



TERRAIN MINERALS LTD
ABN 45 116 153 514
ASX: TMX

INTERIM FINANCIAL REPORT 31 DECEMBER 2018

Note: The information contained in this condensed report is to be read in conjunction with Terrain Minerals Limited 2018 annual report and any announcements made by the company during the half-year period ended 31 December 2018

TERRAIN MINERALS LIMITED

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

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TERRAIN MINERALS LIMITED

CORPORATE DIRECTORY

Terrain Minerals Limited Board

Trevor Bradley

Non-Executive Director - Geology

Justin Virgin

Executive Director

Johannes Lin

Non-Executive Director

Erlyn Dale and Winton Willesee

Joint Company Secretaries

Share Register

Computershare Investor Services Pty Ltd

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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

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

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TERRAIN MINERALS LIMITED

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Your directors present their report, together with the financial statements of Terrain Minerals Limited ("Terrain" or "the Company") for the half year ended 31 December 2018.

DIRECTORS

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

Current Directors

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

Former Directors

Mr Paul Dickson	Non-Executive Chairman – resigned 22 November 2018
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COMPANY SECRETARY

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 qualifications in Accounting and a number of other relevant areas.

OPERATING RESULTS AND REVIEW OF OPERATIONS FOR THE HALF YEAR

The loss from ordinary activities after providing for income tax for the half year amounted to \$229,544 (2017: loss of \$245,349) and had a net cash outflow from operations of \$242,028 for the half-year (2017: \$218,849 outflow).

Review of Operations

Great Western, Gold Project (100% Terrain) the project is situated 76km North of Leonora and is 1km off the Goldfields Highway on Weebo pastoral leases & forms part of the historic Wilsons Patch mining area. Terrain considers this as an advanced & almost a ready to mine opportunity with the potential of becoming larger.

Great Western Gold Project:

- Bulk Metallurgical Testing Gold Recovery by oxidation (weathering) stages:
 - **Oxide** (Completely weathered) mineralisation **96.6% Au Recovery**
 - **Transition** (Partially weathered) mineralisation **95.8% Au Recovery**
 - **Fresh** (Unweathered) mineralisation **96.4% Au Recovery**
- Designing of a follow up exploration program on Wild-viper E27/1214 (area around Great Western), Based on a new internal structural interpretation.
- Options to monetise GW continue with Joint venture, full sales opportunities discussions continue to advance.

Red Mulga - Base Metal exploration (100% Terrain) project is situated ~170km NNE of Geraldton in the Yilgarn Craton, Western Australia's Murchison region located on Yallalong station. Several field trips of mapping, rock chip and soil sampling confirmed that the model of mineralisation established from the initial field evaluation and sampling in October 2017 is valid and this under explored area has the potential for base metals.

Red Mulga – Positive results from completed drilling:

- MG1 & 2 Pipe-like ultramafic intrusion - Cobalt & Nickel Targets.
- Thumb Epithermal Vein – Copper & Gold Target.
- Northeast Epithermal Veins – Antimony.

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Project Review Process, Terrain Minerals is currently searching and has been assessing potential company making projects. Gold, Nickel and Cobalt/copper as well as other energy and industrial minerals in Australia, Africa, North and South America (including other regions).

All economic commodities are being considered as indicated in previous Quarterly reports. Exploration activities in WA will continue to be advanced and several WA based gold projects are currently being reviewed.

During the period one of Terrain's directors and a geologist conducted a field trip to South America to review a potential opportunity for the Company.

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

EVENTS AFTER THE END OF THE REPORTING PERIOD

Other than mentioned above or elsewhere in this report, financial statements or note thereto, at the date of this report there are no matters or circumstances that have arisen since the end of the half year which significantly affected or could significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the half year ended 31 December 2018 has been received and can be found on page 4 of the interim financial report.

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



Mr Justin Virgin

Executive Director

Dated: 13 March 2019

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

As lead auditor for the review of Terrain Minerals Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

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



Phillip Murdoch
Director

BDO Audit (WA) Pty Ltd
Perth, 13 March 2019

TERRAIN MINERALS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

		31 DECEMBER 2018 \$	31 DECEMBER 2017 \$
Revenue from Continuing Operations	2	1,972	1,775
Employee benefits expense		(107,578)	(101,025)
Occupancy expenses		(6,600)	(6,600)
Share based payment expense	10	(9,085)	(36,628)
Administrative expenses		(108,253)	(102,871)
Loss before income tax		(229,544)	(245,349)
Income tax expense		-	-
Loss for the half year after tax		(229,544)	(245,349)
Other comprehensive income		-	-
Total comprehensive loss for the half year		(229,544)	(245,349)
Total comprehensive loss for the half year attributable to members of Terrain Minerals Ltd:		(229,544)	(245,349)
Loss per share attributable to owners of TMX			
Basic and dilutive loss per share (cents)		(0.04)	(0.05)

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

TERRAIN MINERALS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		31 DECEMBER	30 JUNE
	NOTE	2018	2018
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		641,382	1,056,776
Trade and other receivables	3	7,263	11,604
Other assets		20,124	8,564
TOTAL CURRENT ASSETS		668,769	1,076,944
NON-CURRENT ASSETS			
Other receivables		20,000	20,000
Deferred exploration and evaluation expenditure	4	760,093	578,892
TOTAL NON-CURRENT ASSETS		780,093	598,892
TOTAL ASSETS		1,448,862	1,675,836
CURRENT LIABILITIES			
Trade and other payables		28,139	34,654
TOTAL CURRENT LIABILITIES		28,139	34,654
TOTAL LIABILITIES		28,139	34,654
NET ASSETS		1,420,723	1,641,182
EQUITY			
Issued capital	5(a)	20,670,229	20,670,229
Reserves		1,615,884	1,606,799
Accumulated losses		(20,865,390)	(20,635,846)
TOTAL EQUITY		1,420,723	1,641,182

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

TERRAIN MINERALS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

31 DECEMBER 2018

		ORDINARY SHARES \$	ACCUMULATED LOSSES \$	SHARE BASED PAYMENT RESERVE \$	TOTAL \$
Balance at 1 July 2018		20,670,229	(20,635,846)	1,606,799	1,641,182
Loss attributable to members of the company		-	(229,544)	-	(229,544)
Other comprehensive loss for the half year		-	-	-	-
Total comprehensive loss for the half year		-	(229,544)	-	(229,544)
Transactions with owners, in their capacity as owners, and other transfer					
Options issued to directors and related parties	10	-	-	9,085	9,085
Balance at 31 December 2018		20,670,229	(20,865,390)	1,615,884	1,420,723

31 DECEMBER 2017

		ORDINARY SHARES \$	ACCUMULATED LOSSES \$	SHARE BASED PAYMENT RESERVE \$	TOTAL \$
Balance at 1 July 2017		19,829,146	(20,183,570)	1,570,171	1,215,747
Loss attributable to members of the company		-	(245,349)	-	(245,349)
Other comprehensive loss for the half year		-	-	-	-
Total comprehensive loss for the half year		-	(245,349)	-	(245,349)
Transactions with owners, in their capacity as owners, and other transfer					
Contributions of equity, net of transaction costs		297,045	-	-	297,045
Options issued to directors and related parties	10	-	-	36,628	36,628
Balance at 31 December 2017		20,126,191	(20,428,919)	1,606,799	1,304,071

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

TERRAIN MINERALS LIMITED

STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	31 DECEMBER 2018 \$	31 DECEMBER 2017 \$
CASH FROM OPERATING ACTIVITIES:		
Payments to suppliers and employees	(244,174)	(220,624)
Interest received	2,146	1,775
Net cash used in operating activities	(242,028)	(218,849)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for exploration expenditure	(173,366)	(47,783)
Net cash used in investing activities	(173,366)	(47,783)
CASH FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	-	300,000
Share issue costs	-	(2,955)
Net cash provided by financing activities	-	297,045
Net cash increase in cash and cash equivalents	(415,394)	30,413
Cash and cash equivalents at beginning of the half year	1,056,776	728,291
Cash and cash equivalents at end of the half year	641,382	758,704

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

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

Statement of compliance

These interim financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2018 and any public announcements made by Terrain Minerals Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period other than those identified below under 'Basis of preparation and changes to the Company's accounting policies'.

Critical accounting estimates and significant judgements

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the Company accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the period ended 30 June 2018.

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

- AASB 15 Revenue from Contracts with Customers; and
- AASB 9 Financial Instruments.

There is no impact on the Company on adoption for the period ended 31 December 2018.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation and changes to the Company's accounting policies

AASB 15 Revenue from contracts with Customers

AASB 15 Revenue from contracts with Customers replaces *AASB 118 Revenue*. AASB 15 was adopted by the Company on 1 July 2018. AASB 15 provides a single, principles-based five-step model to be applied to all contracts with customers.

The Company has considered AASB 15 in detail and determined that the impact on the Company's revenue from contracts under AASB 15 is immaterial for the period.

The Company's new revenue accounting policy is detailed below:

Revenue is recognised when or as the Company transfers control of goods or services to a customer at the amount to which the Company expects to be entitled. If the consideration promised includes a variable component, the Company estimates the expected consideration for the estimated impact of the variable component at the point of recognition and re-estimated at every reporting period.

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces the provisions of AASB 139 *Financial Instruments: Recognition and Measurement* that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 Financial Instruments from 1 July 2018 did not give rise to any material transitional adjustments. The new accounting policies (applicable from 1 July 2018) are set out below.

In accordance with the transitional provisions in AASB 9(7.2.15) and (7.2.26), comparative figures have not been restated.

Classification and measurement

Except for certain trade receivables the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under AASB 9 financial assets are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: The Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment

From 1 July 2018 the Company assesses on a forward-looking basis the expected credit losses (ECLs) associated with its debt instruments carried at amortised cost and FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Company assesses at each balance date whether there is objective evidence that a financial asset or Company of financial assets is impaired. For trade and other receivables, the Company applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience.

New and amended standards not yet adopted by the Company

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting period. The Company's assessment of the impact of these new standards and interpretations that may have an impact on the Company is set out below:

AASB 16 Leases

AASB 16 requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months. Terrain has not yet determined the impact on the Company accounts, however it is likely that the rental of office premises in WA and miscellaneous items such as a photocopier will require Terrain to recognise lease liabilities and right-of-use assets on its' statement of financial position. This standard is not applicable until the financial year commencing 1 July 2019.

Going Concern

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

The Company incurred a net loss of \$229,544 for the half-year to 31 December 2018 and had a net cash outflow from operations including exploration and evaluation activities of \$415,394 for the half-year. Notwithstanding this, the financial report has been prepared on a going concern basis which the Directors consider to be appropriate based upon the available cash assets of \$641,382 as at 31 December 2018.

The ability of the Company to continue as a going concern is dependent on the Company being able to raise additional funds as required to meet ongoing exploration commitments and for working capital. These conditions indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Directors believe that they will be able to raise additional capital as required and are in the process of evaluating the Company's cash requirements. The Directors believe that the Company will continue as a going concern. As a result, the financial report has been prepared on a going concern basis. However, should the Company be unsuccessful in undertaking additional raisings, the Company may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Company not continue as a going concern.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

NOTE 2: REVENUE FROM CONTINUING OPERATIONS

	31 DECEMBER	31 DECEMBER
	2018	2017
	\$	\$
Interest income	1,972	1,775
	<u>1,972</u>	<u>1,775</u>

NOTE 3: TRADE AND OTHER RECEIVABLES

	31 DECEMBER	30 JUNE
	2018	2018
	\$	\$
CURRENT		
GST	7,263	11,604
	<u>7,263</u>	<u>11,604</u>

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 4: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

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

	31 DECEMBER	30 JUNE
	2018	2018
	\$	\$
Carrying amount at beginning of period	578,892	482,337
Capitalised Expenditure	181,201	96,555
	<u>760,093</u>	<u>578,892</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 prior 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 that there is no write down for the period ending 31 December 2018 (June 2018: Nil).

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 5: ISSUED CAPITAL

	31 DECEMBER	30 JUNE
	2018	2018
	\$	\$
643,732,009 (30 June 2018: 643,732,009) Ordinary shares	20,670,229	20,670,229

(A) ORDINARY SHARES

Movements in ordinary share capital

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

Description	Date	Number of shares	Issue Price	\$
30 June 2018 Opening balance		643,732,009		20,670,229
Closing balance	31 December 2018	643,732,009		20,670,229

Description	Date	Number of shares	Issue Price	\$
30 June 2017 Opening balance		515,032,224		19,829,146
Placement (i)	18 December 2017	25,000,000	\$0.0077	192,500
Placement (i)	18 December 2017	14,930,556	\$0.0072	107,500
Less: transaction costs		-		(2,955)
Closing balance	31 December 2017	554,962,780		20,126,191

i. On 18 December 2017 Terrain completed a placement. The placement was done in two tranches of:

- 25,000,000 shares issued at \$0.0077; and
- 14,930,556 shares issued at \$0.0072

(B) OPTIONS

For information relating to Terrain Minerals Limited employee option plan, including details of options issued, exercised and lapsed during the financial half year and the options outstanding at half year end refer to **Note 10**.

NOTE 6: OPERATING SEGMENTS

Management has determined that the company has one reportable segment, being mineral exploration in Western Australia. As the company is focused on mineral exploration, the Board (the chief operating decision maker) monitors the company based on actual versus budgeted exploration expenditure incurred by the company as a whole. This reporting framework is the most relevant to assist the Board with making decisions regarding the company and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date. The reportable segment is represented by the primary statements forming this financial report.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 7: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In the opinion of the Directors, the company did not have any contingencies at 31 December 2018 (30 June 2018: Nil).

NOTE 8: COMMITMENTS AND CONTINGENCIES

There has been no change in contingent liabilities or commitments since the last annual report.

NOTE 9: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. There were no significant changes in the nature of related party transactions since 30 June 2018. (Refer to **Note 10** for options issued to Directors)

NOTE 10: SHARE-BASED PAYMENTS

2018

On 22 November 2018 Terrain Minerals Limited issued 3,000,000 options exercisable at \$0.0085 expiring on or before 22 November 2023.

The 3,000,000 options were issued to Mr Trevor Bradley and were valued at \$9,085 following shareholder approval at the annual general meeting held on 22 November 2018.

The weighted average fair value of those equity instruments, determined by reference to market price, was \$0.003.

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

Included under employee benefits expense in the statement of profit or loss and other comprehensive income is \$9,085, which relates to equity-settled share-based payment transactions (2017:\$ 36,628).

The assumptions used for the options valuation are as follows:

Exercise Price	\$0.0085
Expected Life	5 years
Share Price at Time of Issue	\$0.004
Expected Volatility	120%
Risk Free Interest Rate	2.34%
Option Value	\$0.003

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 11: EVENTS AFTER THE END OF THE REPORTING PERIOD

Other than mentioned above or elsewhere in this report, financial statements or note thereto, at the date of this report there are no matters or circumstances that have arisen since the end of the half year which significantly affected or could significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

TERRAIN MINERALS LIMITED

DIRECTORS DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 16, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standard 134, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the financial position as at 31 December 2018 and of the performance for the half year ended on that date of the company;
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Mr Justin Virgin

Executive Director

Dated: 13 March 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Terrain Minerals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Terrain Minerals Limited (the Company), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year then ended, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Company's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Emphasis of matter - Material uncertainty relating to going concern

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

Directors' responsibility for the Half-Year Financial Report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 31 December 2018 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



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

Independence

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

BDO Audit (WA) Pty Ltd

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

Phillip Murdoch

Director

Perth, 13 March 2019