



ABN: 45 116 153 514

TERRAIN MINERALS LIMITED

ANNUAL REPORT

30 JUNE 2017

TERRAIN MINERALS LIMITED

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TERRAIN MINERALS LIMITED

CORPORATE DIRECTORY

Terrain Minerals Limited Board

Paul Dickson

Non-Executive Chairman

Trevor Bradley

(appointed 1 May 2017)

Non-Executive Director - Geology

Justin Virgin

Executive Director

Johannes Lin

(appointed 1 May 2017)

Non-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

Solicitors

House Legal Pty Ltd

86 First Avenue

Mt Lawley WA 6050

Price Sierakowski

Level 24, St Martins Tower

44 St Georges Terrace

Perth WA 6000

Banker

Westpac Banking Corporation

Business Banking Centre

218 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

PO Box 79, West Perth, WA 6872

Telephone: +61 8 9381 5558

Facsimile : +61 8 6141 3599

Email: terrain@terrainminerals.com.au

Website: www.terrainminerals.com.au

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

Your Directors present their report for the financial year ended 30 June 2017. In 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 Paul Dickson	Non-Executive Chairman	(Appointed to Chairman 26 July 2016)
Mr Trevor Bradley	Non-Executive Director – Geology	(Appointed 1 May 2017)
Mr Justin Virgin	Executive Director	
Mr Johannes Lin	Non-Executive Director	(Appointed 1 May 2017)

Former Directors

Mr David Porter	Non-Executive Chairman	(Resigned 25 July 2016)
Mr Jonathan Lim	Non-Executive Director	(Resigned 1 May 2017)

COMPANY SECRETARIES

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

PRINCIPAL ACTIVITIES

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

OPERATING RESULTS

The loss of the company for the year ended 30 June 2017 from ordinary activities after providing for income tax amounted to \$647,169 (30 June 2016: loss of \$555,650).

REVIEW OF OPERATIONS

Throughout the last twelve months the company has been successful in making progress on several fronts. The main two-principal activities during the financial year has consisted of the identification and review of new opportunities both in Australia and abroad across many commodity types. As well as maintaining a focus on advancing our 100% owned Great Western Gold Project, towards a production ready status.

Over the past two years, management has repositioned the company with a low-cost base and also focused on asset rationalisation. A cost-conscious mindset has been ingrained in to the company's culture. Along with additional funds raised during the year from a successful well supported share purchase plan (SPP), Terrain has advanced forward on value add initiatives and exciting exploration opportunities. The board participated in the SPP and they also exercised options at the same time.

Several Board changes were made during the year as part of a targeted culture & skills realignment process. We are pleased to report that Terrains new board members have been making contributions, their experience and renewed energy has been a positive and driving force for the company.

In the previous year 2015/16 Terrain carried out extension drilling at Great Western and engaged CSA Global consultants to complete a Scoping study. Findings indicate the project was robust and additional drilling was required to publish the outcomes due to regulatory changes and warranted to increase and maximise value and advance the deposit towards production. An RC drill program was executed and resulted in better than expected intersections and grades. These results were integrated into a new JORC 2102 resource, which lifted most of the material into Measured & Indicated categories. A new scoping study was also conducted by CSA Global which examined onsite processing scenarios.

The board is excited with the positive gains achieved at Great Western throughout the year and will continue to add and endeavour to extract value from this project. As well as looking at other project opportunities aimed at increasing shareholder value going forward.

Activities undertaken during the year:

Divestment of Rembrandt Gold Project: Located 10km south of Menzies town site. Rembrandt Mining Pty Ltd was sold to a local prospector. Refer to ASX release: 30 January 2017 - Quarterly Activities Report: December 2016.

Gimlet Gold Project: Located near the town of Salmon Gums east of Norseman. A small air core program was designed and conducted over a discrete untested gold anomaly. The area has since been surrendered.

The sale and relinquishment of Rembrandt and Gimlet respectively goes along with Terrain's corporate strategy of assessing and relinquishing projects based on their technical merits and ability to create shareholder wealth.

Advancing Great Western Gold Project towards a Production Ready Stage.

Headings of the works undertaken this year:

1. Key Findings from JORC 2012 and Scoping Study Findings (2015/16)
2. Design RC Drill Program Aimed to Lift Inferred Material Categories
3. Successful Execution of Drilling Campaign
4. JORC 2012 Resource Upgrade at Great Western
5. Onsite Processing Study Completed
6. Updated Scoping Study Focusing on Site Processing
7. Regional Exploration at Great Western
8. Great Western Corporate & Development Initiatives

Refer to corresponding heading below for additional information:

Great Western Gold Project

M37/54 - The 100% owned project is located 76km 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 and close to mine opportunity which has the potential to extend down plunge and along strike.

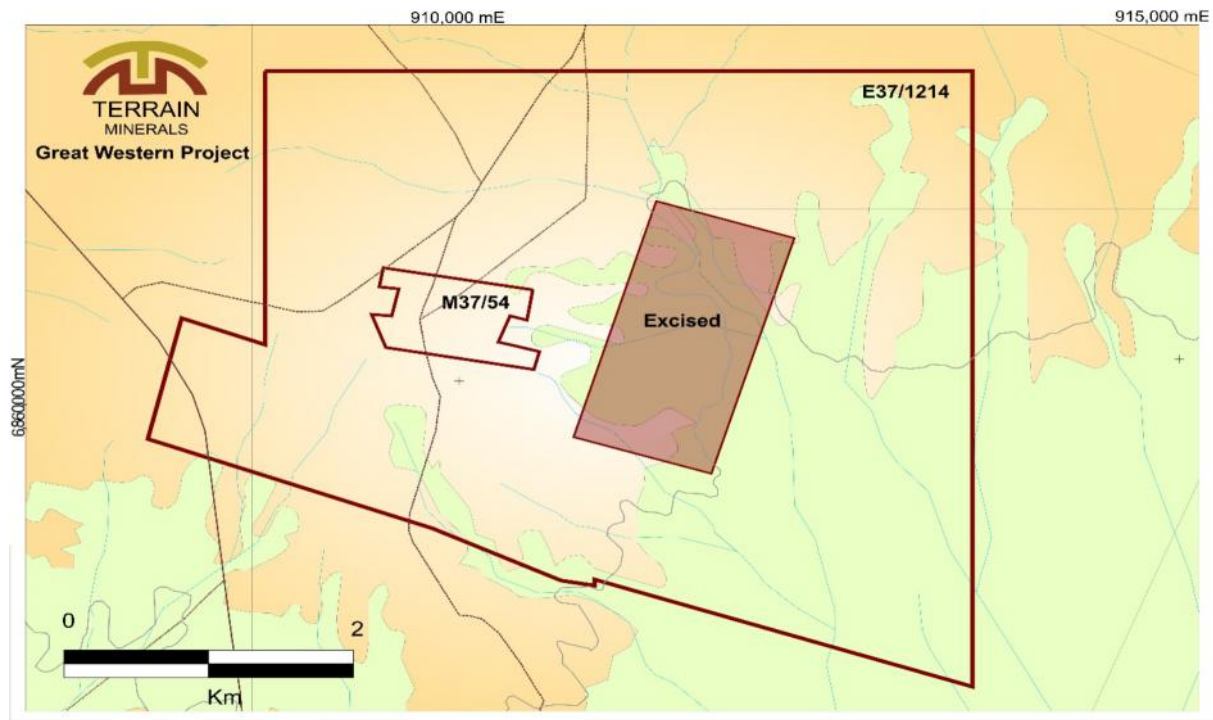


Diagram 1. Great Western Tenement Package

Compliance Notice

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

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

All referenced articles can be found on the ASX web page and at www.terrainminerals.com.au

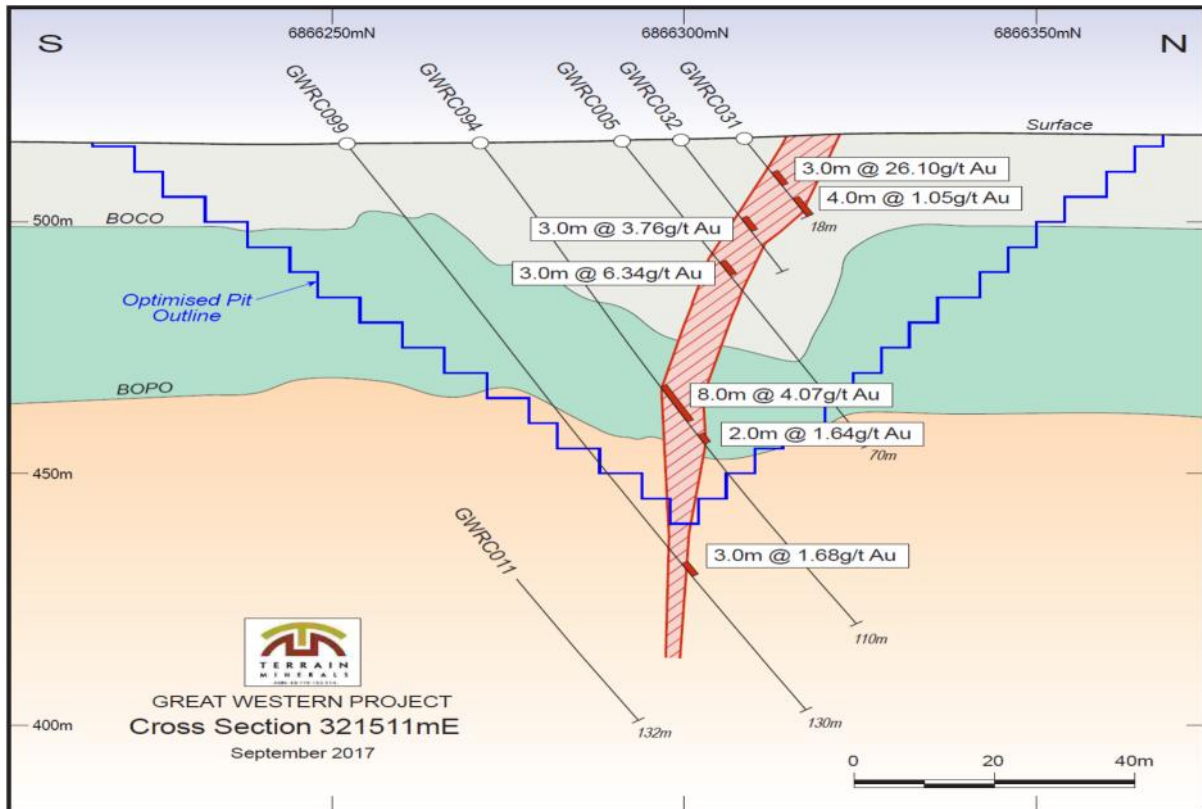


Diagram 2. Great Western – Cross Section 321511mE

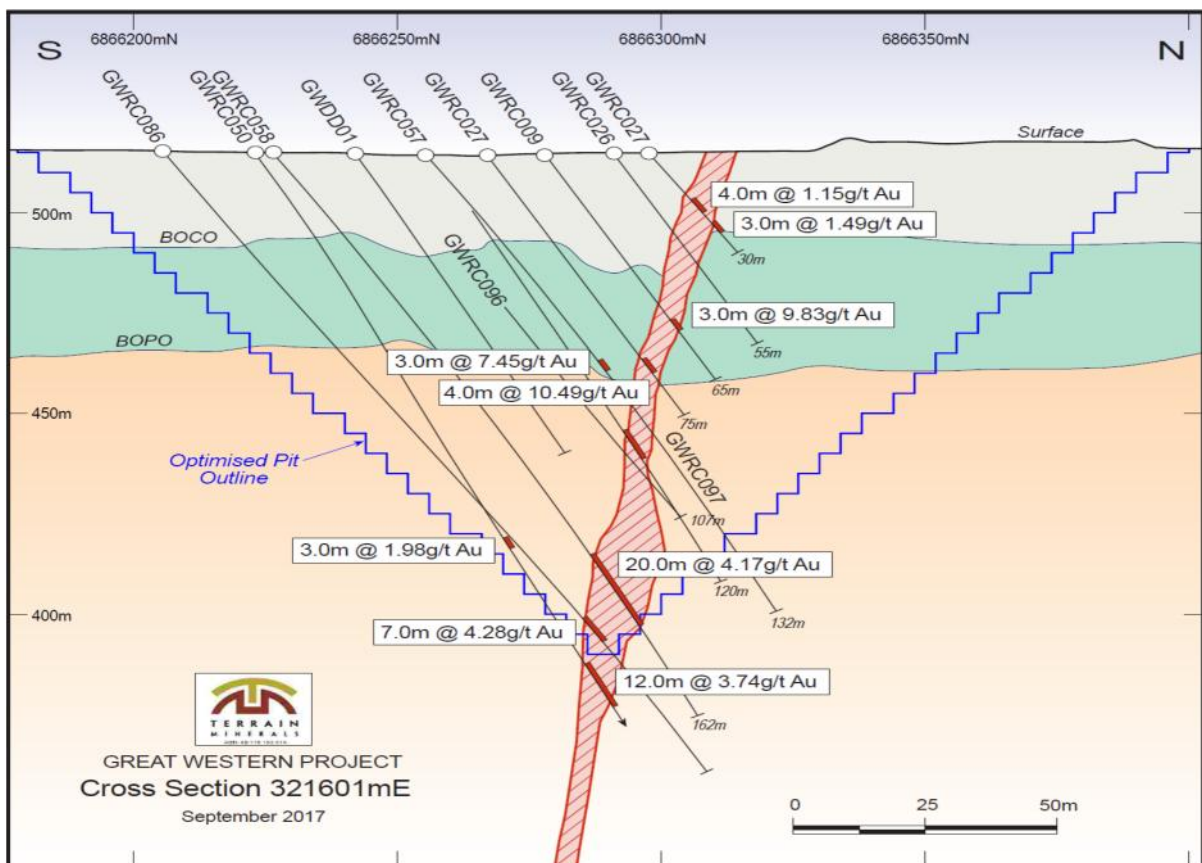


Diagram 3. Great Western – Cross Section 321601mE

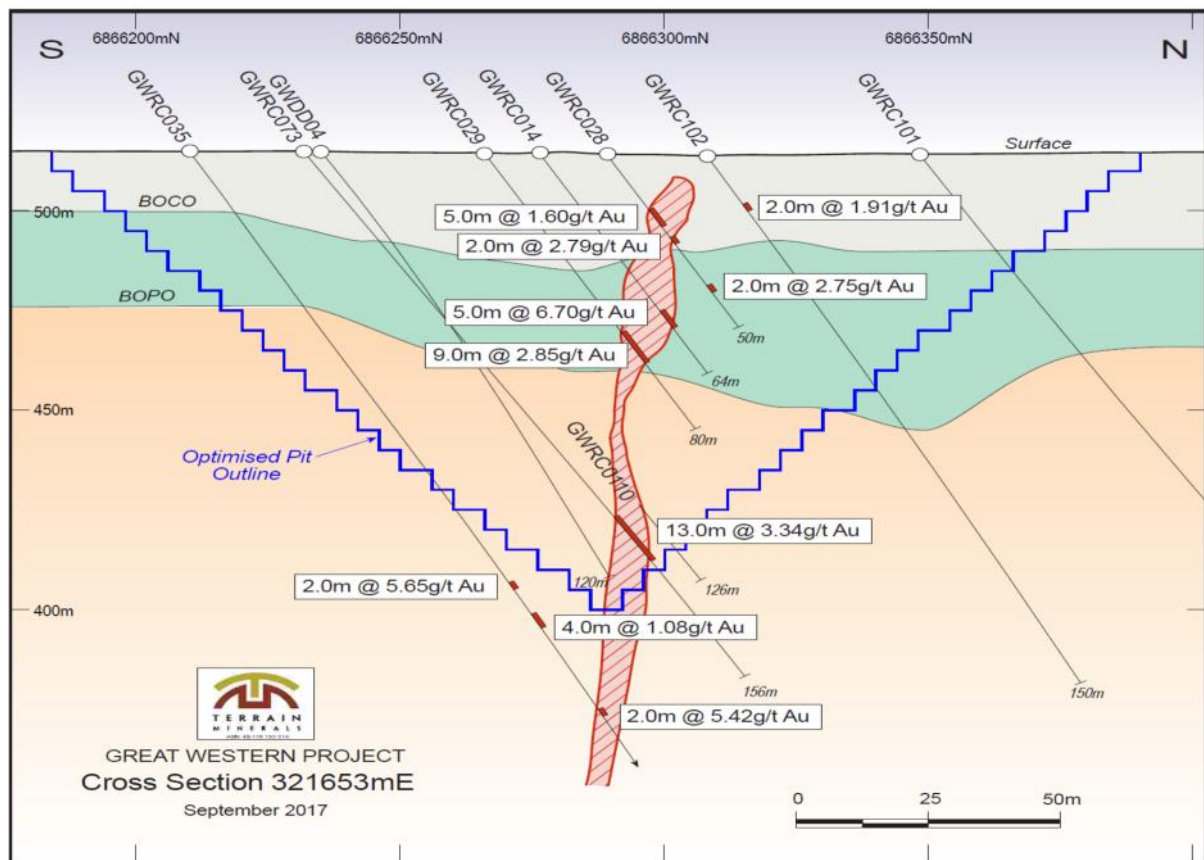


Diagram 4. Great Western – Cross Section 321653mE

Key Findings from JORC 2012 & Scoping Study

1. Key Findings from JORC 2012 & Scoping Study Findings (2015/16)

Key scoping study findings from 2015/16 works: Due to the new reporting regime on announcing results at scoping study level Terrain has been examining what additional information is required to lift the scoping study to a pre-feasibility level report. Terrain once again engaged mining consultants CSA Global Limited to complete the scoping study.

Additional works identified for Great Western for a single open pit operation study:

- 42% of the JORC 2012 compliant model is classified as Inferred and the majority of this was located at the eastern end of the current block model. Refer to Diagram 5 for further explanation.
- An RC drilling program is warranted to infill the current gaps in the eastern portion of the Inferred resource. Assuming positive drilling results the current JORC 2012 model will be updated so to reclassify the eastern portion from Inferred to Indicated status and for inclusion in the pre-feasibility model.
- The previous scoping study using Toll milling has identified that an onsite process study is also warranted:
 - Work is underway to better defining mining, transport and toll treating costs.
 - A metallurgist has designed a ~250,000 ton per annum onsite crushing and gravity circuit. Sourcing available used components and budgets for installation and operational costs.
 - Previous Abdel metallurgical test work indicated a high gravity recovery was achievable.

Refer to ASX release: 31 May 2016 - Great Western Scoping Study Progress Update

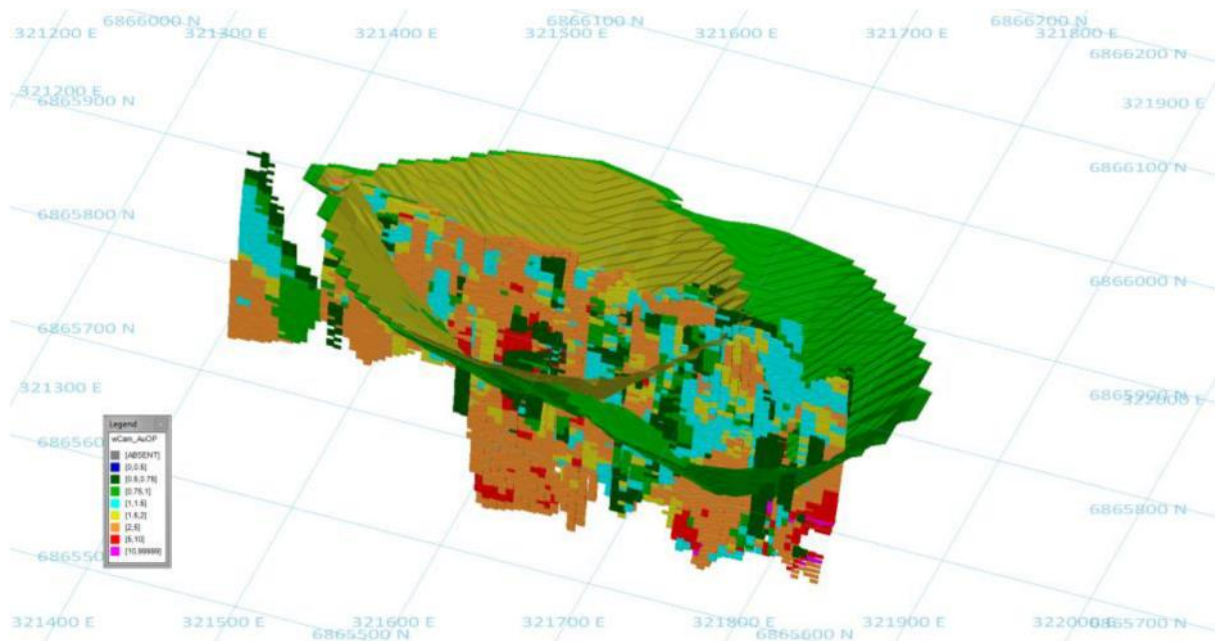


Diagram 5. Two of the proposed pit shells from the Scoping study

The above smaller inner pit shell on the left-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 publicly. During the year the referred to 42% Inferred material was drilled out and upgraded and subsequently the JORC 2012 and Scoping Studies have been updated.

2. Design RC Drill Program Aimed to Lift Inferred Material Categories

Terrain secured the services of Senior Geologist Trevor Bradley (then on a casual basis before joining as a director). Bradley was tasked with reviewing data and designing a strategy of advancing Great Western gold project to the mine approval stage.

Planning for the stage 1 drill program was commenced and was seen as a priority task.

The Bradley report suggested a 2-stage drill program aimed a better defining known mineralisation within the pit shells, modelled by CSA Global as part of the ongoing scoping study and design.

Stage 1: RC Drilling 1,020m for 21 holes	Planning Approval was completed
Stage 2: RC with Diamond Tails 1,031m for 9 holes	546m RC & 485m Diamond Total 1,031m

The aim of the programme was twofold:

- 7 holes for 654m targeted mineralisation on the eastern portion of the currently defined resource to increase confidence in continuity of the lodes and lift 42% of the resources from Inferred to Indicated status so they can be incorporated into the current scoping studies.
- 11 holes for 354m were completed to test previously inadequately defined shallow oxide zones in and around the historical workings.

Refer to ASX release: 3 October 2016 Drilling Campaign - Great Western - Renewed Focus Aims to Drive Great Western to Mine Approval Stage

3. Successful Execution of Drilling Campaign

Exceptional Drill Results were achieved at Great Western Gold Project:

Terrain Minerals Limited (ASX: TMX) was very pleased to announce these exceptional drilling results from the December 2016 Great Western - Stage 1 drilling campaign comprising of 18 RC holes for 1,308 metres. Refer to Diagram 1 and Table 1.

This program achieved all desired outcomes and returned wider intersections and higher grade than expected in many holes.

Firstly; Infill drilling at the eastern end aimed at lifting the majority of the 42% of the JORC 2012 resource in this location (see ASX release 24/08/2015) from Inferred to Indicated status. All holes intersected mineralisation. Some of the better intersections include:

- GWRC0120 - **6m @ 1.56g/t** Au from **37m** down hole
- GWRC0121 - **5m @ 6.98g/t** Au from **88m** down hole
- GWRC0123 - **2m @ 12.1g/t** Au from **82m** down hole
& **2m @ 24.4g/t** Au from **99m** down hole
- GWRC0124 - **2m @ 3.12g/t** Au from **26m** down hole

Secondly; the remaining holes targeted the previously poorly tested shallow mineralised zones in and around historical workings. Some of the better intersections include:

- GWRC0126 – **7m @ 4.43g/t** Au from **18m** down hole
- GWRC0129 - **3m @ 3.92g/t** Au from **27m** down hole
- GWRC0130 - **8m @ 3.20g/t** Au from **25m** down hole
- GWRC0131 - **3m @ 26.6g/t** Au from **8m** down hole
- GWRC0132 – **3m @ 3.76g/t** Au from **14m** down hole
- GWRC0135 – **5m @ 1.97g/t** Au from **13m** down hole

The above shallower intersections have the potential to improve the grade response in the mineral resource model (when updated) in this location and have a major effect to Great Western's required start-up capital and possibly bring forward positive cash flow in the current mining studies.

A total of 18 RC holes for 1,308m were drilled in December 2016 (for drill hole details Refer to ASX released on 11 January 2017).

Other

The drilling has also captured sufficient sample material across all ore types to be used for further metallurgical analysis and ensuring robust QA/QC protocols and analysis occur. These samples are being stored at a secure location.

Refer to ASX release: 11 January 2017 - Exceptional Drill Results at Great Western Gold Project

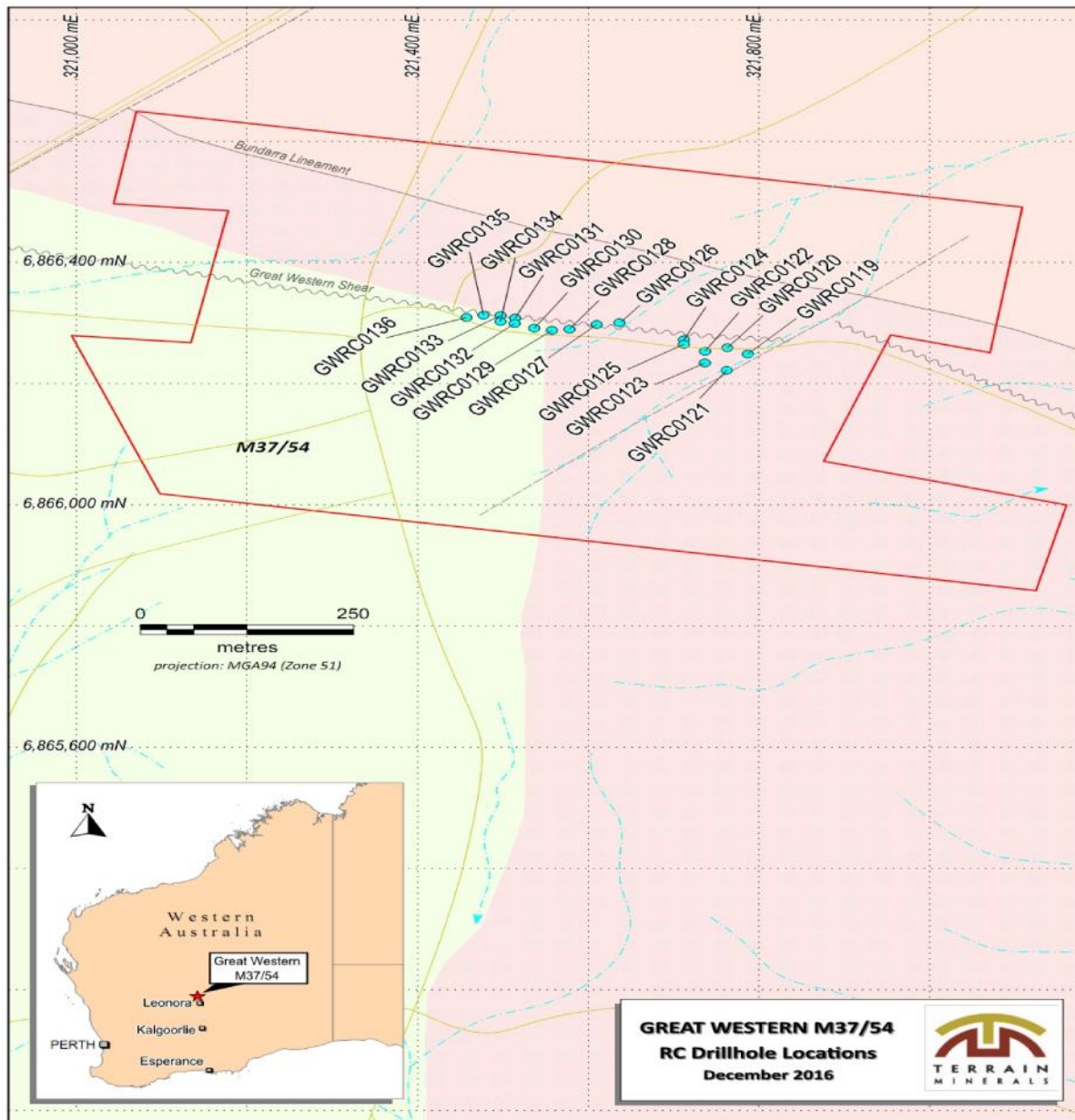


Diagram 6: Great Western RC drill hole locations

4. JORC 2012 Resource Upgrade at Great Western

Terrain updated the JORC resource to incorporate the recent Reverse Circulation (RC) drilling completed in December 2016. These results providing support to the continuity of the mineralised zones in the upper levels as well as the eastern end of the Deposit. Also, the nearer to surface drilling was used in conjunction with a review of previous logging to enable a defensible interpretation of the position of the underground stopes. As a result, the GW model is now even more robust than before. The mineral resource, adjusted to the recent mining scoping studies, is shown in the following Table.

Reportable Mineral Resource

Great Western Deposit						
Reportable in situ Mineral Resource depleted for mining						
	Open Cut (0.5g/t)		Underground (1.5g/t)		Combined	
Class	Tonnes	Au g/t	Tonnes	Au g/t	Tonnes	Au g/t
Measured	131,000	2.58			131,000	2.58
Indicated	332,000	3.15	17,000	4.03	349,000	3.19
Inferred	128,000	1.45	101,000	2.89	229,000	2.08
TOTAL	591,000	2.65	118,000	3.05	709,000	2.72

The tonnes have been rounded to the nearest 1000 - See resource details in Appendix 1

In comparison to the previous reported mineral resource (ASX Release 24 August 2015) at the same cut-offs there is a significant increase in the amount of material which has the potential to be included in an open cut mining scenario. There is also a significant increase in the Measured and Indicated component of the reportable resource. In the above table under open cut there was an increase of 41,000 tons in the Measured category with the grade lifting from 2.35g/t to 2.58g/t and an increase of 166,000 tons in the Indicated category with grade lifting from 2.63 g/t to 3.15g/t.

In the first table, the mineral resource is reported above and below 120m from surface to reflect respectively, areas within the model with potential for open cut and underground mining, additional economic studies are required to demonstrate economic viability. The reporting of the depth of open cut potential (20m more than previously reported) is the result of a preliminary mining scoping study based on the previous 2015 mineral resource. This study on all material within the 2015 model used industry costs for transport, mining and processing and appropriate processing parameters related to similar styles of mineralisation. The mining depletion utilised the aforementioned stope model which equates to the previous production tonnage.

Previous JORC 2012 Table from ASX Release 24 August 2015

Great Western Deposit						
Reportable in situ Mineral Resource depleted for mining						
	Open Cut (0.5g/t)		Underground (1.5g/t)		Combined	
Class	Tonnes	Au g/t	Tonnes	Au g/t	Tonnes	Au g/t
Measured	90,000	2.35			90,000	2.35
Indicated	166,000	2.63	77,000	3.15	243,000	2.80
Inferred	183,000	1.86	153,000	4.72	336,000	3.16
TOTAL	439,000	2.25	230,000	4.20	669,000	2.92

The tonnes have been rounded to the nearest 1000

Refer to ASX release: 27 March 2017 - JORC 2012 Resource Upgrade at Great Western

5. On Site Processing Study Completed

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

Terrain 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 7: Sepro Systems 75 tph three stage crushing circuit.



Diagram 8: 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.

Refer to ASX release: 10 October 2016 - Great Western – Onsite Gold Processing Studies

6. Updated Scoping Study – Focusing on Onsite Processing

Great Western – Scoping Study Update & Onsite Gold Processing

At the request of Terrain Minerals (Terrain), CSA Global undertook the process of updating the 2017 scoping study for the Great Western deposit located 76km North of Leanora along Goldfield Highway. CSA Global used Whittle open pit optimisation software to test a range of mining scenarios, all of which returned positive undiscounted cash flows.

Based upon earlier studies by CSA Global, that focused the optimisations on the Measured and Indicated material with onsite gravity processing only (no CIL). The comparison scenarios, that included Inferred material, showed increases of only approximately 10% in undiscounted cash flows, highlighting the minimal impact the Inferred material now has on the project economics.

The optimisation parameters from CSA Global 2017 Scenario 5 have remained unchanged, except for the updated processing cost. Due to the high-level nature of the study, and the volume of tonnes involved, all cash flows are shown undiscounted.

Due to the higher grade of the deposit the option to toll treat may still be a viable option for Terrain or others. As reported Terrain is currently discussing options to advance Great Western that include the outright or partial sale, various JV arrangements or self-mining. Discussions continue with multiple groups who have registered interest and now have the completed CSA report.

Cautionary Statement: The Scoping Study referred to in this announcement has been undertaken to assess the economic viability of an open pit and processing facility at Great Western gold project. It is a preliminary technical and economic study of the potential viability of the Great Western project. It is based on low level technical and economic assessments that are not sufficient to support the estimation of ore reserves. Further evaluation work and appropriate studies are required before Terrain Minerals Limited will be in a position to estimate any ore reserves or to provide any assurance of an economic development case.

The study is based on material assumptions that are outlined. Terrain considers the material assumptions are based on reasonable grounds, but there is no certainty they will be correct or that the range of outcomes indicated in this study will be realised. The study includes the existing JORC 2012 code measured, indicated and inferred resources are defined with in the project. Investors are cautioned that there is low level geological confidence in inferred resources and additional drilling may not upgrade this material.

Additional funding will be required to fund mining and processing equipment. This could have a dilutionary effect to Terrains shares and there is no guarantee that funds can be raised. It is also possible that funding could come via selling part of the project or by entering into a Joint venture arrangement. In this case the projects ownership percentage would change. Terrain could also extract vale by an outright asset sale so never mining the deposit itself.

Given the uncertainty involved investors should not make any investment decisions based solely on the results of these studies.

Optimisation Parameters

Optimisation parameters were selected by CSA Global using a combination of current/typical industry costs and recent gold pricing. Terrain provided CSA Global with technical reports and wage and power costs of \$20/t for a 250,000 tpa gravity gold circuit, including crushing. CSA Global added 20% to this figure to account for maintenance, consumables, spares and reagent costs, to arrive at a figure of \$24/t as seen in table 1 below.

A variety of scenarios, were used in the optimisation to test the viability of the Great Western deposit. Terrain indicated to CSA that onsite treating is the preferred processing option for this deposit. The parameters that change from scenario to scenario are gold price, and resource classifications used in the optimisation.

The 2017 Resource model supplied to CSA Global contains 15% Inferred material, the scenarios were also optimised on only Measured and Indicated material to provide the best basis for further work leading towards a JORC 2012 Ore Reserve statement.

SCENARIO	GOLD PRICE	MINING		MILL PROCESSING			OPTIMISATION CLASSIFICATIONS
		DILUTION	RECOVERY	COST	HAULAGE	RECOVERY	
1	\$1,600/oz	10%	95%	\$24/t	\$0/t	85%	MEA + IND
2	\$1,600/oz	10%	95%	\$24/t	\$0/t	85%	ALL
3	\$1,500/oz	10%	95%	\$24/t	\$0/t	85%	MEA + IND
4	\$1,500/oz	10%	95%	\$24/t	\$0/t	85%	ALL
5	\$1,700/oz	10%	95%	\$24/t	\$0/t	85%	MEA + IND
6	\$1,700/oz	10%	95%	\$24/t	\$0/t	85%	ALL

Table 1: Optimisation Scenarios

SCENARIO	ORE PROCESSED					OUNCES	WASTE	STRIP	UNDISCOUNTED CASH FLOW
	TONNES	AU g/t	MEA	IND	INF	RECOVERED	TONNES	RATIO	
1	381,200	3.0	33.8%	66.2%	0.0%	31,400	6,557,500	17.2	All Positive
2	465,300	2.8	28.1%	57.6%	14.3%	35,600	7,237,400	15.6	"
3	372,800	3.1	34.4%	65.6%	0.0%	31,200	6,501,200	17.4	"
4	436,000	2.9	29.5%	57.6%	12.9%	34,100	6,732,600	15.4	"
5	404,600	2.9	32.1%	67.9%	0.0%	32,200	6,756,700	16.7	"
6	488,300	2.7	26.9%	58.7%	14.4%	36,000	7,254,100	14.9	"

Table 2: Scenario output results for select pit shell. (due to scoping study nature of the report the positive cash flow numbers are not quoted)

Figure 1 through to 3 show representative sections of the selected pit shells. All figures have the historical underground development wireframe displayed in black. The Figure 1 plan view shows the section lines, surface intersection of the shells, and the block model displaying gold grade above 1.0 g/t. Figure 2 and Figure 3, are vertical sections of the pit shells with the block model displaying gold grade above 1.0 g/t. Figure 4, shows the same sections with the block model displaying the Resource class to highlight the proportion of each material class in the scenarios.

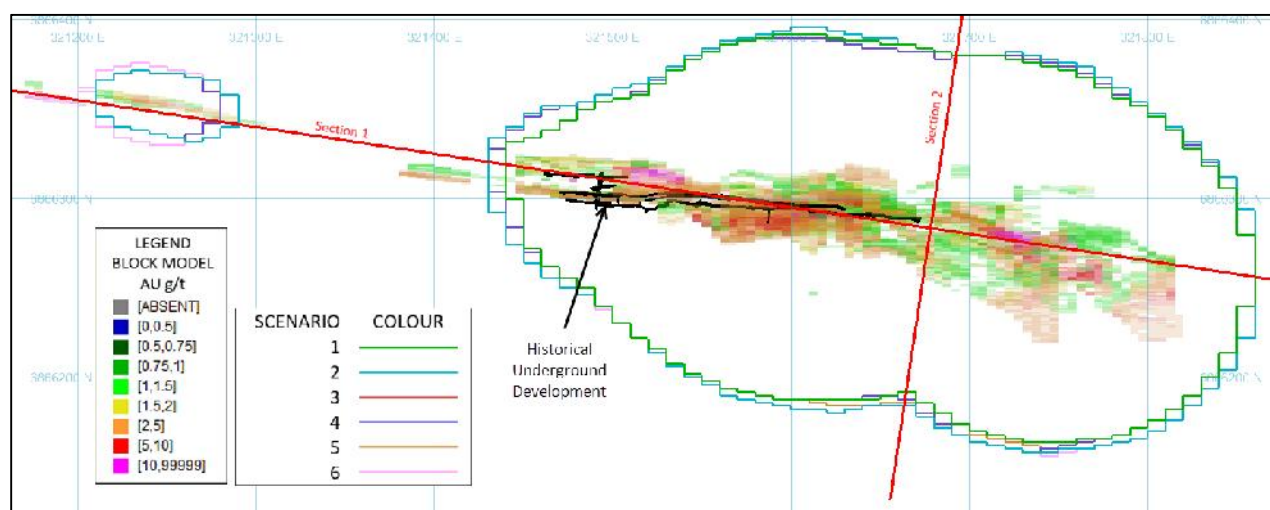


Figure 1: Plan view showing AU>1.0 g/t, pit shell intersections at 515 mRL and pit shell section lines

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

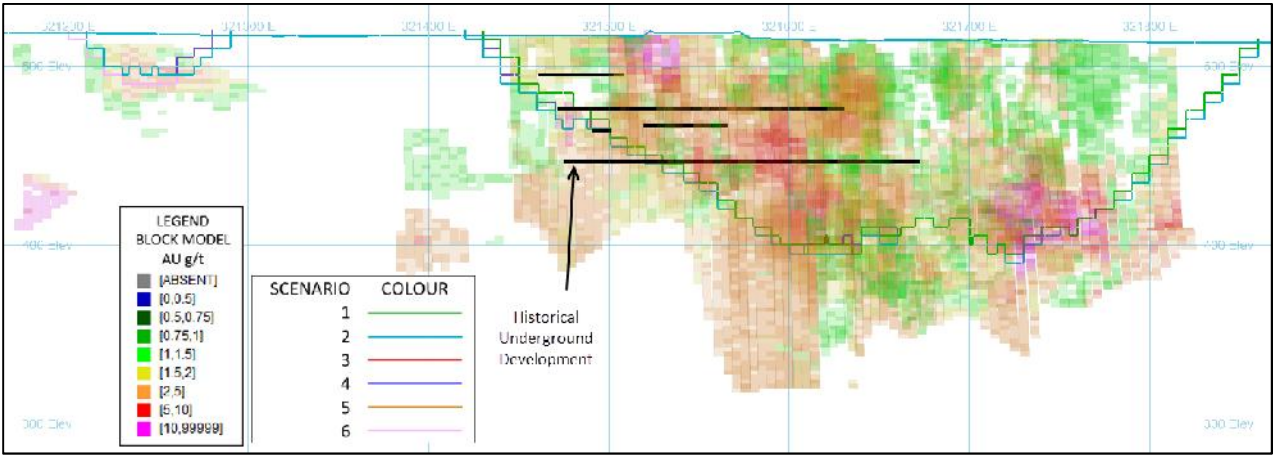


Figure 2: Section 1 – Pit shell intersections for all scenarios with block model grade AU > 1.0 g/t

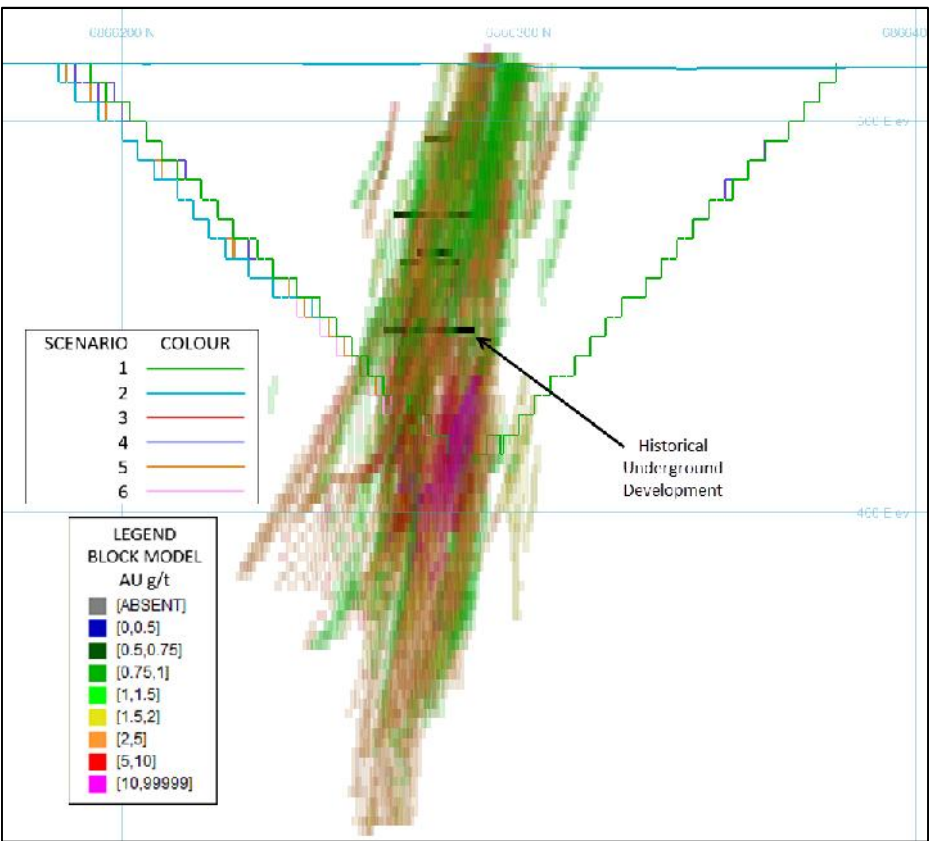


Figure 3: Section 2 – Pit shell intersections for all scenarios with block model grade AU > 1.0 g/t

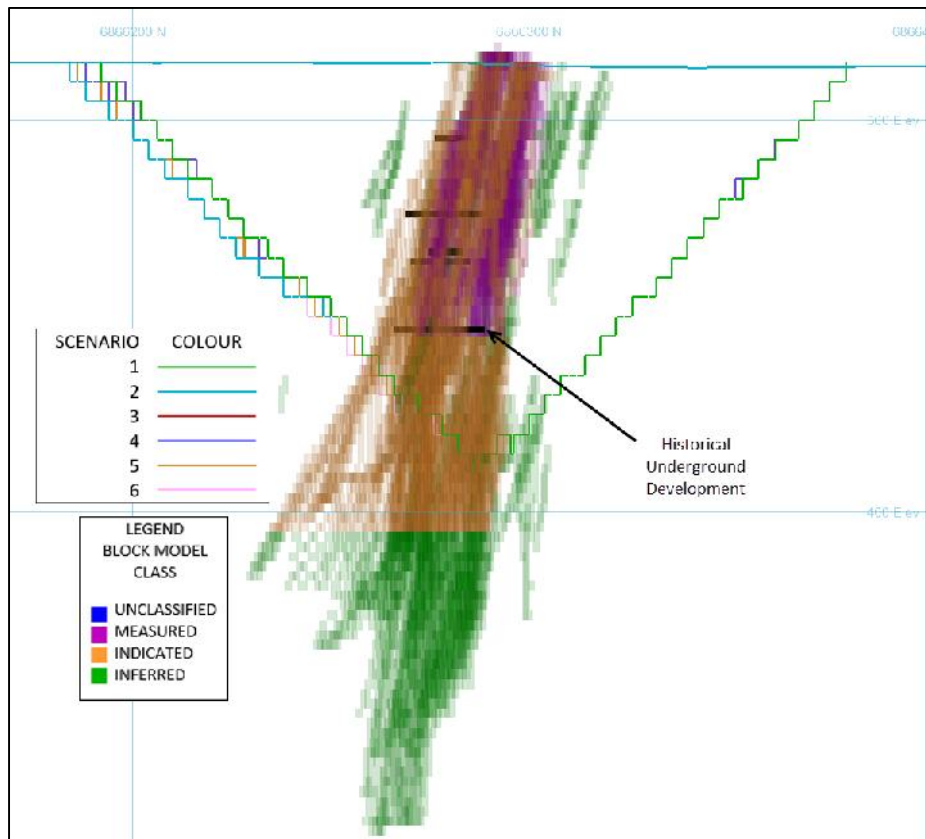


Figure 4: Section 2 – Pit shell intersections for all scenarios with block model Resource class & AU>1.0 g/t

Figure 4 highlights the resources categories and highlights further drilling is required to upgrade deeper mineralisation and is required to test the open depth extensions.

Conclusion

All pit shell optimisation scenarios analysed return positive undiscounted cash flow, indicating that the Great Western deposit is likely to be a viable deposit for a small scale open cut mining operation.

The conclusions of this report are made based on the latest Mineral Resource model (DataGeo, 2017) which accounts for estimated depletion from historical underground workings.

Installing a small gravity recovery facility onsite, to mine and treat ore onsite is indicated to be a viable scenario. With limited capital costs which are under review, which cover processing plant, site establishment, contractor mobilisation, and permitting, it is likely that this option will return a reasonable return on invested capital.

Refer to ASX release: 02 August 2017 - Great Western – Scoping Study Update & Onsite Gold Processing & 27 March 2017 - JORC 2012 Resource Upgrade at Great Western

7. Regional Exploration at Great Western

During the Year, a two-week field program was executed at Great Western and Great Western East aimed at exploring for adding additional inventory to the existing resource to extend the mine life or a future on site gold operation.

Great Western:

An orientation surface geochemical soil programme was undertaken on E37/1214 that wholly surrounds the Great Western Deposit. A total of 46 samples were collected on a nominal 800x100m spacing. The aim of the programme was to complete a first pass test of structural trends identified from geophysics for potential mineralisation in the eastern portion of the tenement. Results confirmed multiple trends of low level (>10ppb gold) anomalism. The results are considered encouraging and a more detailed follow up soil programme will be designed to further delineate the trends. See Figure 1 below for additional details.

Great Western - East:

During the Quarter Terrain also applied for 3 tenements adjacent to Great Western Project area, E37/1312, E37/1307 and E37/1308. The combined area contained 170~ blocks (84,000~ Acre's). Desk top studies identified several old historical reports which highlighted multiple high-grade anomalies. On completing the review, a reconnaissance program was designed to locate, validate and assess these areas. The reconnaissance programme aim was to identify and assess any potential shallow mineralisation that might be available to the Great Western Project. After reviewing the results against the filed observations all land areas where relinquished prior to grant.



Diagram 9: Orientation Surface Geochemical Soil Programme at Great Western

Refer to ASX release: 27 July 2017 - Quarterly Activities Report: June 2017

8. Great Western Corporate and Development Initiatives

Terrain has been identifying and speaking with a number of groups who have indicated interest in developing the Great Western gold project. These groups have signed confidentiality agreements and continue to express interest in the project. Various agendas include full or partial sale, joint venture and funding arrangements.

This process has been on going as additional information has become available as a result of programs and studies undertaken throughout the year. These studies have all been focused on adding value and have attracted parties who are either willing to assist Terrain in developing the project or acquire the project from Terrain.

The board will consider all proposals and has not ruled out mining Great Western itself and continuing regional exploration to add to its gold inventory.

Board Changes

Terrain was pleased to announce the appointment of two new Non-Executive Directors to the Board of Directors during the years. As part of an ongoing skills and cultural refreshment process.

Mr Trevor Bradley (Geologist) and Mr Johannes Lin (long-term investor in the Company).

These new appointments have assist with advancing the Great Western Gold project and the execution of the Company's corporate strategies. Both new members have made a positive contribution to the company and their experience and renewed energy has been a positive and driving internal force.

Concurrently, Mr Jonathan Lim has retired from the Board. The Board wishes to thank Mr Lim for his considerable efforts during his time with the Company and wish him all the best with his future endeavours.

In August 2016 Mr Paul Dickson also resumed the role as Chairman due to the position becoming vacant.

Project Generation

Throughout the year Terrain has been searching and assessing potential projects. These come from a variety of sources and industry networks that have been established and continue to be developed. Once an internal process of review has been undertaken the more promising opportunities are re-examined by external consultants in order to maintain a high degree of objectivity in the project selection process. Terrain is focused on acquiring quality assets that have the potential to drive the company forward and increase shareholder value. Terrain will concurrently continue to seek out near term cash flow opportunities and consider advanced exploration projects. It is important to ensure opportunities are in favourable jurisdictions and provide access to potential deposits of minerals that are in demand.

Commodities that have been pursued include Gold, Cobalt, Copper Lithium and industrial minerals in jurisdictions such as Australia, Africa, The America's, Continental Europe and Asia. All potentially economic commodity opportunities are being considered as indicated in previous Quarterly reports.

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 has increased by \$207,221 from 30 June 2016 to \$1,251,686 on 30 June 2017 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 Consolidated Entity occurred during the financial period.

EVENTS SUBSEQUENT TO REPORTING DATE

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 ("the Board") of the Company are continuing 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.

DIRECTORS' REPORT (CONTINUED)**FOR THE YEAR ENDED 30 JUNE 2017****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 Paul Dickson	Non-Executive Chairman (appointed to Chairman 26 July 2016)
Experience	Mr Dickson has over twenty four years' experience in the Securities and Finance Industries since 1988, with an initial three years in banking followed by approximately thirteen years in stock broking with the majority of his career spent at tier one firm Ord Minnett Ltd. In the past nine years as a corporate advisor, with the majority of his time as a principal and co-founder of Paradigm Capital, Paul has originated IPO's and equity placements across the industrial and mining sectors for listed entities and been involved in seed capital raisings, and sub-underwritings during this time. Paul is currently a director of Private Equity firm Proserpine Capital and sits on the board of a number of investee companies representing the interests of their investors.
Interest in Shares and Options	10,000,000 options over ordinary shares and 3,687,837 shares.
Special Responsibilities	Nil
Directorships held in other listed entities during the three years prior to the current year	Mr Dickson is also Non-Executive Director of the ASX listed Alligator Energy Ltd, which listed in February 2011.
Mr Trevor Bradley	Non-Executive Director (appointed 1 May 2017)
Experience	<p>Trevor Bradley B(App) Sc. Hons, LL.M (<i>Distinction</i>), M.A.I.G.</p> <p>Trevor is a geologist with over thirty years' experience in key technical, operational, and managerial aspects of exploration and development of mineral projects in Australia, South East Asia and Central Asia. He holds an Applied Science Degree with Honors (geology) from UTS Sydney, and 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.</p> <p>Prior to entering private practice Trevor held senior technical and management positions within several large Australian and Canadian mining companies' as well as Principal Consultant and managerial roles within two of Australia's leading multi-national mineral industry consulting groups.</p> <p>Currently Trevor practices as an Independent consultant who specializes in the provision of mineral asset valuation, technical audit, 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.</p>
Interest in Shares and Options	Nil
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 2017

INFORMATION ON DIRECTORS (CONTINUED)

Mr Justin Virgin	Executive Director
Experience	Mr Virgin has over 12 years' 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 10 years' on site mining experience operating in remote and isolated sites throughout WA and NT on site. His experience covers mine closures and rehabilitation works as well as extensive preventative maintenance planning and execution on onsite mobile fleet.
Interest in Shares and Options	19,000,000 options over ordinary shares and 18,420,000 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. Former Non-Executive Director of the ASX listed Blina Minerals NL resigned 25 October 2016.
Mr Johannes Lin	Non-Executive Director (appointed 1 May 2017)
Experience	Mr Lin has 7 years of management experience as an entrepreneur and Principal/Managing Director of Oprian Investments Pte Ltd with interest and focus in minerals and properties/property construction of Pasir Ria Apartments in Singapore and investment team member of Monarch Parksuites Condominium in Manila, Phillipines. Past experience includes corporate restructuring as member of advisory team in the restructuring as a member of advisory team in the restructuring of Singapore 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 group successfully. Mr Lin holds a Bachelor of Commerce, Finance and Accounting from the University of Western Australia.
Interest in Shares and Options	15,541,548 shares.
Special Responsibilities	Nil
Directorships held in other listed entities during the three years prior to the current year	Mr Lin held no other directorships of ASX listed companies during the last three years.

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

INFORMATION ON DIRECTORS (CONTINUED)

Mr Jonathan Lim	Non-Executive Director (Resigned 1 May 2017)
Experience	<p>Mr. Lim is an entrepreneur having founded Romar Positioning Equipment Pty Ltd in 1984. Since then, Mr. Lim has grown Romar to a leading global heavy automation equipment manufacturer, principally in the energy, alternative energy and oil & gas sector. Romar also has distribution facilities and associates in over thirty countries globally and was ranked 3rd place in the Singapore Enterprise E50 Awards in 2007. In 2008, Romar was acquired by a UK-based MNC.</p> <p>In addition to being an entrepreneur, Mr. Lim is also an avid investor, promoter and venture capitalist in various listed and unlisted companies in advanced materials, oil sands, heavy oil, electric cars and its allied industries, green industries, electronics and LEDs, mineral business and manufacturing businesses in both North and South America, Australia and North and SE Asia.</p>
Interest in Shares and Options	10,000,000 options over ordinary shares and 86,310,419 shares.
Special Responsibilities	Nil
Directorships held in other listed entities during the three years prior to the current year	Mr Lim held no other directorships of ASX listed companies during the last three years.
Mr David Porter	Non-Executive Chairman (Resigned 25 July 2016)
Experience	<p>Mr Porter is a professional geologist and Fellow of the Australasian Institute of Mining and Metallurgy with over 40 years' experience in the mining industry, including most facets of exploration and mining.</p> <p>.</p>
Interest in Shares and Options	7,000,000 options
Special Responsibilities	Nil
Directorships held in other listed entities during the three years prior to the current year	<p>Mr Porter is Chairman of ASX listed Sundance Resources Limited – appointed 23 December 2016 and Executive Director of the ASX listed Blina Minerals NL.</p> <p>Former Non-Executive Director of European Metals Holdings Limited (Formerly known as Equaminerals Holdings Limited) resigned 5 November 2014.</p>

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

INFORMATION ON DIRECTORS (CONTINUED)

MEETINGS OF DIRECTORS

During the financial year, 5 meetings of Directors were held. Attendances by each Director were as follows:

	DIRECTORS' MEETINGS	
	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED
Mr Paul Dickson	5	5
Mr Trevor Bradley ¹	1	1
Mr Justin Virgin	5	5
Mr Johannes Lin ¹	1	1
Mr Jonathan Lim ²	4	4
Mr David Porter ³	1	1

¹ Messers Johannes Lin and Trevor Bradley appointed 1 May 2017

² Mr Jonathan Lim resigned 1 May 2017

³ David Porter resigned 25 July 2016

INDEMNIFYING OFFICERS OR AUDITORS

Terrain Minerals Limited has paid premiums to insure Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of director of Terrain Minerals Limited, other than conduct involving a wilful breach of duty in relation to Terrain Minerals Limited.

OPTIONS

At the date of this report, the unissued ordinary shares of Terrain Minerals Limited under option, including those options issued during the year and since 30 June 2017 to the date of this report, are as follows:

OPTIONS

GRANT DATE	DATE OF EXPIRY	EXERCISE PRICE	NUMBER UNDER OPTION
28 November 2014	24 December 2019	0.0040	12,000,000
21 August 2015	1 August 2018	0.0300	6,000,000
24 November 2015	24 November 2020	0.0117	22,600,000
7 December 2016	7 December 2021	0.0188	12,000,000
			<u>52,600,000</u>

For details of options issued to Directors and executives as remuneration, refer to the remuneration report. During the year, 12,250,000 ordinary shares (2016: Nil) of Terrain Minerals Limited were issued on the exercise of options granted.

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

PROCEEDINGS ON BEHALF OF COMPANY

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

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

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 34 of the financial report.

The auditor did not provide any non-audit services for the year ended 30 June 2017 (30 June 2016: 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.

Alignment to shareholders' interests:

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

Alignment to program participants' interests:

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

The framework currently consists of fixed salaries and options.

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

Non-executive Directors

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

Directors' Fees

The current base remuneration was last reviewed with effect from November 2015. Directors' remuneration is inclusive of committee fees.

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.

Retirement allowances for Directors

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

Performance Based Remuneration

All staff (including executive and non-executive Directors) are eligible to participate in the Employee Share Scheme. The scheme is designed to reward employees for a significant improvement in the share price.

Company Performance, Shareholder Wealth and Director's and Executives' Remuneration

The fees paid to non-executive Directors have not increased since November 2013. Executive remuneration remains in the bottom quartile of remuneration for comparable positions in the minerals industry.

Executive Pay

The executive pay and reward framework has three components:

- i. base pay and benefits
- ii. long-term incentives through participation in the Employee Share Option Scheme
- iii. other remuneration such as superannuation.

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

- i. Base pay

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

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

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

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

- ii. Incentives

Through participation in the Employee Share Option Scheme as and when determined by the Board. Individual performance reviews are carried out annually. Any 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.

DIRECTORS' REPORT (CONTINUED)**FOR THE YEAR ENDED 30 JUNE 2017****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 Minerals Limited.

KEY MANAGEMENT PERSONNEL	POSITION HELD AS AT 30 JUNE 2017	CONTRACT DETAILS (DURATION & TERMINATION)
Mr Paul Dickson	Non-Executive Chairman	On-going basis with no termination benefits
Mr Trevor Bradley ¹	Non-Executive Director	On-going basis with no termination benefits
Mr Justin Virgin	Executive Director	Executive agreement effective 1 December 2015
Mr Johannes Lin ¹	Non-Executive Director	On-going basis with no termination benefits
Mr Jonathan Lim	Resigned 1 May 2017	
Mr David Porter	Resigned 25 July 2016	

1. Messers Johannes Lin and Trevor Bradley were appointed on 1 May 2017

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 will be paid a minimum remuneration package of \$100,000 p.a. base salary plus superannuation.
- The Company may terminate this agreement in writing if the Executive becomes incapacitated by illness or accident for an accumulated period of two months or a period aggregating more than three months in any twelve month period.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. On termination with cause, the Executive is not entitled to any payment.
- If the Company terminates the agreement for any reason other than the above, the Company must pay the Executive an amount equal to six month's salary.
- If Mr Virgin terminates the agreement, he must provide the Company with 60 days' notice period.

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

REMUNERATION REPORT (CONTINUED) (AUDITED)

REMUNERATION DETAILS FOR THE YEAR ENDED 30 JUNE 2017

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 2017 and 30 June 2016 are set out in the following tables:

For the year ended 30 June 2017

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 Paul Dickson	30,000	-	2,850	-	27,281	60,131	45.4%
Mr Trevor Bradley ¹	24,163	-	2,260	-	-	26,423	-
Mr Justin Virgin	100,000	-	9,500	-	54,560	164,060	33.3%
Mr Johannes Lin ¹	5,000	-	-	-	-	5,000	-
Mr Jonathan Lim ²	27,500	-	-	-	27,281	54,781	49.8%
Mr David Porter ³	3,333	-	-	-	-	3,333	-
TOTAL KEY MANAGEMENT PERSONNEL	189,996	-	14,610	-	109,122	313,728	34.8%

¹ Messers Johannes Lin and Trevor Bradley appointed 1 May 2017

² Mr Jonathan Lim resigned 1 May 2017

³ David Porter resigned 25 July 2016

REMUNERATION DETAILS FOR THE YEAR ENDED 30 JUNE 2016

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 David Porter	40,000	-	-	-	26,642	66,642	39.9%
Mr Paul Dickson	30,000	-	2,850	-	26,642	59,492	44.8%
Mr Jonathan Lim	32,700	-	-	-	26,642	59,342	44.8%
Mr Justin Virgin	90,417	-	8,590	-	66,605	165,612	40.2%
TOTAL KEY MANAGEMENT PERSONNEL	193,117	-	11,440	-	146,531	351,088	41.7%

¹ David Porter resigned 25 July 2016

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

REMUNERATION REPORT (CONTINUED) (AUDITED)

SHARE-BASED PAYMENTS

During the year ended 30 June 2017, 12,000,000 (30 June 2016 22,000,000) 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 Paul Dickson	Options	7 Dec 16	3,000,000	27,281	100	-	-
Mr Jonathan Lim	Options	7 Dec 16	3,000,000	27,281	100	-	-
Mr Justin Virgin	Options	7 Dec 16	6,000,000	54,541	100	-	-

DESCRIPTION OF OPTIONS/RIGHTS ISSUED AS REMUNERATION

2017

The options granted to Directors, in the year 30 June 2017 were for nil consideration as remuneration, exercisable at \$0.0188 options with an expiry date of on or before 7 December 2021. They vested immediately. The value per option was \$0.009.

They were valued using Black Scholes with the below assumptions:

Number of options in series	12,000,000
Grant date share price	\$0.011
Exercise price	\$0.0188
Expected volatility	132%
Option life	5 years
Dividend yield	0.00%
Interest rate	2.09%

2016

The options granted to Directors and Company Secretary, Mr Damian Delaney (resigned 6 May 2016), in the year 30 June 2016 were for nil consideration as remuneration, exercisable at \$0.0117 options with an expiry date of on or before 24 November 2020. They vested immediately. The value per option was \$0.007.

They were valued using Black Scholes with the below assumptions:

Number of options in series	22,600,000
Grant date share price	\$0.007
Exercise price	\$0.0117
Expected volatility	184%
Option life	5 years
Dividend yield	0.00%
Interest rate	2.10%

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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 Minerals Limited during the financial year is as follows:

30 JUNE 2017	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 ⁴	BALANCE AT END OF YEAR	VESTED DURING THE YEAR	VESTED AND EXERCISABLE	VALUE OF OPTIONS GRANTED AS REMUNERATION
				\$					\$
Mr Paul Dickson	11,000,000	3,000,000	-	-	(4,000,000)	10,000,000	3,000,000	10,000,000	27,281
Mr Trevor Bradley ¹	-	-	-	-	-	-	-	-	-
Mr Justin Virgin	17,000,000	6,000,000	(4,000,000)	\$31,200	-	19,000,000	6,000,000	19,000,000	54,561
Mr Johannes Lin ¹	-	-	-	-	-	-	-	-	-
Mr Jonathan Lim ²	11,000,000	3,000,000	(8,000,000)	\$62,400	4,000,000	10,000,000	3,000,000	10,000,000	27,281
Mr David Porter ¹	11,000,000	-	-	-	(4,000,000)	7,000,000	-	7,000,000	-
	50,000,000	12,000,000	(12,000,000)	\$95,600	(4,000,000)	46,000,000	12,000,000	46,000,000	109,123

¹ Messers Johannes Lin and Trevor Bradley appointed 1 May 2017

² Mr Jonathan Lim resigned 1 May 2017

³ David Porter resigned 25 July 2016

⁴ Other movements relates to transfer of options

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

REMUNERATION REPORT (CONTINUED) (AUDITED)

KEY MANAGEMENT PERSONNEL SHAREHOLDINGS

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

	BALANCE AT BEGINNING OF YEAR	GRANTED AS REMUNERATION DURING THE YEAR	ISSUED ON EXERCISE OF OPTIONS DURING THE YEAR	OTHER CHANGES DURING THE YEAR ⁴	BALANCE AT END OF YEAR
30 June 2017					
Mr Paul Dickson	1,812,837	-	-	1,875,000	3,687,837
Mr Trevor Bradley ¹	-	-	-	-	-
Mr Justin Virgin	9,370,000	-	2,000,000	7,050,000	18,420,000
Mr Johannes Lin ¹	15,451,548	-	-	-	15,451,548
Mr Jonathan Lim ²	73,135,419	-	8,000,000	5,175,000	86,310,419
Mr David Porter ³	-	-	-	-	-
	99,769,804	-	10,000,000	14,100,000	123,869,804

¹ Messers Johannes Lin and Trevor Bradley appointed 1 May 2017

² Mr Jonathan Lim resigned 1 May 2017

³ David Porter resigned 25 July 2016

⁴ Shares acquired participation in Share Purchase Plan

VOTING AND COMMENTS MADE AT THE COMPANY'S 2016 ANNUAL GENERAL MEETING

At the Annual General Meeting held on 28 November 2016, the Company's shareholders did not record a vote of more than 25% against the Remuneration Report and no questions were raised at the meeting relating to the Remuneration Report.

The Company does not have a remuneration consultant. The remuneration committee is a committee of the Board of the Company.

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: 28 September 2017

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

As lead auditor of Terrain Minerals Limited for the year ended 30 June 2017, 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.

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



Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 28 September 2017

TERRAIN MINERALS LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

		2017	2016
	NOTE	\$	\$
Revenue from continuing operations		13,304	6,762
Other income		5,000	-
Net income	2	18,304	6,762
Administrative expenses		(111,395)	(189,661)
Share based payments	2	(109,122)	(150,528)
Depreciation expenses		(4,279)	(2,250)
Exploration expenditure write off	7	(187,038)	(625)
Loss on impairment of receivable		-	(468)
Employee benefits expenses		(176,353)	(204,905)
Other expenses		(104,286)	(13,975)
Loss before income taxes		(674,169)	(555,650)
Income tax expense	3	-	-
Loss after income tax for the year		(674,169)	(555,650)
Other comprehensive income		-	-
Total comprehensive loss for the year attributable to owners of Terrain Minerals Limited		(674,169)	(555,650)
Loss from continuing operations attributable to owners of Terrain Minerals Limited		(674,169)	(555,650)
Loss per share attributable to owners of TMX			
From continuing operations:			
Basic loss per share (cents)	11	(0.14)	(0.14)
Diluted loss per share (cents)	11	(0.14)	(0.14)

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

TERRAIN MINERALS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 30 JUNE 2017

	NOTE	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	728,291	597,287
Trade and other receivables	5	6,579	7,931
Other assets		14,479	13,960
TOTAL CURRENT ASSETS		749,349	619,178
NON-CURRENT ASSETS			
Other receivables	5	20,000	20,000
Plant and equipment		-	4,279
Exploration expenditure	7	482,337	401,008
TOTAL NON-CURRENT ASSETS		502,337	425,287
TOTAL ASSETS		1,251,686	1,044,465
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	35,939	36,593
TOTAL CURRENT LIABILITIES		35,939	36,593
TOTAL LIABILITIES		35,939	36,593
NET ASSETS		1,215,747	1,007,872
EQUITY			
Issued capital	9	19,829,146	19,056,224
Reserves	10	1,570,171	1,461,049
Accumulated losses	10	(20,183,570)	(19,509,401)
TOTAL EQUITY		1,215,747	1,007,872

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

TERRAIN MINERALS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	ORDINARY SHARES \$	OPTIONS RESERVE \$	ACCUMULATED LOSSES \$	TOTAL \$
Balance at 1 July 2016 2011	19,056,224	1,461,049	(19,509,401)	1,007,872
Loss attributable to members of the parent entity	-	-	(674,169)	(674,169)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(674,169)	(674,169)
Transactions with owners, in their capacity as owners, and other transfers				
Contributions of equity, net of transaction costs	772,922	-	-	772,922
Issue of options	-	109,122	-	109,122
Balance at 30 June 2017	19,829,146	1,570,171	(20,183,570)	1,215,747
Balance at 1 July 2015 2011	18,773,806	1,310,521	(18,953,751)	1,130,576
Loss attributable to members of the parent entity	-	-	(555,650)	(555,650)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(555,650)	(555,650)
Transactions with owners, in their capacity as owners, and other transfers				
Contributions of equity, net of transaction costs	282,418	-	-	282,418
Options based payments	-	150,528	-	150,528
Balance at 30 June 2016	19,056,224	1,461,049	(19,509,401)	1,007,872

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

TERRAIN MINERALS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2017 \$	2016 \$
CASH FROM OPERATING ACTIVITIES:			
Payments to suppliers and employees		(402,707)	(414,379)
Receipts from customers		-	-
Interest received		13,304	6,762
Net cash used in operating activities	18	(389,403)	(407,617)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Exploration and evaluation expenditure		(257,515)	(195,736)
Proceeds from sale of subsidiary		5,000	7,532
Net cash used in investing activities		(252,515)	(188,204)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		845,550	300,000
Payment of share issue costs		(72,628)	(18,181)
Proceeds from convertible note		-	200,000
Net cash provided by financing activities		772,922	481,819
OTHER ACTIVITIES:			
Net cash increase/(decrease) in cash and cash equivalents		131,004	(114,002)
Cash and cash equivalents at beginning of year		597,287	711,289
Cash and cash equivalents at end of the year	4	728,291	597,287

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

1 BASIS OF PREPARATION

This financial report includes the financial statements and notes of Terrain Minerals Limited (the company) and was approved for issue on 28 September 2017 by the Board of directors of the Company.

Terrain Minerals Limited 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 Minerals limited is a for-profit entity for the purpose of preparing the financial statements.

The financial statements of Terrain Minerals Limited 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

2 REVENUE AND SIGNIFICANT EXPENSES ITEMS

	2017	2016
	\$	\$
Revenue from continuing operations:		
Interest income	13,304	6,762
Sale of subsidiary	5,000	-
	18,304	6,762
Expenses:		
Share based payments	(109,122)	(150,528)

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).

3 INCOME TAX

THE COMPONENTS OF TAX EXPENSE COMPRISE

Current tax	-	-
Deferred tax	-	-
Income tax attributable to entity	-	-

THE PRIMA FACIE TAX ON LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX IS RECONCILED TO THE INCOME TAX:

Prima facie tax benefit on loss from continuing activities before income tax at 27.5% (2016: 30%)	(185,397)	(166,695)
Add/(less) tax effect of:		
Share based payments	30,009	45,163
Other non-deductible expenses	16,638	1,164
Tax effect of timing differences not recognised		
Exploration expenditure	(38,463)	(33,482)
Revenue losses	181,725	165,578
Capital losses	-	4,391
Other	(4,512)	(16,119)
Income tax attributable to entity	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

3 INCOME TAX (CONTINUED)

UNRECOGNISED DEFERRED TAX ASSETS/LIABILITIES	2017	2016
	\$	\$
Deferred Tax Assets		
Revenue losses	4,156,099	4,335,682
Capital losses	1,052,938	1,148,660
Other	23,459	9,320
	5,232,497	5,232,497
Deferred Tax Liabilities		
Exploration expenditure	(104,375)	(71,904)
Other		(596)
	(104,375)	(72,500)
Net Unrecognised Deferred Tax Assets	5,128,122	5,421,162

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

- the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- the company continues to comply with the conditions for deductibility imposed by law; and
- no changes in income tax legislation adversely affect the company in utilising the benefits.

Corporate tax rate for eligible companies will reduce from 30% to 25% by 30 June 2027 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

3 INCOME TAX (CONTINUED)

Accounting policy (continued)

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.

4 CASH AND CASH EQUIVALENTS

	2017	2016
	\$	\$
Cash at bank	728,091	143,936
Term deposits	-	453,151
Petty cash	200	200
	728,291	597,287

The company's exposure to interest rate risk is disclosed in note 15. 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.

5 TRADE AND OTHER RECEIVABLES

CURRENT

Trade receivables	-	1,302
GST paid	6,579	6,629
	6,579	7,931

NON-CURRENT

Other receivables	20,000	20,000
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6. OTHER ASSETS

	2017	2016
	\$	\$
Current		
Prepayments	14,479	13,960
	<u>14,479</u>	<u>13,960</u>

7 EXPLORATION EXPENDITURE

Balance at beginning of the year	401,008	236,931
Expenditure during the year	268,367	164,702
Acquisition Great Western Gold Project	-	-
Written off exploration expenditure	(187,038)	(625)
	<u>482,337</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 \$187,038 (June 2016: \$625) 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) at least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - (b) exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are occurring.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

7 EXPLORATION EXPENDITURE (CONTINUED)

Accounting policy (continued)

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.

8 TRADE AND OTHER PAYABLES

	2017	2016
	\$	\$
CURRENT		
Trade payables – unsecured	12,430	35,731
Other payables – unsecured	23,509	862
	35,939	36,593

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 13. 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 2017

9 ISSUED CAPITAL

	2017 Number	2017 \$	2016 Number	2016 \$
Fully paid ordinary shares	515,032,224	19,829,146	409,032,224	19,056,224

Description	Date	Number of shares	Issue Price	\$
2017				
Opening balance	1 July 2016	409,032,224		19,056,224
Share purchase plan (i)	1 December 2016	62,500,000	\$0.0080	500,000
Placement (ii)	7 December 2016	31,250,000	\$0.0080	250,000
Exercise of options	7 December 2016	12,250,000	\$0.0078	95,550
Less: Transaction costs				(72,628)
Closing balance	30 June 2017	515,032,224		19,829,146

Description	Date	Number of shares	Issue Price	\$
2016				
Opening balance	1 July 2015	349,032,224		18,773,806
Placement (iii)	13 October 2015	60,000,000	\$0.005	300,000
Options finder fee (iv)	16 March 2016	-		600
Less: Transaction costs				(18,182)
Closing balance	30 June 2016	409,032,224		19,056,224

- (i) On 1 December 2016 Terrain completed a Share Purchase Plan ("SPP"). The SPP was 62,500,000 shares at \$0.008. The issue costs of \$48,983 are in relation to the SPP.
- (ii) On 7 December 2016 Terrain completed a Placement. The Placement was 31,250,000 shares at \$0.008. The issue costs of \$23,644 are in relation to the Placement.
- (iii) On 13 October 2015 Terrain completed a Placement. The placement was 60,000,000 shares issued at \$0.005. The issue costs of \$18,182 are in relation to the Placement.
- (iv) On the 21 August 2015 the Company issued 6,000,000 options exercisable at \$0.03 to be exercised on or before 1 August 2018, to parties in accordance with agreed Finder Fee at a cost of \$600 for the introduction of the Gimlet Project E63/1740.

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 Group has the following options on issue:

2017 Number	Exercise Price	Grant	Expiry
12,000,000	\$0.0040	28 November 2014	24 December 2019
6,000,000	\$0.0300	21 August 2015	1 August 2018
22,600,000	\$0.0117	24 November 2015	24 November 2020
12,000,000	\$0.0188	7 December 2016	7 December 2021
52,600,000			

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017
9 ISSUED CAPITAL (CONTINUED)

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

Description	2017 Number	Weighted Average Exercise Price	2016 Number	Weighted Average Exercise Price
Options				
Opening balance	57,100,000	0.0220	28,500,000	0.006
Issued during the period (i)	12,000,000	0.0300	-	-
Issued during the period (ii)	-	-	6,000,000	0.006
Issued during the period (iii)	-	-	22,600,000	0.009
Exercised during the period	(12,250,000)	(0.0078)	-	-
Expired during the period	(4,250,000)	(0.0078)	-	-
Balance at 30 June	52,600,000	0.0359	57,100,000	0.022

- (i) Options (valued at \$0.009) were issued to the Directors were valued using Black Scholes with the below assumptions:

2017	Unlisted options
Number of options in series	12,000,000
Grant date share price	\$0.011
Exercise price	\$0.0188
Expected volatility	132%
Option life	5 years
Dividend yield	0.00%
Interest rate	2.09%
Total value	\$109,122

- (ii) On the 21 August 2015 the Company issued 6,000,000 options exercisable at \$0.03 to be exercised on or before 1 August 2018, to parties in accordance with agreed Finder Fee at a cost of \$600 for the introduction of the Gimlet Project E63/1740.

- (iii) Options (valued at \$0.007) were issued to the Directors were valued using Black Scholes with the below assumptions:

2016	Unlisted options
Number of options in series	22,600,000
Grant date share price	\$0.007
Exercise price	\$0.0117
Expected volatility	184%
Option life	5 years
Dividend yield	0.00%
Interest rate	2.10%
Total value	\$150,528

9 ISSUED CAPITAL (CONTINUED)

Accounting policy

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

CAPITAL RISK MANAGEMENT

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

Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Company at 30 June 2017 and 30 June 2016 are as follows:

	2017	2016
	\$	\$
Cash and cash equivalents	748,291	617,287
Trade and other receivables	6,579	7,931
Trade and other payables	(35,939)	(36,593)
Working capital position	718,931	588,625

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017
10 RESERVES AND ACCUMULATED LOSSES
(A) OPTION RESERVE

	2017	2016
	\$	\$
Opening balance	1,461,049	1,310,521
Option expenses	109,122	150,528
Closing balance	1,570,171	1,461,049

(B) ACCUMULATED LOSSES

Opening balance	19,509,401	18,953,751
Net loss for the year	674,169	555,650
Closing balance	20,183,570	19,509,401

(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

11 LOSS PER SHARE

	2017	2016
	\$	\$
Loss used to calculate basic EPS	(674,169)	(555,650)
Loss used in calculation of dilutive EPS	(674,169)	(555,650)

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	469,476,745	391,936,334
Weighted average number of ordinary shares outstanding during the year - No. used in calculating diluted EPS	469,476,745	391,936,334

Total basic loss per share attributable to the ordinary equity holders of the Company (cents)	(0.14)	(0.14)
Total diluted loss per share attributable to the ordinary equity holders of the Company (cents)	(0.14)	(0.14)

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.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

12 CAPITAL AND LEASING COMMITMENTS

CAPITAL EXPENDITURE COMMITMENTS

	2017	2016
	\$	\$
Payable:		
- not later than 12 months	30,000	173,000
- between 12 months and 5 years	357,500	606,160
- greater than 5 years	-	241,040
	387,500	1,020,200

13 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 139 as detailed in the accounting policies to these financial statements, are as follows:

	NOTE	2017	2016
		\$	\$
FINANCIAL ASSETS			
Cash and cash equivalents	4	728,291	597,287
Trade and other receivables - current	5	-	1,302
TOTAL FINANCIAL ASSETS		728,291	598,589
FINANCIAL LIABILITIES			
Trade and other payables	9	35,939	36,593
TOTAL FINANCIAL LIABILITIES		35,939	36,593

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

FINANCIAL RISK MANAGEMENT POLICIES

Exposure to key financial risks is managed in accordance with the 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.

13 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial Risk Management Policies (continued)

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 Westpac Banking Corporation, which has a A 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 2017

13 FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL LIABILITY AND FINANCIAL ASSET MATURITY ANALYSIS	WITHIN 1 YEAR		1 TO 5 YEARS		TOTAL CONTRACTUAL CASH FLOW	
	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$
FINANCIAL LIABILITIES						
DUE FOR PAYMENT						
Trade and other payables	35,939	36,593	-	-	35,939	36,593
Total contractual outflows	35,939	36,593	-	-	35,939	36,593
Total expected outflows	35,939	36,593	-	-	35,939	36,593
FINANCIAL ASSETS - CASH FLOWS REALISABLE						
Trade and other receivables	-	1,302	-	-	-	1,302
Total anticipated inflows	-	1,302	-	-	-	1,302

(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.

14 OPERATING SEGMENTS

Terrain Minerals Limited has determined that the Group has one reportable segment, being mineral exploration. As the Group is focused on mineral exploration, the Board monitors the Group 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

15 INTERESTS OF KEY MANAGEMENT PERSONNEL

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of Terrain Minerals Limited's key management personnel for the year ended 30 June 2017.

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

	2017	2016
	\$	\$
Short-term employee benefits	189,996	193,117
Post-employment benefits	14,610	11,440
Share-based payments	109,123	146,531
	313,729	351,088

OTHER KEY MANAGEMENT PERSONNEL TRANSACTIONS

There have been no other transactions with Key Management Personnel.

16 AUDITOR'S REMUNERATION

	2017	2016
	\$	\$
Remuneration of the auditor of the company for:		
BDO Audit (WA) Pty Ltd - auditing or reviewing the financial report	29,000	27,000
	29,000	27,000

17 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017
18 CASH FLOW INFORMATION
(A) RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH LOSS AFTER INCOME TAX

	2017	2016
	\$	\$
Net loss for the year	(674,169)	(555,650)
Other income		
Non-cash items in profit/(loss)		
Depreciation	4,279	2,250
Share based payments	109,122	150,528
Exploration written off	187,038	625
Loss on impairment of receivable	-	468
Changes in assets and liabilities		
Decrease in trade and term receivables	1,352	21,222
(Increase) in prepayments	(519)	(2,521)
(Decrease) in trade payables and accruals	(16,506)	(4,539)
Increase/(decrease) in provisions	-	-
	(389,403)	(387,617)

19 SUBSIDIARIES

Name of entity	Country of incorporation	Ownership interest	
		2017	2016
Rembrandt Mining Pty Ltd	Australia	0% ⁽¹⁾	100%

- (1) 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) for upfront cash consideration of \$5,000, 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 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.

20 EVENTS AFTER THE END OF THE REPORTING DATE

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.

21 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.

(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 company assesses impairment at the end of the reporting period by evaluating conditions specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

KEY JUDGEMENTS – SHARE-BASED PAYMENT TRANSACTIONS

The company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes method. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

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 Group 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.

(C) NEW AND AMENDED STANDARDS ADOPTED BY THE COMPANY

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods and have not been early adopted by the company. The company's assessment of the impact of these new standards and interpretations is set out below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

21 OTHER ACCOUNTING POLICIES (CONTINUED)

Title of standard	Nature of change	Impact	Mandatory application date/ Date adopted by Company
AASB 9 Financial Instruments	AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities. Since December 2013, it also sets out new rules for hedge accounting.	There will be no impact on the Company's accounting for financial assets and financial liabilities, as the new requirements only effect the accounting for available-for-sale financial assets and the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such financial assets or financial liabilities. The new hedging rules align hedge accounting more closely with the Company's risk management practices. As a general rule it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.	Must be applied for financial years commencing on or after 1 January 2018. Therefore application date for the company will be 30 June 2019. The Company does not currently have any hedging arrangements in place.
IFRS 15 (issued June 2014) Revenue from contracts with customers	An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.	Due to the recent release of this standard the Company has not yet made an assessment of the impact of this standard and it is unlikely to have a material impact.	Must be applied for annual reporting periods beginning on or after 1 January 2018. Therefore application date for the Company will be 30 June 2019.
AASB 16 (issued February 2016) Leases	AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 <i>Leases</i> . It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases. There are some optional exemptions for leases with	Due to the recent release of this standard the company has not yet made an assessment of the impact of this standard and it is unlikely to have a material impact.	To the extent that the entity, as lessee, has significant operating leases outstanding at the date of initial application, 1 July 2019, right-of-use assets will be recognised for the amount of the unamortised portion of the useful life, and lease liabilities will be recognised at the present value of the outstanding lease payments. Thereafter, earnings before interest,

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

	<p>a period of 12 months or less and for low value leases.</p> <p>Lessor accounting remains largely unchanged from AASB 117.</p>		<p>depreciation, amortisation and tax (EBITDA) will increase because operating lease expenses currently included in EBITDA will be recognised instead as amortisation of the right-of-use asset, and interest expense on the lease liability. However, there will be an overall reduction in net profit before tax in the early years of a lease because the amortisation and interest charges will exceed the current straight-line expense incurred under AASB 117 <i>Leases</i>. This trend will reverse in the later years.</p> <p>There will be no change to the accounting treatment for short-term leases less than 12 months and leases of low value items, which will continue to be expensed on a straight-line basis.</p>
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The following standards are not yet effective and are not expected to have a significant impact on the Company's consolidated financial statements:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2014-4 'Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2018
AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Tax Losses'	1 January 2017	30 June 2018
AASB 2016-2 'Amendments to Australian Accounting Standards - Disclosure initiative: - Amendments to AASB 107'	1 January 2017	30 June 2018
AASB 2016-3 'Amendments to Australian Accounting Standards - Clarifications to AASB 15	1 January 2018	30 June 2019

TERRAIN MINERALS LIMITED

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2017

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Group 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, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group; 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: 28 September 2017

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) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, 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 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 the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2017 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 Group 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* (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.

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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Accounting for Exploration and Evaluation Assets

Key audit matter	How the matter was addressed in our audit
<p>At 30 June 2017 the carrying value of the capitalised exploration and evaluation asset was \$482,337 (2016: \$401,008), as disclosed in Note 7.</p> <p>As the carrying value of the Exploration and Evaluation Asset represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.</p> <p>Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources. In particular:</p> <ul style="list-style-type: none"> • Whether the conditions for capitalisation are satisfied; • Which elements of exploration and evaluation expenditures qualify for recognition; and • Whether facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining a schedule of the areas of interest held by the Group 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 reviewing the Group's exploration budgets, ASX announcements and director's minutes; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Verifying, on a sample basis, evaluation expenditure capitalised during the year for compliance with the recognition and measurement criteria of AASB 6; and • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • We also assessed the adequacy of the related disclosures in Note 7 to the Financial Statements.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the 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 ability of the group 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 Group 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 at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 26 to 33 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Terrain Minerals Limited, for the year ended 30 June 2017, 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

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

Phillip Murdoch

Director

Perth, 28 September 2017

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

The Board recognises the importance of establishing a comprehensive system of control and accountability as the basis for the administration of corporate governance.

To the extent relevant and practical, the Company has adopted a corporate governance framework that is consistent with *The Corporate Governance Principles and Recommendations (3rd Edition)* as published by ASX Corporate Governance Council ("**Recommendations**").

The Board has adopted the following suite of corporate governance policies and procedures which are contained with the Company's **Corporate Governance Plan**, a copy of which is available on the Company's website at www.terrainminerals.com

- Board Charter
- Corporate Code of Conduct
- Audit and Risk Committee Charter
- Remuneration Committee Charter
- Nomination Committee Charter
- Continuous Disclosure Policy
- Risk Management Policy
- Trading Policy
- Diversity Policy
- Shareholder Communications Strategy
- Performance Evaluation Procedures

The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

In light of the Company's size and nature, the Board considers that the current corporate governance regime is a fit-for-purpose, efficient, practical and cost-effective method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the implementation of additional corporate governance policies and structures will be reviewed.

The Company's compliance and departures from the Recommendations as at the date of this Prospectus are set out on the following pages.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the board, the chair and management; and includes a description of those matters expressly reserved to the board and those delegated to management.	Yes	The Company has adopted a Board Charter which complies with the guidelines prescribed by the ASX Corporate Governance Council. A copy of the Company's Board Charter is available on the Company's website.
Recommendation 1.2 A listed entity should: <ul style="list-style-type: none"> (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director. 	Partly	The Nomination Committee (the function of which is currently performed by the full Board) is responsible for the selection and appointment of members of the Board. The Company's Nomination Committee Charter requires the Nomination Committee to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director. The Company confirms that such checks, albeit on an informal basis only, were undertaken in respect of each of the Company's newly appointed directors. All material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders prior to any general meeting at which a resolution to elect or re-elect a Director will be voted on.
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	The Company has written agreements with all Directors and senior executives of the Company which sets out the terms of their appointment.
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.
Recommendation 1.5 A listed entity should: <ul style="list-style-type: none"> (a) have a diversity policy which includes requirements for the board: <ul style="list-style-type: none"> (i) to set measurable objectives for achieving gender diversity; and 	Partly	The Company has adopted a Diversity Policy however, given the current size of the Company, the Board has determined that the benefits of the initiatives recommended by the ASX Corporate Governance Council in this regard are disproportionate to the costs

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

<p>(ii) to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary or it; and</p> <p>(c) disclose as at the end of each reporting period:</p> <p>(i) the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and</p> <p>(ii) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.</p>		<p>involved in the implementation of such strategies.</p> <p>The Diversity Policy is available on the Company's website.</p> <p>For each reporting period the Company will include in the annual report each year relevant information about the Company's diversity practices to the extent required by its Diversity Policy.</p> <p>At present the Board consists of four directors all of whom are male and two company secretaries, one of whom is female and one is male.</p>
<p>Recommendation 1.6</p> <p>A listed entity should:</p> <p>a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and</p> <p>b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>Partly</p>	<p>The Nomination Committee (the function of which is currently performed by the full Board) is responsible for evaluating the performance of the Board and individual Directors on an annual basis. The process for this is set out in the Company's Performance Evaluation Procedures policy which is available on the Company's website.</p> <p>The Board continually monitors performance in an ongoing way. Whilst there wasn't a formal evaluation undertaken during the reporting period the process of continual evaluation did result in the Board reforming to include additional skills to match the Company's requirements.</p>
<p>Recommendation 1.7</p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the</p>	<p>Yes</p>	<p>The Remuneration Committee (the function of which is currently performed by the full Board) is responsible for evaluating the performance of senior executives on an annual basis in accordance with the Company's Performance Evaluation Procedures policy. The Performance Evaluation Procedures policy is available on the Company's website.</p>

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

reporting period in accordance with that process.		The Board continually monitors performance in an ongoing way. There wasn't a formal evaluation undertaken during the reporting.
Principle 2: Structure the board to add value		
Recommendation 2.1 The board of a listed entity should: <p>(a) have a nomination committee which:</p> <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>	Yes	<p>The Board has determined that the function of the Nomination Committee is most efficiently carried out with full board participation and accordingly, the Company has elected not to establish a separate Nomination Committee at this stage.</p> <p>As a result, the duties that would ordinarily be assigned to the Nomination Committee under the Nomination Committee Charter are carried out by the full board.</p> <p>A copy of the Nomination Committee Charter is available on the Company's website.</p> <p>The Board devotes time to discuss Board succession issues. All members of the Board are to be involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules.</p>
Recommendation 2.2 A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Yes	<p>The Board has established a skill matrix. On a collective basis the Board has the following skills:</p> <p>Strategic expertise - ability to identify and critically assess strategic opportunities and threats and develop strategies</p> <p>Specific Industry knowledge - All members of the Board have a general background and experience in the resources sector</p> <p>Accounting and finance - the ability to read and comprehend the company's accounts, financial material presented to the board, financial reporting requirements and an understanding of corporate finance</p> <p>Legal - overseeing compliance with numerous laws, ensuring appropriate legal and regulatory compliance frameworks and systems are in</p>

		<p>place and understanding an individual director's legal duties and responsibilities</p> <p>Risk management - Identify and monitor risks to which the Company is, or has the potential to be exposed to</p> <p>Experience with financial markets - Experience in working in or raising funds from the equity or capital markets</p> <p>Investor relations - Experience in identifying and establishing relationships with Shareholders, potential investors, institutions and equity analysts</p>
<p>Recommendation 2.3</p> <p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director</p>	Yes	<p>The Non-Executive Chairman, Paul Dickson and Non-Executive Directors Johannes Lin and Trevor Bradley are considered to be independent.</p> <p>The Directors in office at the date of this Statement have served continuously since their respective dates of appointment which are as follows:</p> <ul style="list-style-type: none"> - Paul Dickson: appointed 16 June 2009 - Justin Virgin: appoint 31 July 2012 - Johannes Lin: appointed 1 May 2017 - Trevor Bradley: appointed 1 May 2017
<p>Recommendation 2.4</p> <p>A majority of the board of a listed entity should be independent directors.</p>	Yes	
<p>Recommendation 2.5</p> <p>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	Yes	
<p>Recommendation 2.6</p> <p>A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.</p>	Partially	<p>Whilst the Company does not have a formal induction process all Directors are encouraged to undergo continual professional development and, subject to prior approval by the Chairman, all Directors have access to numerous resources and professional development training to address any skills gaps.</p> <p>In addition, opportunities to develop the skills and experience of individual board members are considered as part of the Company's board</p>

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

		performance review process.
Principle 3: Act ethically and responsibly		
Recommendation 3.1 A listed entity should: <ul style="list-style-type: none"> (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it. 	Yes	<p>The Company has a Corporate Code of Conduct that applies to its Directors, employees and contractors.</p> <p>The Company's Corporate Code of Conduct is available on the Company's website.</p>
Principle 4: Safeguard integrity in financial reporting		
Recommendation 4.1 The board of a listed entity should: <ul style="list-style-type: none"> (a) have an audit committee which: <ul style="list-style-type: none"> (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, and disclose: <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner. 	Partially	<p>The Board has determined that the function of the Audit and Risk Committee is most efficiently carried out with full board participation and accordingly, the Company has elected not to establish a separate Audit and Risk Committee at this stage.</p> <p>As a result, the duties that would ordinarily be assigned to the Audit and Risk Committee under the Audit and Risk Committee Charter are carried out by the full board.</p> <p>The Audit and Risk Committee Charter is available on the Company's website.</p> <p>The Board will devote time on at least an annual basis to consider the robustness of the various internal control systems it has in place to safeguard the integrity of the Company's financial reporting.</p> <p>In addition, the Board will have the opportunity to confer with the Company's external auditors on matters identified during the course of the audit that have the potential to increase the Company's exposure to risks of material misstatements in its financial reports.</p> <p>The full Board also assumes responsibility for recommendations to security holders on the appointment and removal of the external auditor. Audit partner rotations will be enforced in accordance with the relevant guidelines.</p>
Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly	Yes	

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.		
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1 A listed entity should: <ul style="list-style-type: none"> (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it. 	Yes	<p>The Company has adopted a Continuous Disclosure Policy which details the processes and procedures which have been adopted by the Company to ensure that it complies with its continuous disclosure obligations as required under the ASX Listing Rules and other relevant legislation.</p> <p>The Continuous Disclosure Policy is available on the Company's website.</p>
Principle 6: Respect the rights of security holders		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	Yes	Shareholders can access information about the Company and its governance (including its Constitution and adopted governance policies) from the Company's website on the "Corporate Governance" page.
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	<p>The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders.</p> <p>A copy of the Company's Shareholder Communications Strategy policy is available on the Company's website.</p>
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	Shareholders are encouraged to participate at all EGMs and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material with that notice of meeting stating that all Shareholders are encouraged to participate at the meeting.

CORPORATE GOVERNANCE STATEMENT

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Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	Shareholders have the option of electing to receive all shareholder communications by e-mail and can update their communication preferences with the Company's registrar at any time.
Principle 7: Recognise and manage risk		
Recommendation 7.1 The board of a listed entity should: <ul style="list-style-type: none"> (a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework. 	Partially	The Board has determined that the function of the Audit and Risk Committee is most efficiently carried out with full board participation and accordingly, the Company has elected not to establish a separate Audit and Risk Committee at this stage. As a result, the duties that would ordinarily be assigned to the Audit and Risk Committee under the Audit and Risk Committee Charter are carried out by the full board. The Audit and Risk Committee Charter is available on the Company's website. The Board devotes time to fulfil the roles and responsibilities associated with overseeing risk and maintaining the Company's risk management framework.
Recommendation 7.2 The board or a committee of the board should: <ul style="list-style-type: none"> (a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and (b) disclose in relation to each reporting period, whether such a review has taken place. 	Yes	The Company's Risk Management Policy details the Company's disclosure requirements with respect to the review of the Company's risk management procedures and internal compliance and controls. The Board continually monitors risk in an ongoing way. There wasn't a formal evaluation undertaken during the reporting period.
Recommendation 7.3 A listed entity should disclose:	Yes	The Audit and Risk Committee (the function of which is currently performed by the full Board) is responsible for monitoring the need for a

CORPORATE GOVERNANCE STATEMENT

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<p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>		<p>formal internal audit function. Due to the size and nature of the Company's operations, the Company does not consider it necessary to establish a formal internal audit committee at this stage. The Board has responsibility for the management of risk. The effectiveness of the Company's risk management and internal control processes is subject to continual review by the Board.</p>
<p>Recommendation 7.4</p> <p>A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>Yes</p>	<p>The Company's Risk Management Policy details the Company's risk management systems which assist in identifying and managing potential or apparent business, economic, environmental and social sustainability risks (where appropriate).</p>
<p>Principle 8: Remunerate fairly and responsibly</p>		
<p>Recommendation 8.1</p> <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>Yes</p>	<p>Due to its size, the Board has determined that the function of the Remuneration Committee is most efficiently carried out with full board participation and accordingly, the Company has elected not to establish a separate Remuneration Committee at this stage.</p> <p>As a result, the duties that would ordinarily be assigned to the Remuneration Committee under the Remuneration Committee Charter are carried out by the full board.</p> <p>The Remuneration Committee Charter is available on the Company's website.</p> <p>The Board devotes time to discuss the outcome of any performance reviews of its Board and any senior executives, and to consider the level and composition of remuneration for Company directors and senior executives in line with its Remuneration Policy.</p>
<p>Recommendation 8.2</p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that</p>	<p>Yes</p>	<p>The Company's policies and practices regarding the remuneration of non-executive and executive directors and other senior employees are set out in its <i>Remuneration Policy</i>, a copy of which is available on the Company's website.</p>

the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.		
<p>Recommendation 8.3</p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	Yes	<p>The Company's Remuneration Committee (the function of which is currently performed by the full Board) is responsible for the review and approval of any equity-based remuneration schemes offered to Directors and Employees of the Company. Further, the Remuneration Committee Charter provides broad scope for the Committee to administer equity based remuneration schemes which may extend to granting permission, on a case by case basis, for scheme participants to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Scheme.</p> <p>The Company's policy in this regard is set out the Company's Remuneration Committee Charter, a copy of which is available on the Company's website.</p>

ADDITIONAL ASX INFORMATION

FOR THE YEAR ENDED 30 JUNE 2017

The Shareholder information set out below was applicable as at 18 September 2017.

1. Twenty Largest Shareholders

Ordinary Shares	Number	Percentage
Grande Pacific Ltd	28,411,223	5.52
Mr Jonathan Keng Hock Lim	26,564,081	5.16
Acuity Capital Investment Management Pty Ltd <Acuity Capital Holdings A/C>	25,000,000	4.85
Armco Barriers Pty Ltd	16,000,000	3.11
Mr Johannes Y Lin	15,451,548	3.00
HSBC Custody Nominees (Australia) Limited	14,416,198	2.80
Mr Justin Anthony Virgin <J Virgin T/A Stockfeed A/C>	14,300,000	2.78
Van Am Marketing Pty Ltd	10,000,000	1.94
Ms Giovanna Lina Gan	9,000,000	1.75
Mr Boon Kheng Ong	8,070,569	1.57
Mr Keng Hock Jonathan Lim	6,335,115	1.23
Forsyth Barr Custodians Ltd <Forsyth Barr Ltd Nominee A/C>	6,200,000	1.20
Gotha Street Capital Pty Ltd <Blue Sky No 2 A/C>	5,000,000	0.97
Mr Hugh Jonathan Berry	4,583,332	0.89
MP Monsour Medical Practice Pty Ltd <MP Monsour Medical S/F A/C>	4,375,000	0.85
Virgin Pty Ltd <VL S/F A/C>	4,120,000	0.80
Mrs Waltraud Marie Lamaro	4,000,000	0.78
Timms Group Pty Ltd	3,800,000	0.74
Mr Michael Peter Hetrelezis <Mike's Investment A/C>	3,750,000	0.73
Mr Allen Donald Shanks	3,750,000	0.73
Total Top 20	213,127,066	41.40
Other	301,905,158	58.60
Total ordinary shares on issue	515,032,224	100.00

2. Substantial Shareholders

Substantial Holder	Number	Percentage
Grande Pacific Limited/Mr Jonathan Lim	86,310,419*	16.76
* Based on Appendix 3Z dated 1 May 2017		

ADDITIONAL ASX INFORMATION

FOR THE YEAR ENDED 30 JUNE 2017

3. Distribution of Equity Securities (18 September 2017)

(1) Fully paid ordinary shares

	Holders	Ordinary Shares
1 - 1,000	34	7,396
1,001 - 5,000	21	73,857
5,001 - 10,000	40	374,293
10,001 - 100,000	448	26,445,973
100,001 - 9,999,999,999	500	488,130,741
Total	1,043	515,032,224
Number being held less than a marketable parcel	377	

(2) Option range and number of holders

	Unlisted Options – Exercisable at \$0.004 Expiring 24 Dec 2019	Unlisted Options – Exercisable at \$0.03 Expiring 1 Aug 2018	Unlisted Options – Exercisable at \$0.0117 Expiring 7 Dec 2021	Unlisted Options – Exercisable at \$0.0188 Expiring 7 Dec 2021
1 - 1,000	-	-	-	-
1,001 - 5,000	-	-	-	-
5,001 - 10,000	-	-	-	-
10,001 - 100,000	-	-	1	-
100,001 - 9,999,999,999	4	2	5	3
Total	4	2	6	3

377

4. Tenement Listing

The Company has an interest in the following tenements:

Project	Tenement	Status	Interest
Great Western	M37/0054	Granted	100%
	E37/1214	Granted	100%
Forrest	E09/2246	Application	100%
	E09/2247	Application	100%
	E70/5011	Application	100%

5. Mineral Resources and Ore Reserves Statement

The mineral resource estimate for the Great Western Deposit has been completed and reported in accordance with the JORC 2012 code by DataGeo Geological Consultants.

In the course of preparing this mineral resource estimate, various consultants have:

- Reviewed all historical data available for the Great Western deposit;
- Recent drilling was incorporated and mineralisation interpretation was updated based on gold grade, minimum down hole lengths and overall orientation of the main structures;
- Mineralisation interpretation was based on 150 RC and diamond holes totalling approximately 15,600m;
- Mineralisation was solid modelled and loaded into a block model with parent block size of 10mE x 2mN x 5mRL;
- Drill hole samples were composited down hole to 1m length within the mineralisation interpretation;
- The position of existing stopes were determined by reference to the geological logs;
- Grade was estimated using ordinary kriging techniques for lodes with sufficient information and inverse distance to the power of 3 for lodes with less information;
- Composite grades were top cut when required to between 10 and 50g/t and some grade influence restrictions were applied.
- Resource tonnes were determined by default specific gravity values;
- The Mineral Resource was validated against the input data and classified according to geological confidence, continuity of grade and proximity to previously recorded workings that delivered 27,000 tonnes at 13.85g/t Au;
- For reporting of the mineral resource open cut mining is considered likely to be viable to a maximum of 120m below surface with in situ grades of +2g/t. Beneath that underground mining at higher grades (+4g/t) may be possible;
- Knowledge of similar mined deposits in the area were used as the basis of likely metal recovery and amenability of the deposit to conventional processing; and
- Reported the Mineral Resource estimate and compiled the supporting documentation in accordance with the JORC Code, 2012 Edition.

Refer to announcement made 27 March 2017 and the Review of Operations within this Annual Report for further details of the mineral resource estimate for the Great Western Deposit, including the Table below.

The mineral resource is shown in the following Table along with the comparisons to the resources as they were reported as at 30 June 2016 in the second Table below.

Whilst scoping studies to date have provided positive results for the open cut mining and subsequent processing of the Measured and Indicated component of the mineral resource at this time no ore reserve has been determined for the Great Western Deposit.

Reportable Mineral Resource as at 30 June 2017

Great Western Deposit						
Reportable in situ Mineral Resource depleted for mining						
	Open Cut (0.5g/t)		Underground (1.5g/t)		Combined	
Class	Tonnes	Au g/t	Tonnes	Au g/t	Tonnes	Au g/t
Measured	131,000	2.58			131,000	2.58
Indicated	<u>332,000</u>	<u>3.15</u>	17,000	4.03	349,000	3.19
Inferred	128,000	1.45	101,000	2.89	229,000	2.08
TOTAL	<u>591,000</u>	<u>2.65</u>	118,000	3.05	709,000	2.72

The tonnes have been rounded to the nearest 1000

Mineral Resource Summary as at 30 June 2016

Great Western Deposit						
Reportable in situ Mineral Resource depleted for mining						
	Open Cut (0.5g/t)		Underground (1.5g/t)		Combined	
Class	Tonnes	Au g/t	Tonnes	Au g/t	Tonnes	Au g/t
Measured	90,000	2.35			90,000	2.35
Indicated	166,000	2.63	77,000	3.15	243,000	2.80
Inferred	183,000	1.86	153,000	4.72	336,000	3.16
TOTAL	439,000	2.25	230,000	4.20	669,000	2.92

The tonnes have been rounded to the nearest 1000

Note that the mineral resource reported in 2016 was for open cut mining to a depth of 100m below surface with underground beneath that.

Governance Arrangements and Internal Controls

The Company has ensured that the mineral resource estimates quoted above are subject to governance arrangements and internal controls. A summary of these are outlined below.

The mineral resource estimate has been prepared using industry standard practices and are reported in accordance with JORC 2012 guidelines.

Audit of the estimation of mineral resources is addressed as part of the annual internal audit plan approved by the Board in its capacity as the Audit and Risk Committee. In addition to routine internal audit, the Board monitors the mineral resource status by using consultants for the management review/audit mineral resources on an as-needed basis and the Board approves the final outcome.

The mineral resource estimation processes followed internally are well established and are subject to systematic internal and external peer review. Independent technical reviews and audits are undertaken on an as-needs basis as a product of risk assessment.

Competent Persons Statement

Great Western Gold Project – Mineral Resource Estimate

The information relates to the Mineral Resource estimate is based on information compiled by Peter Ball, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy, membership number 109775. Mr Ball is employed by and is a Director of DataGeo Geological Consultants and was contracted by Terrain Minerals Ltd to estimate the mineral resource stated within this announcement. Mr Ball has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 Ball consents to the use of the information within this report in the form and context in which it appears.

Competent Persons Statement

Gimlet, Rembrandt and Great Western - Exploration

The information in this report that relates to Exploration Results is based on information compiled by Mr. G. Purcell, who is a Member of the Australian Institute of Geoscientists and a consultant to Terrain Minerals Limited. Mr Purcell 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. Purcell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

6. Unquoted Securities

Other than as detailed in the Directors shareholding sections of the Annual Report, there are no investors holding more than 20% of the Company's unlisted options.

7. Voluntary Escrow

There are currently no ordinary shares in voluntary escrow.

8. Voting Rights

See Note 9 to the Financial Statements.

9. On-Market Buy Back

There is currently no on-market buyback program for any of the Company's listed securities.