during the financial period in the Statement of Profit or Loss and Other

# TERRAIN MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE HALF YEAR ENDED 31 DECEMBER 2016

Comprehensive Income.

#### 5 ISSUED CAPITAL

	31 DECEMBER	30 JUNE
	2016	2016
	\$	\$
515,032,224 (30 June 2016: 409,032,224) Ordinary shares	21,443,769	20,598,219
Costs of raising capital	(1,614,623)	(1,541,995)
<b>Total</b>	<b>19,829,146</b>	<b>19,056,224</b>

#### (A) ORDINARY SHARES

##### Movements in ordinary share capital

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting or by proxy, is entitled to one vote. Upon a poll every holder is entitled to one vote per share held.

Description	Date	Number of shares	Issue Price	\$
<b>30 June 2016 Opening balance</b>		409,032,224		19,056,224
Share Purchase Plan (i)	1 December 2016	62,500,000	\$0.008	500,000
Placement (ii)	7 December 2016	31,250,000	\$0.008	250,000
Exercise of options	7 December 2016	12,250,000	\$0.0078	95,550
Less: transaction costs		-		(72,628)
<b>Closing balance</b>	<b>31 Dec 2016</b>	<b>515,032,224</b>		<b>19,829,146</b>

- On 1 December 2016 Terrain completed a Share Purchase Plan. The SPP was 62,500,000 shares issued at \$0.008.
- On 7 December 2016 Terrain completed a Placement. The placement was 31,250,000 shares issued at \$0.008. The issue costs of \$72,628 are in relation to the Placement.

#### (B) OPTIONS

For information relating to Terrain Minerals Limited employee option plan, including details of options issued, exercised and lapsed during the financial half year and the options outstanding at half year end refer to **Note 9**.

#### 6 OPERATING SEGMENTS

Management has determined that the company has one reportable segment, being mineral exploration in Western Australia. As the company is focused on mineral exploration, the Board (the chief operating decision maker) monitors the company based on actual versus budgeted exploration expenditure incurred by the company as a whole. This 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

# TERRAIN MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE HALF YEAR ENDED 31 DECEMBER 2016

that has been performed to date. The reportable segment is represented by the primary statements forming this financial report.

#### 7 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In the opinion of the Directors, the company did not have any contingencies at 31 December 2016 (30 June 2015: Nil).

#### 8 RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. There were no significant changes in the nature of related party transactions since 30 June 2016. (Refer to **Note 9** for options issued to Directors)

#### 9 SHARE-BASED PAYMENTS

On 7 December 2016 Terrain Minerals Limited issued 12,000,000 options exercisable at \$0.0188 expiring on or before 7 December 2021.

The 12,000,000 options issued to the directors include: Messrs Paul Dickson, Jonathan Lim and Justin Virgin, respectively, which were valued at \$109,122 following shareholder approval at the annual general meeting held on 28 November 2016.

The weighted average fair value of those equity instruments, determined by reference to market price, was \$0.0233 (June 2016: \$0.022)

These options were issued as compensation to key management personnel of the Company and vest immediately.

Included under employee benefits expense in the statement of profit or loss and other comprehensive income is \$109,122, which relates to equity-settled share-based payment transactions (2015:\$150,528).

The assumptions used for the options valuation are as follows:

Exercise Price	\$0.0188
Expected Life	5 years
Share Price at Time of Issue	\$0.011
Expected Volatility	132%
Risk Free Interest Rate	2.09%
Option Value	\$0.009

# **TERRAIN MINERALS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

#### **10 EVENTS AFTER THE END OF THE REPORTING PERIOD**

On 30 January 2017 the Company announced that it sold Rembrandt Mining Pty Ltd representing tenements P29/2262, P29/2263, E29/0867 and E26/0863 (Monet project), if the Monet project or any other area of these tenements are successfully mined a subsequent payment of \$70,000 out of production will be made. This subsequent payment Terrain will have recouped all project expenditure. The Company will continue to receive income from the trailing 2% royalty. If the project is on sold the \$70,000 will become due and the royalty agreement will stand. The existing Royalty agreement made with the previous owner of Rembrandt Mining Pty Ltd has been replaced with a new Royalty agreement and is divided as to the original agreement as per the announcement on 16 September 2016.

Other than mentioned above or elsewhere in this report, financial statements or note thereto, at the date of this report there are no matters or circumstances have arisen since the end of the half 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.

**TERRAIN MINERALS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 13, are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Australian Accounting Standard 134, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (b) give a true and fair view of the financial position as at 31 December 2016 and of the performance for the half year ended on that date of the company;
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Mr Justin Virgin

Executive Director

Dated: 13 March 2017

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Terrain Minerals Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Terrain Minerals Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Terrain Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

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

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Terrain Minerals Limited is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

**BDO Audit (WA) Pty Ltd**

BDO

A handwritten signature in black ink, appearing to read 'P. Murdoch', is written over a horizontal line.

**Phillip Murdoch**

Director

Perth, 13 March 2017