

ASX Announcement



10 January 2020

ABN: 45 116 153 514

ASX: TMX

Quarterly Activities Report: December 2019

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

HIGHLIGHTS:

- **Great Western - Gold Project (Option Agreement Signed for Sale to Red5 Limited)**
 - Project optioned to Red5 Limited (ASX: RED), due diligence drilling program to be completed.
 - \$300,000 cash option fee received (non-refundable).
 - If the option is exercised by Red5 Limited a further \$2,200,000 worth of tradable shares in Red5 Limited will be issued to Terrain.

- **Smokebush – New Gold Exploration Project**
 - Data review completed and joint venture agreement executed.
 - First mapping & sampling site visit scheduled for January 2020.
 - The best historical results include:
 - **Monza:**
 - 2m @ 11.3g/t Au from 70m (MMRC162 - RC)
 - 2m @ 9.2g/t Au from 24m (MMRC154 - RC)
 - **Hurley & T17:**
 - 10m @ 1.4g/t Au from 15m (MM084 - RAB)
 - 2m @ 2.5g/t Au from 51m (MMRC074 - RC)
 - **Wildflower:**
 - 15m @ 1.4g/t Au from 10m (MM110 - RAB)

- **Wild-Viper - Gold Exploration**
 - Target generation studies continue.

- **Corporate Update**
 - Results of Annual General Meeting - all resolutions approved.
 - Project review process continues.

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Great Western – Gold Project

Execution of Option Agreement: Sale of Great Western Project

During the quarter Terrain entered into an option agreement for the sale of its Great Western gold project (M37/54) with ASX listed Red5 Limited (ASX: RED) ("Red5") ("Option Agreement"). In the event that the option is exercised the total value of the sale will be \$2,500,000 which includes a \$300,000 cash non-refundable option fee that has been received.

Total Value of Completed Transaction \$2,500,000 (plus GST)

Under the terms of the Option Agreement Red5 will pay Terrain an option fee of \$300,000 plus GST. The Option Agreement gives Red5 the right to conduct due diligence drilling into the existing JORC resource, consisting of up to three reverse circulation holes and three diamond core holes during the option period, which ends on 8 April 2020. Terrain has the right to have a representative on-site during drilling and intends to take duplicate samples.

Under the terms of the Option Agreement and sale agreement up to 100 hectares can be annexed from graticular blocks 231 Q and R which are part of the Wild-viper E37/1214 project area, for the purpose for waste and ore storage. Terrain will retain the rest of the highly prospective Wild-viper gold project and intends to continue gold exploration.

On or before the option's expiry date Red5 can notify Terrain in writing of its intentions to purchase Great Western for the agreed value of \$2,200,000 dollars of freely tradable shares in Red5. The share price will be calculated on a 5-day VWAP prior to the completion date. The completion date will be the latter of 3 days after execution of the formal sale and purchase agreement for the Great Western gold project or, if Red5 is required to hold an EGM or issue a cleansing prospectus rather than issue a cleansing notice, the date of the EGM or the date of issue of the cleansing prospectus. A table of the possible calculation dates for the VWAP of the shares is set out in Appendix 2 hereto. In the event that Red5 has to hold an EGM or issue a cleansing prospectus it will pay penalty interest of 10% in cash for the period of the delay of the completion date.

If the option expires unexercised, Terrain will retain ownership of Great Western, and the \$300,000 cash option fee, as well as ownership of all of the related exploration data from the due diligence drill campaign at no cost.

The exploration data includes all mineral samples, reports from the drilling (including the cores), all minerals and metalogical results and all related expenditure. Any land disturbances caused by Red5 will be rehabilitated by Red5 to the extent legally required.

The Board of Terrain believes that this is a great outcome and opportunity for both companies. The share payment allows Terrain to maintain exposure to the development of Great Western as well as exposure to Red5's WA based gold producing operations and more importantly exposure to the K.O.T.H project situated north of Leanora WA which the Board believes is an exciting and growing exploration project that is starting to show real potential of becoming a substantial standalone gold project.

Refer to: Appendix 1 & 2 located at the back of this document for additional information.

Note: For additional information refer to ASX announcement:

- 11/11/2019 - Execution of Option Agreement for the Sale of Great Western Gold Project.

About Great Western Gold Deposit

The Great Western Gold Project is situated 76km north of Leanora and is 1km off the Goldfields Highway on Weebo pastoral leases which is 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. Recent regional interpretations have also highlighted additional exploration targets within the immediate area.

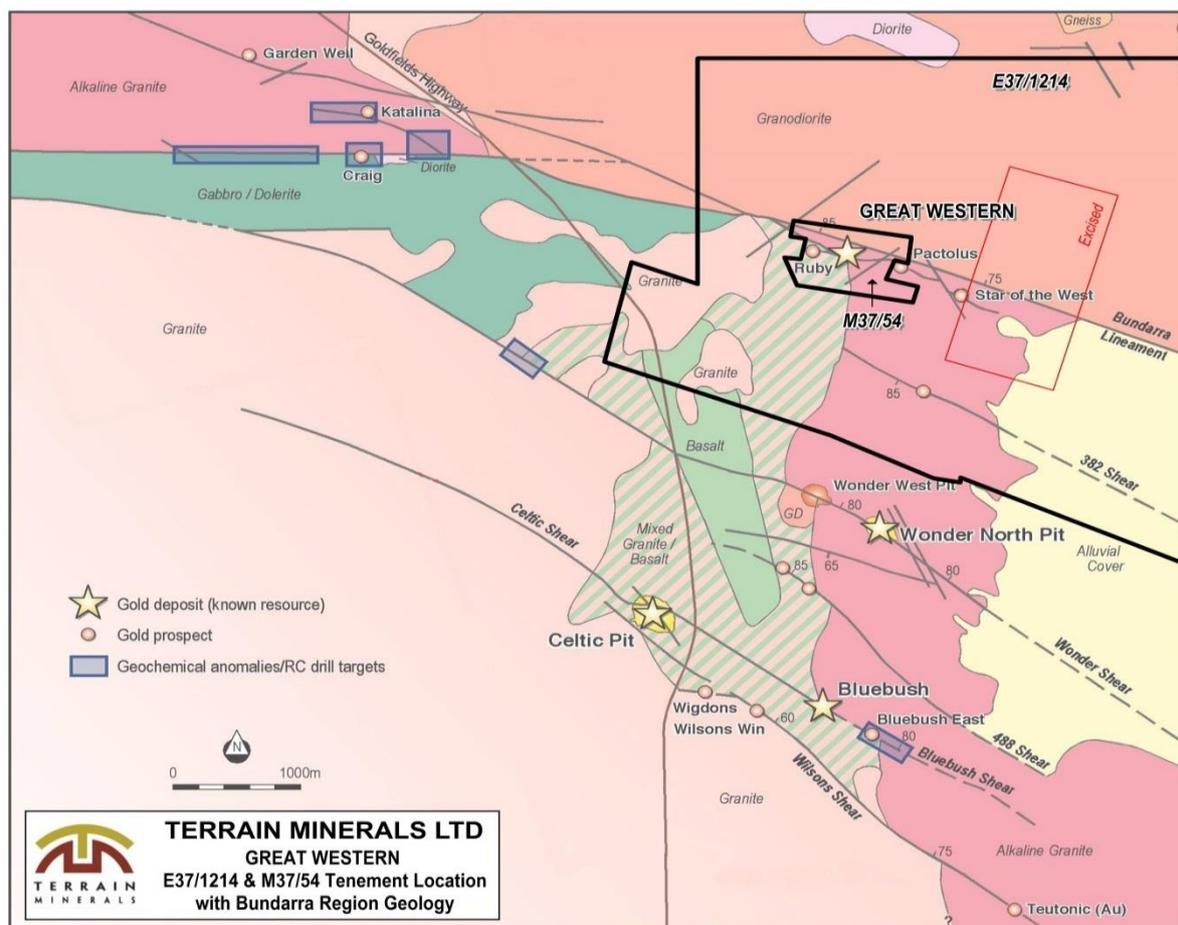


Diagram 1. Great Western Project M37/54 within the Wildviper project area E37/1214. The Wildviper tenement areas is not include in the sales option agreement with Red5 Ltd.

Note: For additional information refer to ASX announcement:

- 27/03/2017 – JORC 2012 Resource Upgrade at Great Western Compliance & Project Update.
- 17/09/2018 - Excellent Metallurgical Recovery Results & Update on Priority Drilling at Great Western Gold Project.

Smokebush – New Gold Exploration Project

Farm-in Agreement for the Smokebush Gold Project at Mt Mulgine, 65km West of Paynes Find WA

Terrain has entered into a farm-in agreement for the Smokebush Gold Exploration Project.

This agreement was executed following the positive findings from the review of the historic data set, which is extensive.

Farm-in Terms:

- Earn 80% by \$250,000 AUD expenditure over 2 years.
- Issue vendor 5,000,000 fully ordinary share in Terrain (12-month escrow).
- Future Payments of up to \$500,000 in cash or shares based on milestones.
- Vendors 20% free carry until completion of feasibility study.
- The vendor's 20% free carried interest will convert to a 1% NSR royalty if the vendor decides not to contribute. Terrain has first right of refusal to purchase the 20%.

The Smokebush Exploration package consists of five tenements that cover approximately ~1,732 hectares within the Yalgoo Mineral Field of Western Australia. The mineral tenements are located approximately 65 kilometres West of the town of Paynes Find and adjacent to Mt Mulgine (refer to diagram 1).

The geology of the area consists predominantly of a complexly folded, regionally metamorphosed Archaean greenstone sequence at the southern end of the Yalgoo Singleton Greenstone Belt that has been subjected to multi-phase granitoid intrusion. Located adjacent to a large tungsten resource at Mt Mulgine (Tungsten Mining NL) and a number of recently developed gold open pit mines (Minjar Gold Pty Ltd).

Tenements: E59/2234, P59/2125, P59/2126, P59/2127 & P59/2128.

Refer to: Appendix 3, located at the back of this document for additional information.

Note: For additional information refer to ASX announcement: 02 December 2019 - Farm-in Agreement for the Smokebush Gold Project at Mt Mulgine, 65km West of Paynes Find WA.

Smokebush - Project Data Review

Smokebush Exceptional Historic Drilling Results Identified During Project Due Diligence

The data review has identified extensive untested surface gold geochemical anomalies as well as highlighting significant RC and RAB gold drilling intersections from sparse first pass drilling.

The best historical results include:

Monza:

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

Hurley & T17:

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

Wildflower:

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

The historic drilling is considered sparse and requires follow up exploration activities to properly test these significant results. Terrain is now planning a site visit to gain a better understanding of the possible controls of mineralisation before designing the next stage of exploration activities.

Location & Access

The Smokebush Project Area is located approximately 85 kilometres east northeast of the Perenjori township and 65 kilometres west of Paynes Find within the Yalgoo Mineral Field.

The project is contained within four contiguous Prospecting Licenses (P59/2125, P59/2126, P59/2127 & P59/2128) and one Exploration Licence (E59/2234) enclosing a total area of approximately 1,254 hectares (Figure 1).

The tenements can be accessed via the unsealed Perenjori - Warriedar Road, and thence via extensive historical exploration grid lines, station tracks and fences lines.

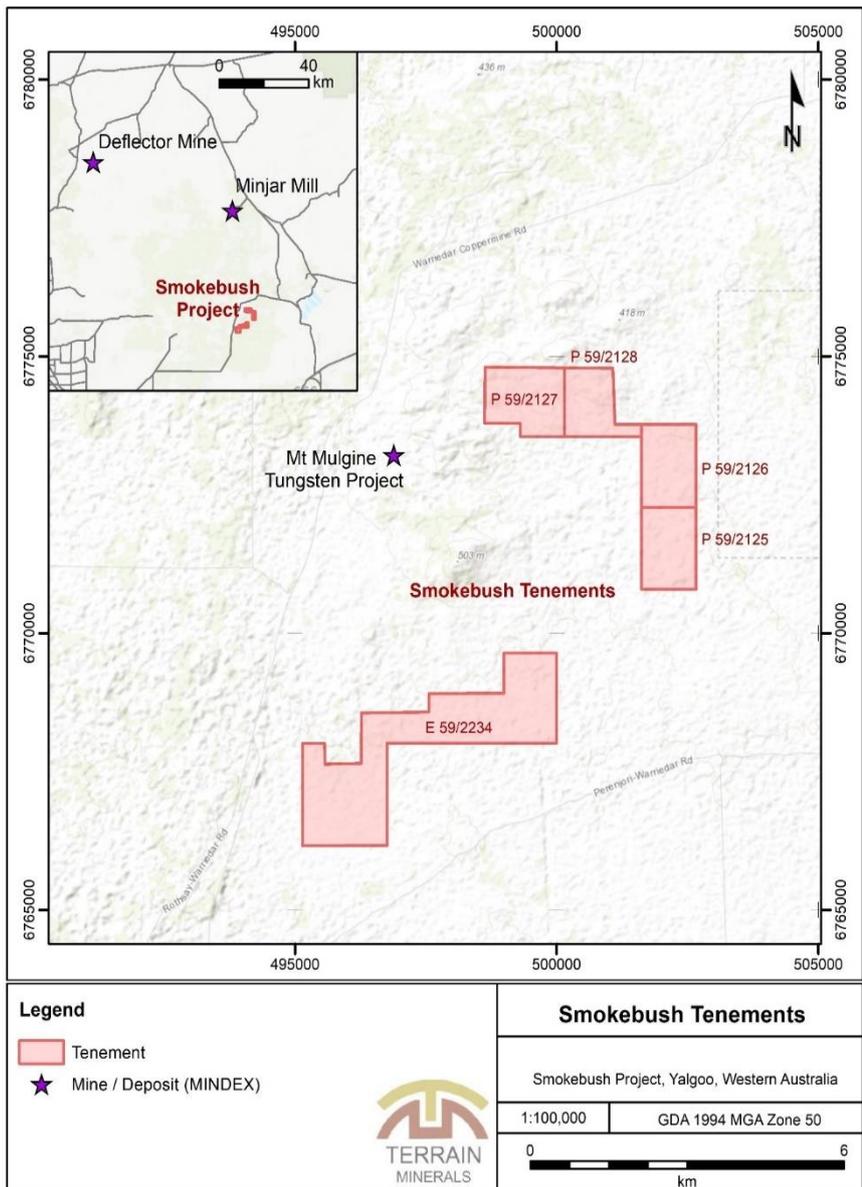


Figure 1: SmokeBush Project Location (Tenements outlines in Red)

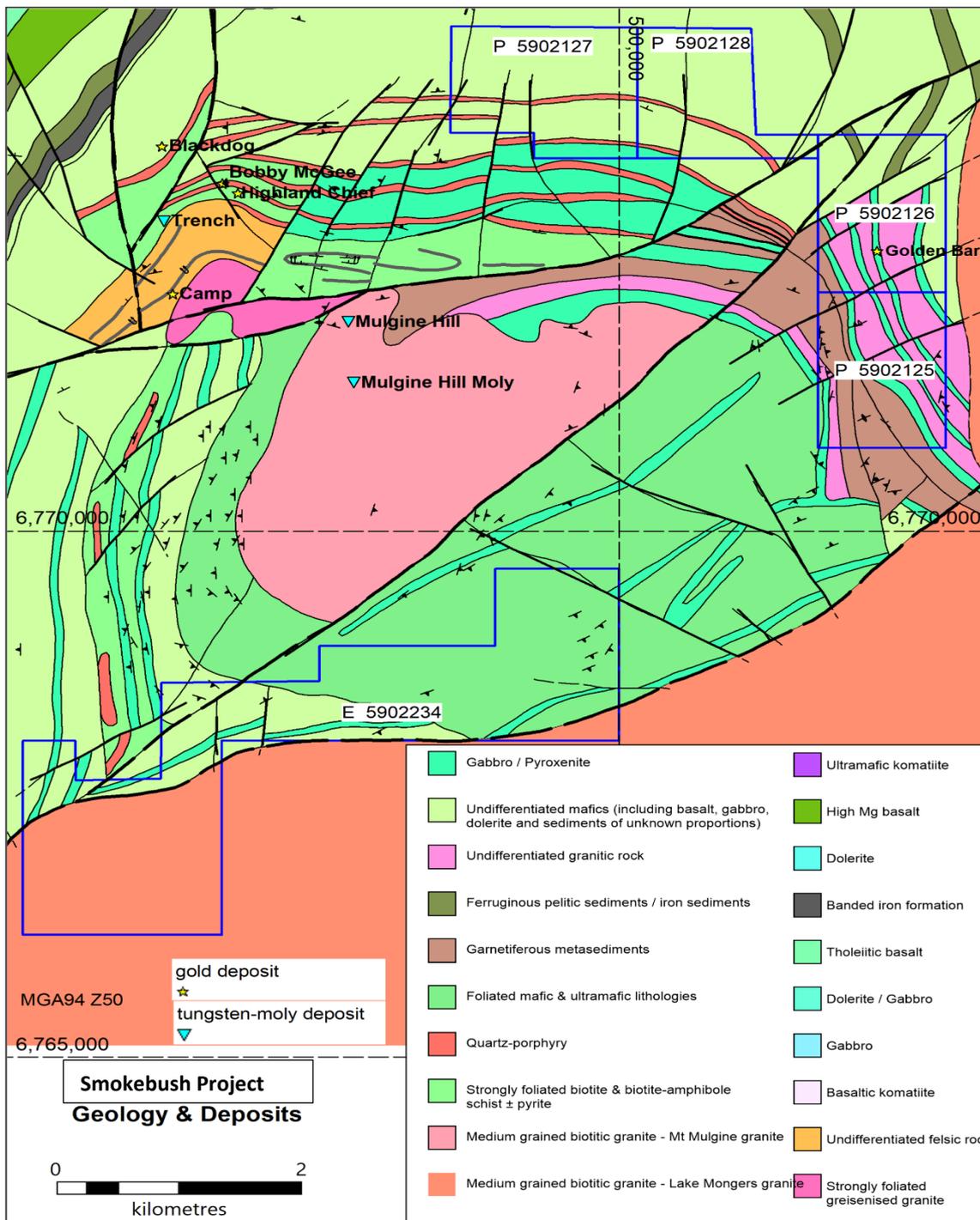


Figure 2: Interpreted Geology Mt Mulgine with the Smokebush tenements in blue outlines

Geochemical Targets

Substantial historical surface geochemical sampling programs have been conducted across the area of the tenements (Figure 4). The majority of geochemical data generated during the historic gold exploration programs consistently analysed gold, arsenic and copper (Figures 5, to 11). Analysis for tungsten and its stablemate, molybdenum, were less frequent (Figure 8), and the appearance of analysis for those particular refractory elements seems to have been a function of trends in the tungsten market.

The historic publicly open file surface geochemical gold and chalcophile assays (As, Cu) were imported and gridded using Mapinfo (Inverse Distance Squared interpolation) to generate geochemical images for gold, arsenic and copper (Figure 9 to 11). Rock chip samples were also included in this review.

The historical gold exploration targets at T13, Monza, Hurley, Wildflower and T16 are defined by elevated gold soil geochemistry >19ppb (0.019 ppm). Elevated arsenic >20ppm is coincident with all of the gold anomalies, however the elevated arsenic geochemistry on the western part of E59/2234 is pervasive and a broad zone of +80ppm arsenic in that area seems to be associated with a major structural contact between granite and greenstone (Figure 2 & 10).

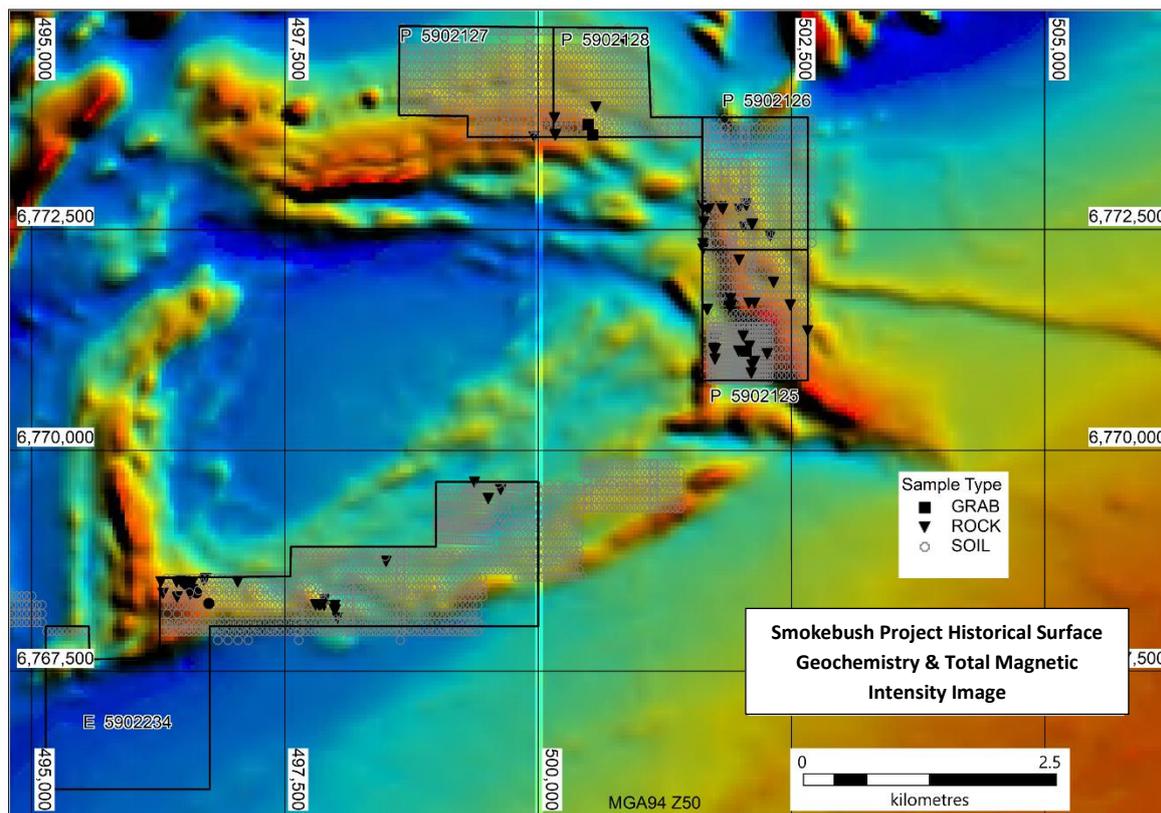


Figure 4: Thematic map showing historical surface geochemical samples

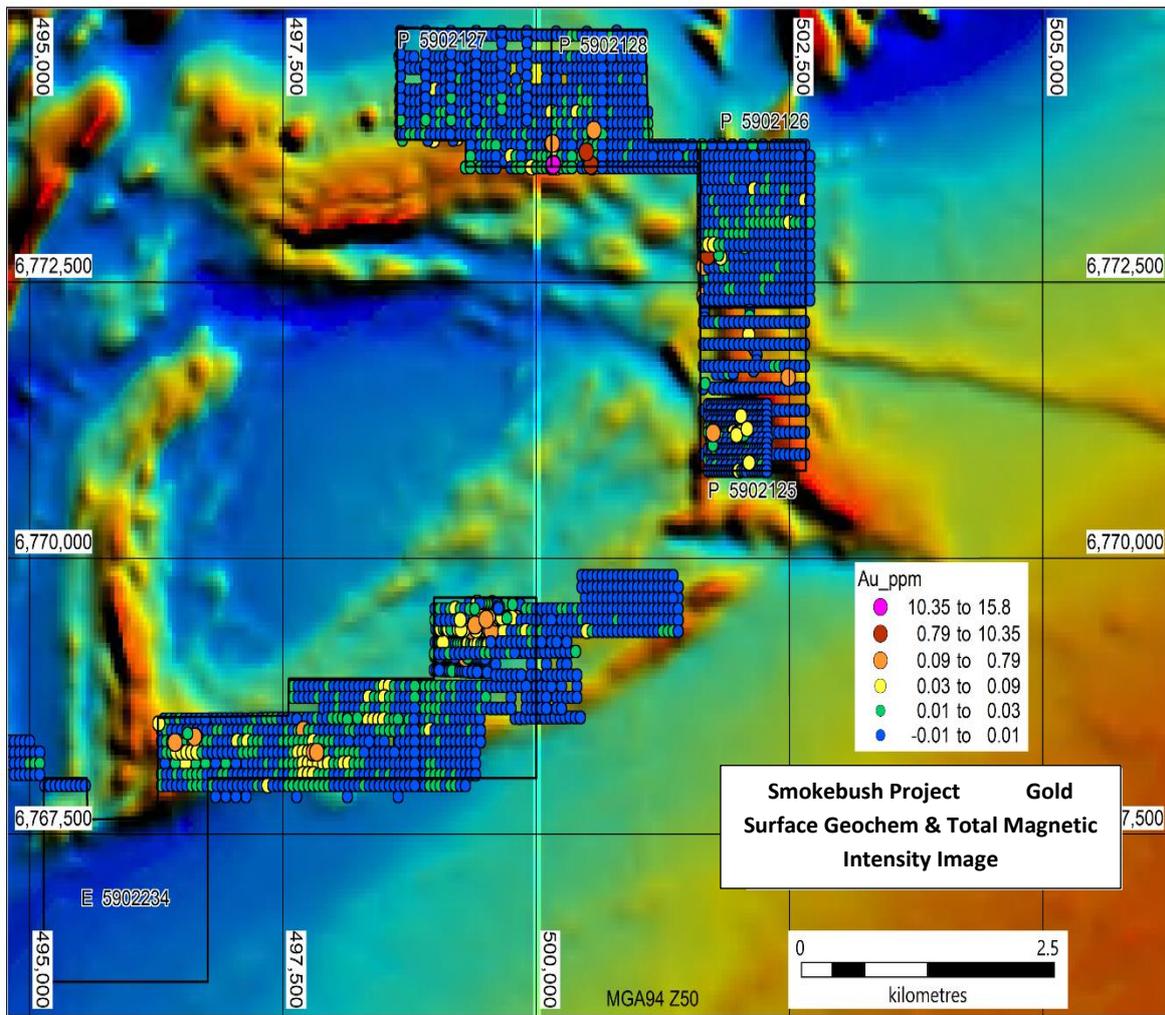


Figure 5: Thematic map of surface gold geochemistry

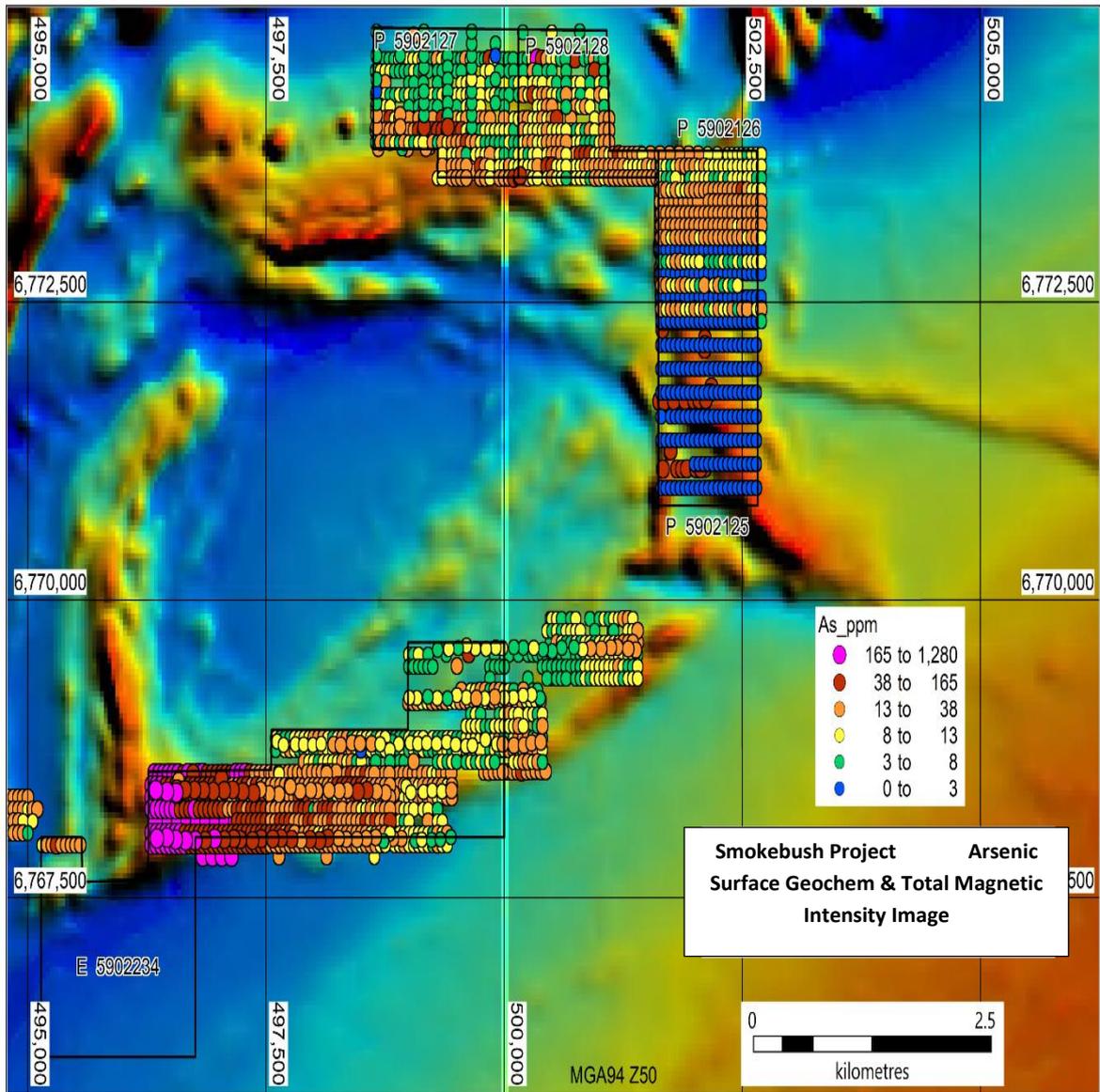


Figure 6: Thematic map of surface arsenic geochemistry

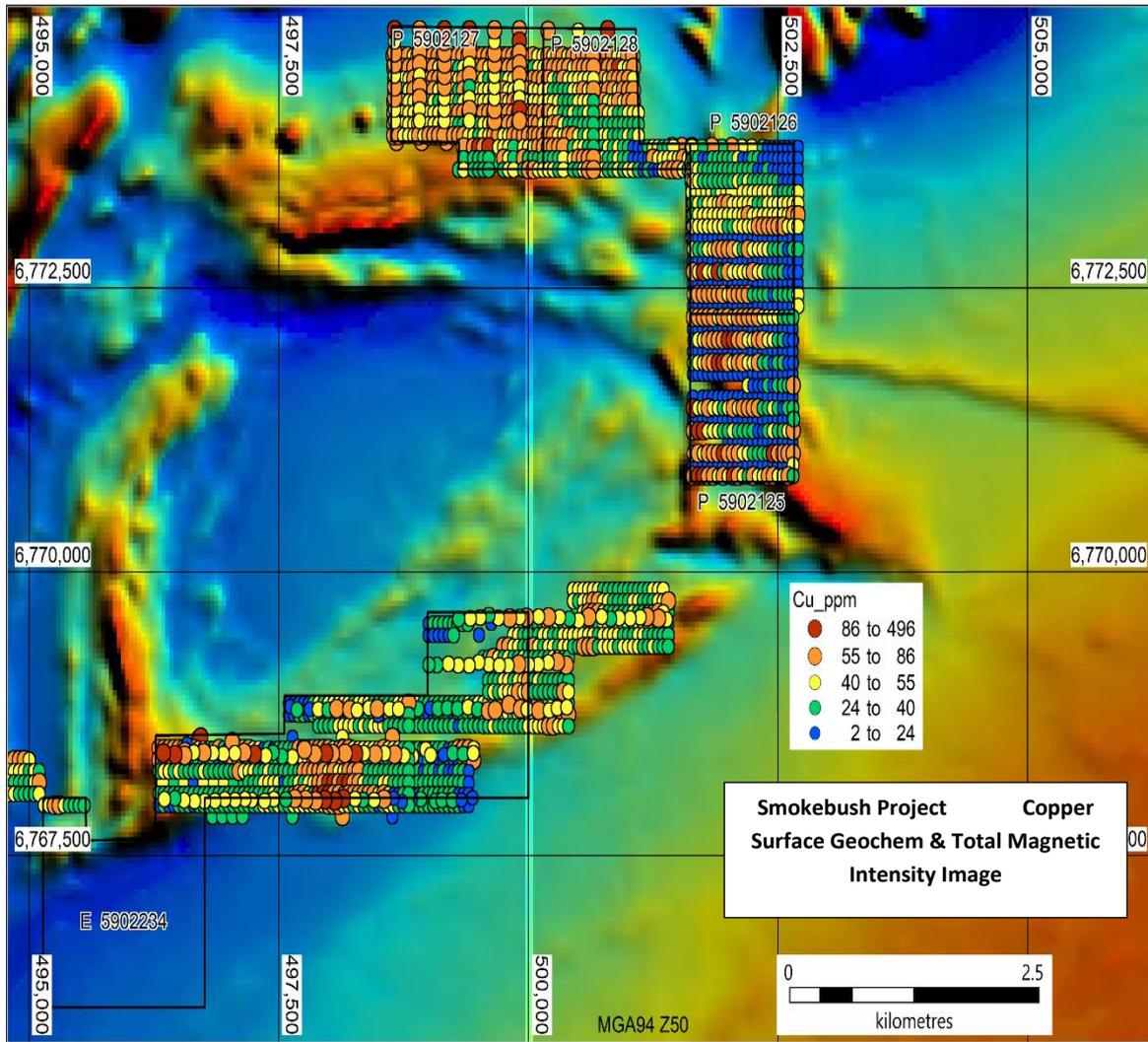


Figure 7: Thematic map of surface copper geochemistry

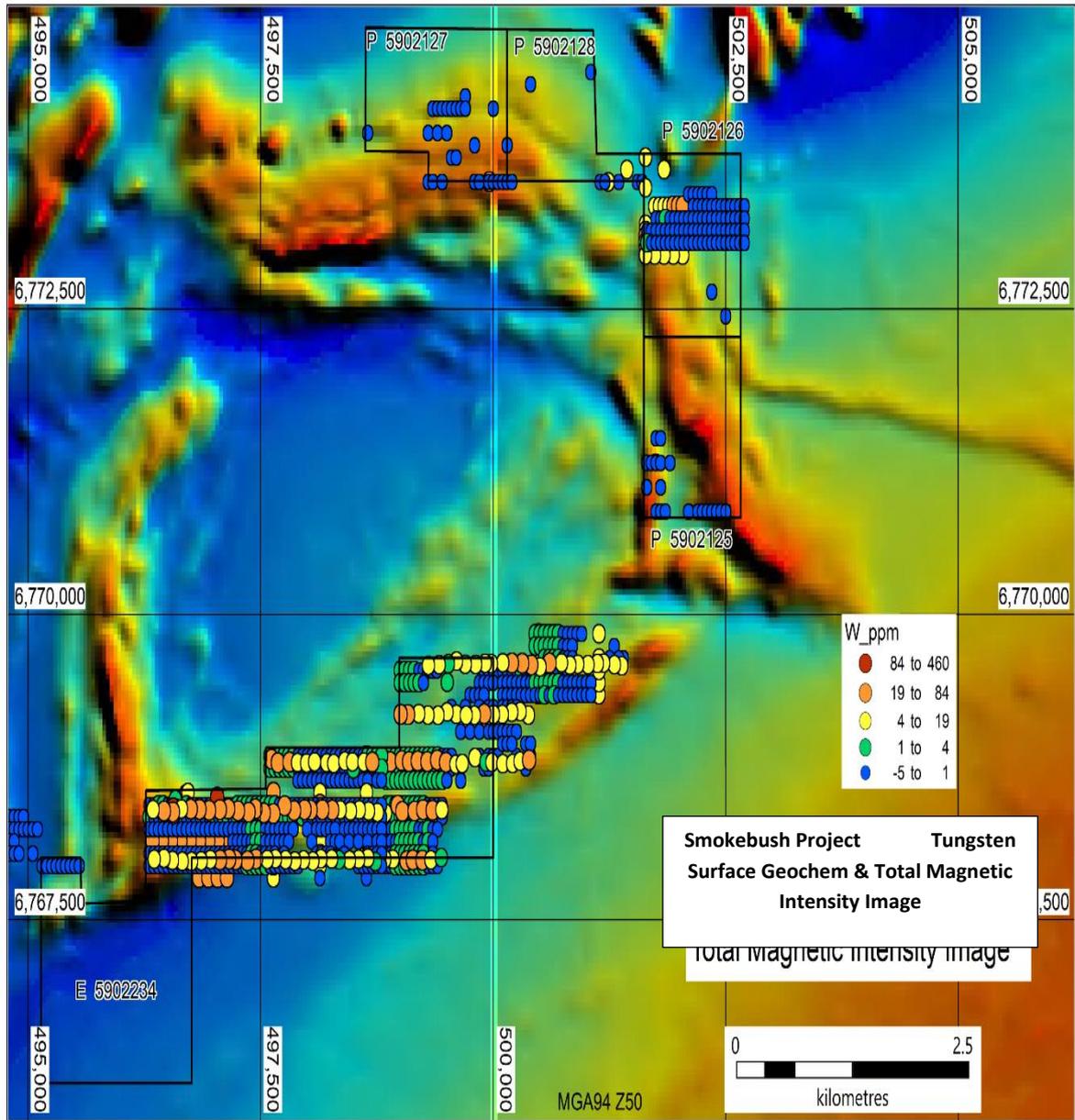


Figure 8: Thematic map of surface tungsten geochemistry

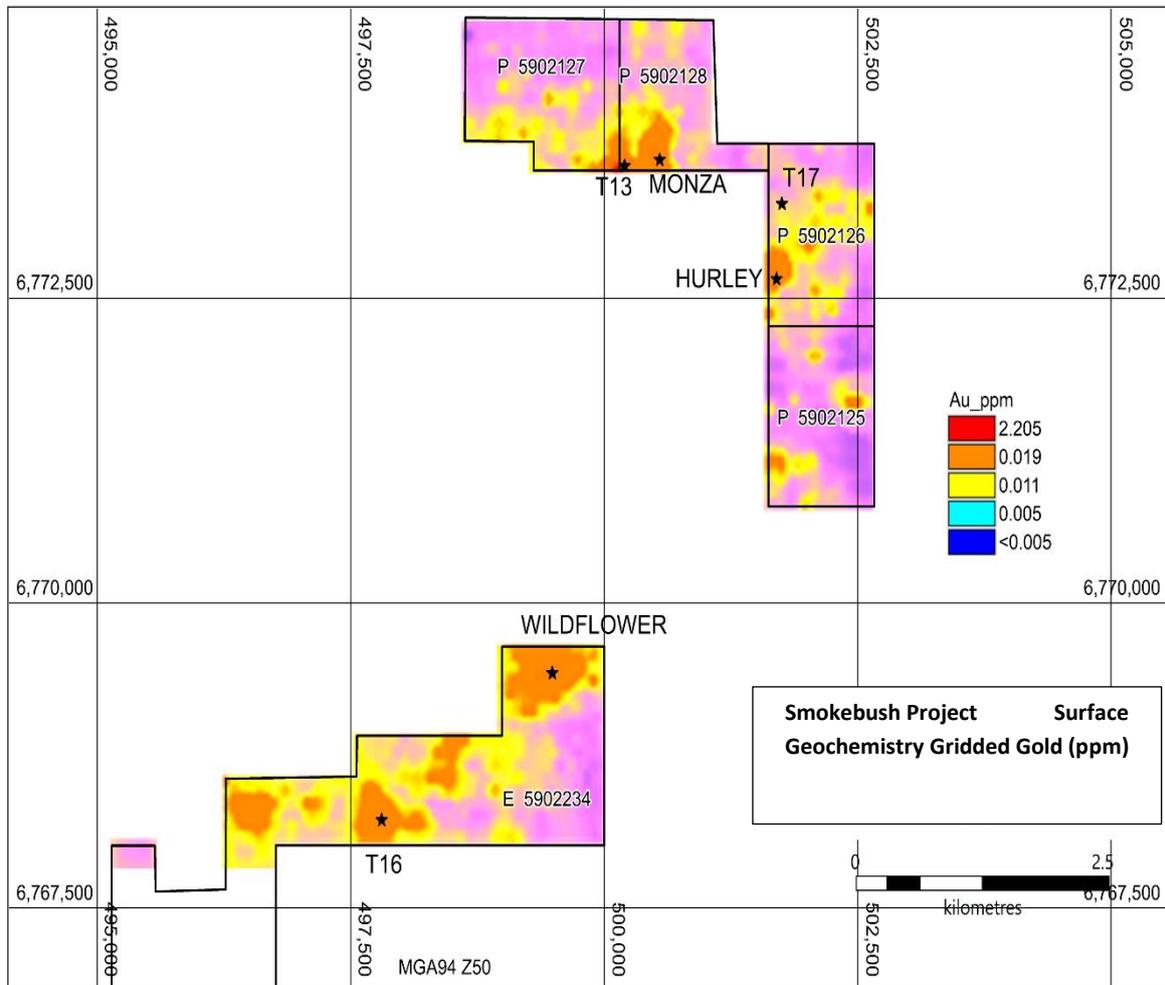


Figure 9: Surface geochemical image for gold and target areas

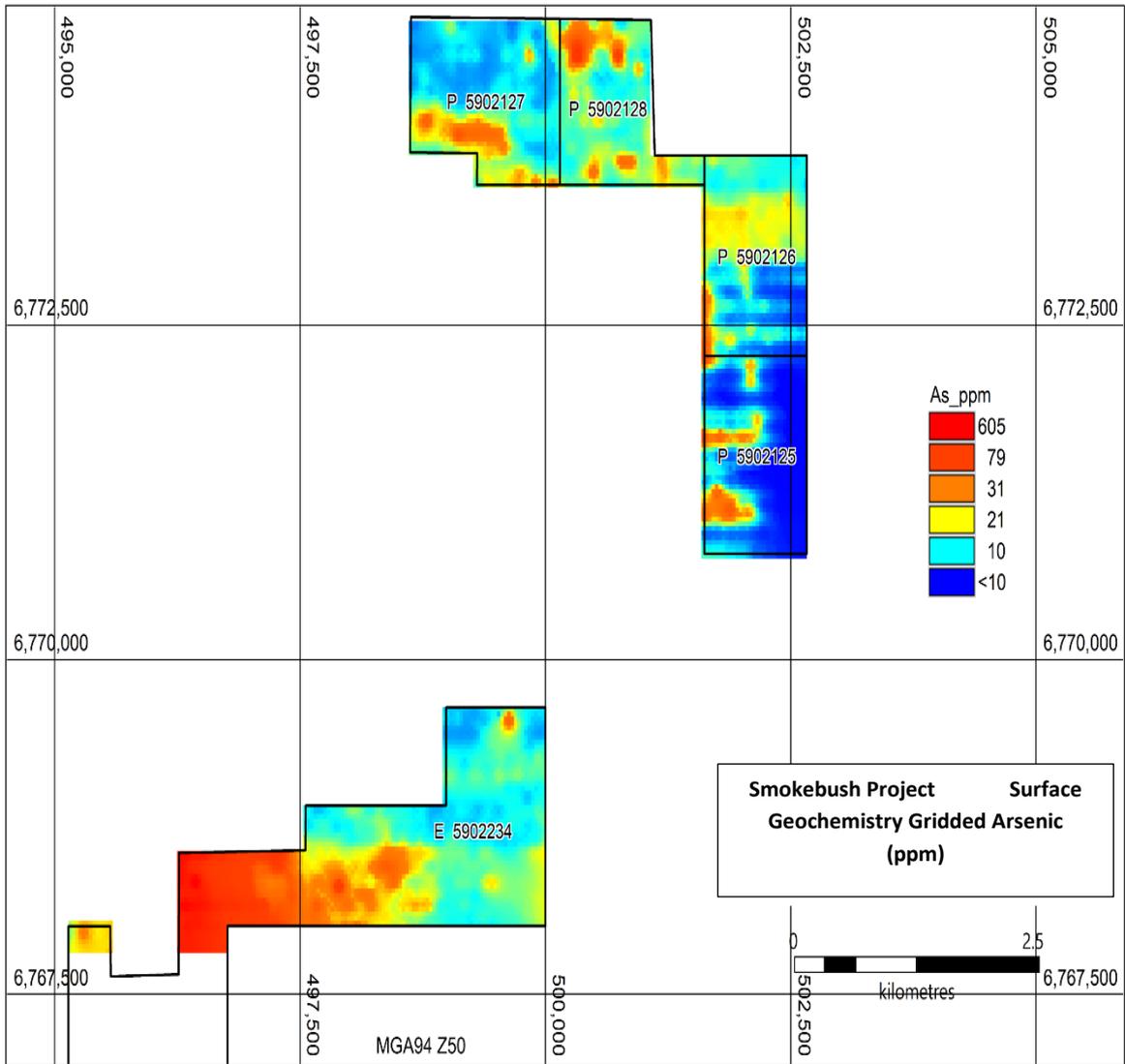


Figure 10: Two Surface geochemical image for arsenic

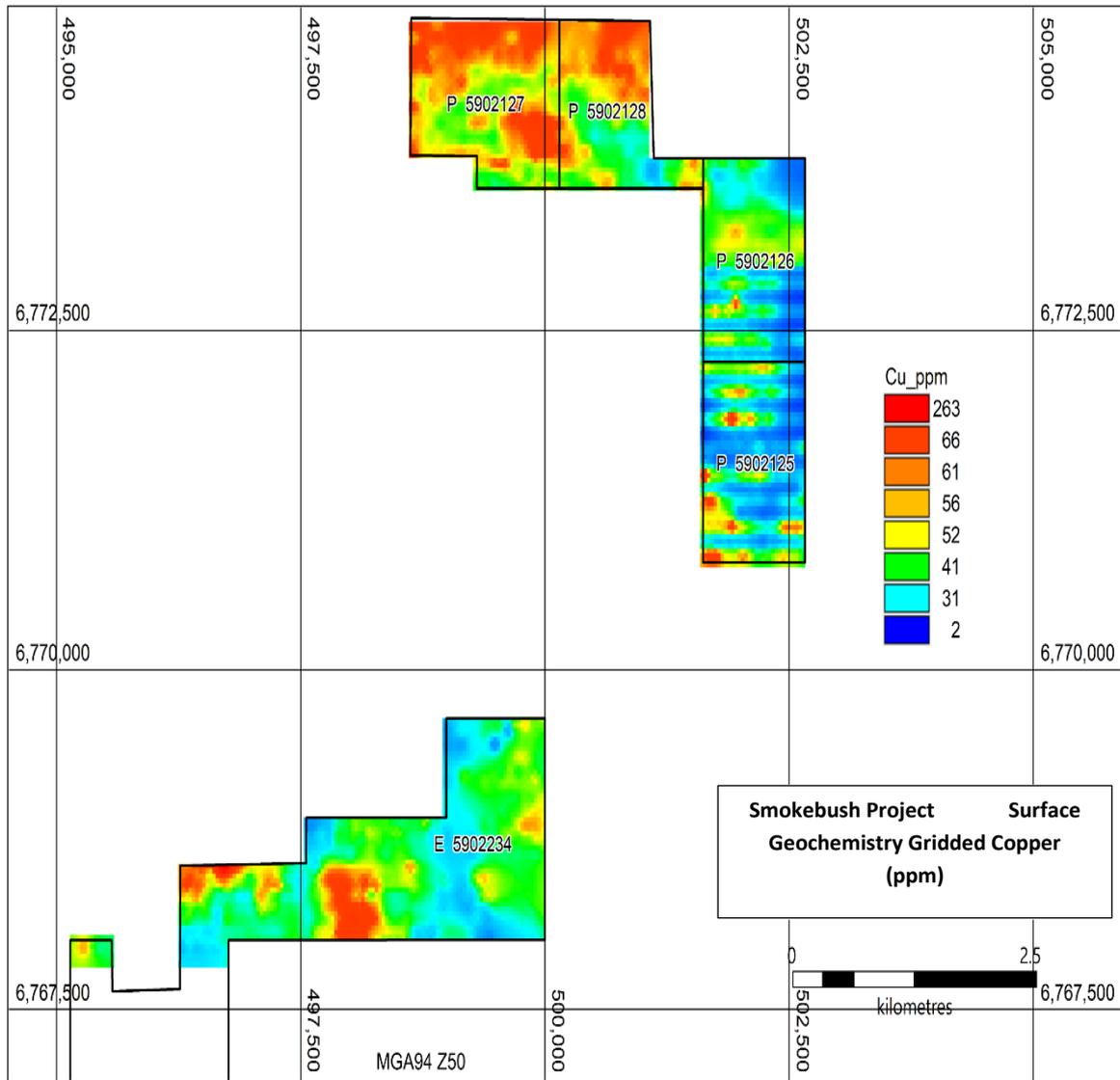


Figure 11: Surface geochemical image for copper

Review of Historic Drilling Data

A compilation of all open file historical drilling was compiled as part of the project due diligence. This was conducted over the entire project area. To date drilling has focussed mainly on the six prospect area's depicted in Figure 9. Significant gold interceptions >0.5 ppm were calculated and tabulated (Tables 1 to 4).

Monza & T13 Targets

The Monza and T13 targets occur within a 750m x 500m gold soil geochemical anomaly >19 ppb in the southwestern corner of P59/2128 (Figure 12). A "bullseye" of >2 g/t Au on the geochemical image is due to significant rock chip surface samples (peaking at 10.37g/t Au). The soil anomalies have been drill tested by 12 angled RC drill holes (drilled towards the west and Southwest).

Terrain's due diligence review of historic data at the Monza target has identified the possible narrow high grade plunging mineralised zone that is open to the north under the existing drilling. Significant intercepts include 2m @ 11.3g/t Au from 70m in hole MMRC162 and 2m @ 9.2g/t Au from 24m in

hole MMRC154 (Table 1). Further RC drilling is required to confirm geometry of this high-grade plunging zone and test the potential down plunge potential to the north.

Hole ID	Type	TD (m)	Easting (MGA94Z50)	Northing (MGA94Z50)	RL (m)	Dip (°)	Azimuth (°)	From (m)	To (m)	Interval (m)	Au (g/t)
MMRC032	RC	96	500191	6773609	386	-60	270	41	42	1	2.54
								75	76	1	0.75
MMRC034	RC	120	500220	6773558	383	-60	270	3	6	3	0.88
MMRC036	RC	100	500180	6773659	388	-60	270	88	89	1	1.36
MMRC070	RC	66	500528	6773642	381	-60	250	29	30	1	0.60
								36	39	3	0.55
								70	72	2	11.34
MMRC154	RC	132	500551	6773598	379	-60	250	24	26	2	9.20
MMRC155	RC	120	500575	6773605	379	-60	250	69	71	2	0.70
MMRC157	RC	120	500536	6773698	381	-60	250	62	65	3	1.22
MMRC162	RC	132	500551	6773650	381	-60	250	63	65	2	4.21
								70	72	2	11.34
								80	83	3	0.65
								108	110	2	0.58
MMRC235	RC	120	500515	6773693	382	-60	250	30	44	14	0.69
MMRC238	RC	132	500569	6773656	381	-60	250	101	103	2	2.71

Table 1: Monza & T13 Summary of significant gold intercepts (>0.5g/t Au)

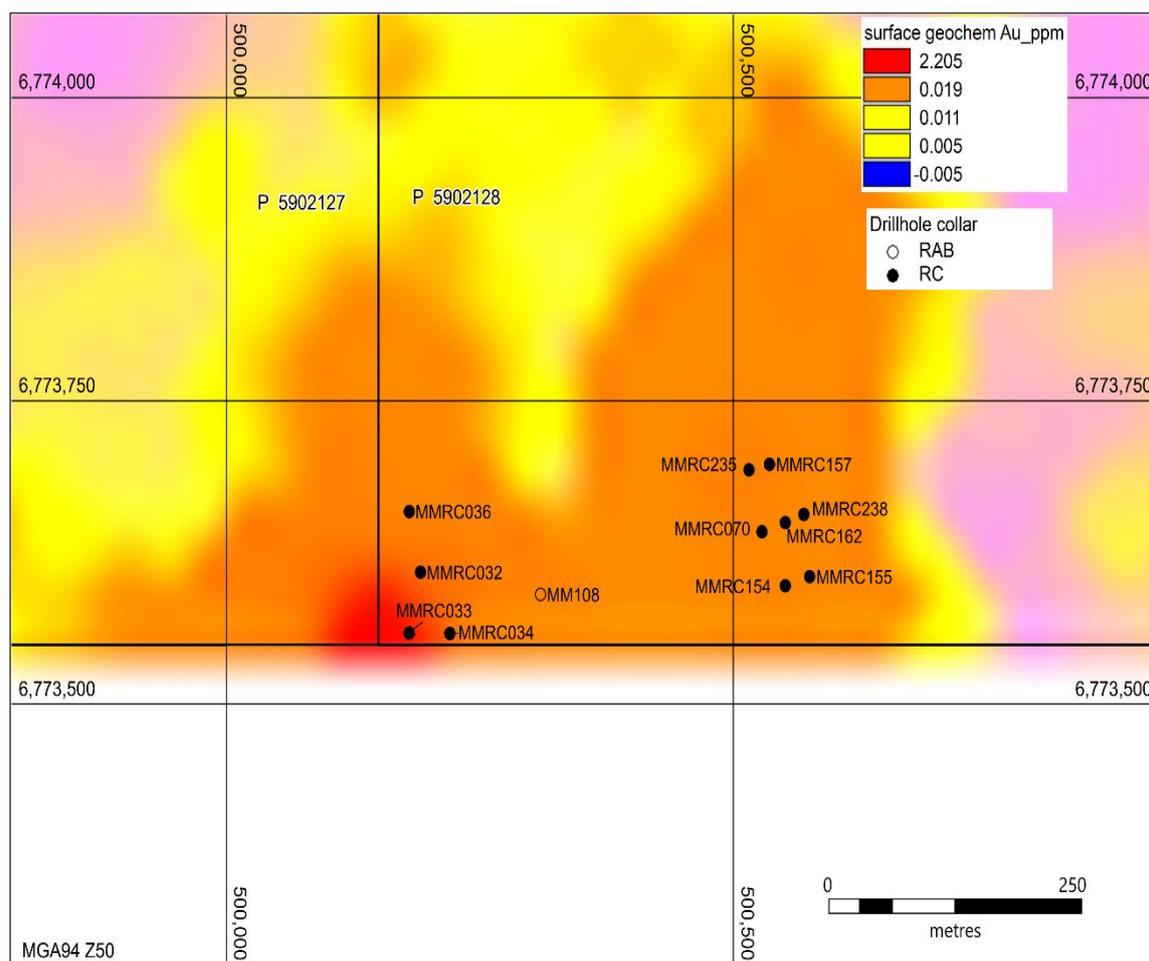


Figure 12: Monza and T13 target area drill hole location and soil gold geochemistry

Hurley & T17 Targets

The Hurley and T17 Targets occur on the western part of P59/2126 (Figure 13), within a broad zone of elevated arsenic in soil (>20ppm). The Hurley target is defined by a 250 m x 250 m gold soil anomaly (>19 ppb) that peaks at 1.33g/t Au. T17 does not express any surface gold anomalism and was targeted based on a geophysical structural interpretation of the area. A total of 5 angled RAB and 14 angled RC holes (drilled towards the west and northwest) have been completed over these targets. Significant interceptions >0.5g/t Au include 5m @ 6.1g/t Au from 55m in hole MMRC004 and 2m @ 2.5g/t Au from 51m in hole MMRC074 (Table 2).

The due diligence data review has highlighted questions around the historic drilling drill orientation and collar locations that need to be field examined prior to any drill testing.

Hole ID	Type	TD (m)	Easting (MGA94Z50)	Northing (MGA94Z50)	RL (m)	Dip (°)	Azimuth (°)	From (m)	To (m)	Interval (m)	Au (g/t)
MM084	RAB	40	501690	6773250	362	-60	290	15	25	10	1.40
MMRC004	RC	147	501727	6773268	361	-60	270	55	60	5	6.14
MMRC048	RC	138	501770	6773228	359	-60		43	44	1	0.50 (0.47)
								116	117	1	0.72
MMRC050	RC	150	501653	6773228	360	-60	328	32	33	1	0.78
MMRC074	RC	90	501728	6772650	369	-60	324	51	53	2	2.47

Table 2: Hurley & T17 summary of significant gold intercepts (>0.5g/t Au)

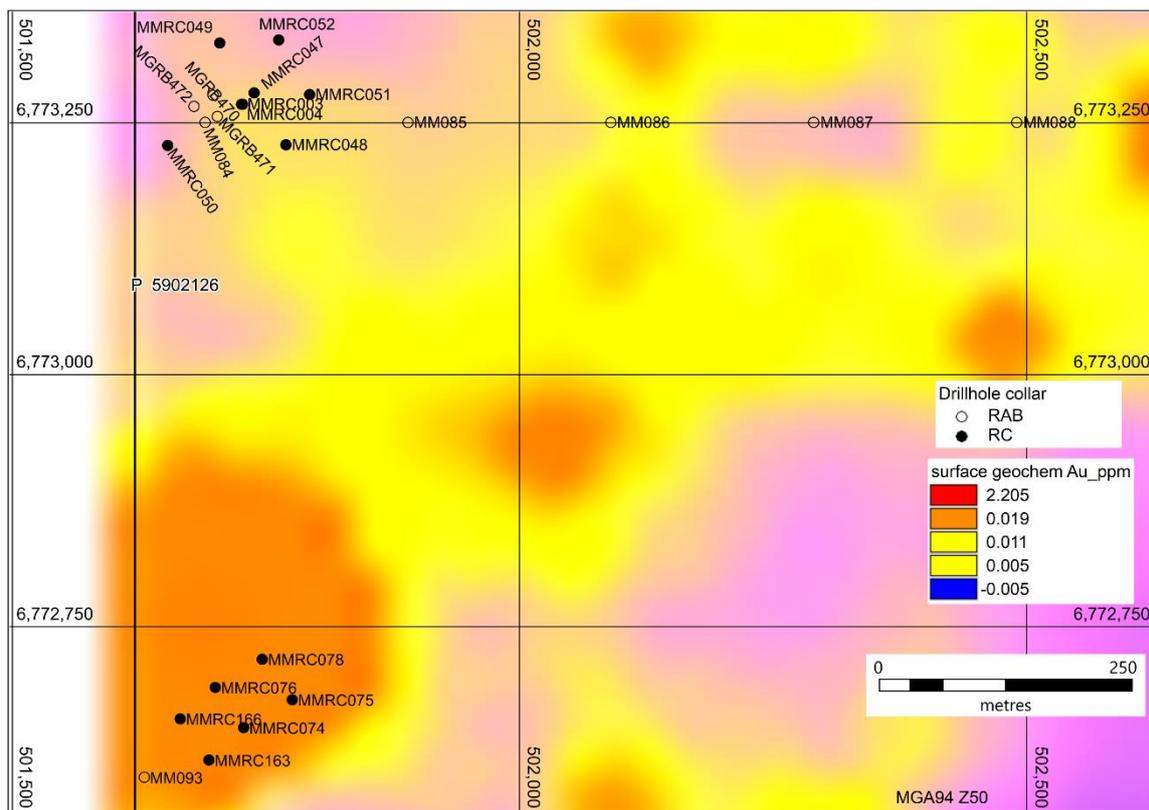


Figure 13: Hurley & T17 target area drill hole location and gold geochemistry

T16 Target

The T16 target is defined by a 750m x 500m zone of anomalous (>19ppb Au) gold in soil (peaking 280 ppb Au) located in the central part of tenement (E59/2234) (Figure 14). T16 has been tested by five angled RC holes (drilled towards the north), four of which have returned significant gold values.

Significant results >0.5g/t Au include 1m @ 1.4g/t Au from 97 m in hole MMRC044 and 2m @ 0.83g/t Au from 86m (Table 3). At a lower cut-off grade (>0.1g/t Au) the T16 target drilling highlights some wide zones of lower gold anomalism (13m @ 0.39g/t Au from 84m in hole MMRC123 and 16m @ 0.29g/t Au from 94m in hole MMRC044) that suggest that the current drilling may be on the edge of a wider zone of significant mineralisation. Drilling along strike of these wider zones of mineralisation is being planned.

Hole ID	Type	TD (m)	Easting (MGA94Z50)	Northing (MGA94Z50)	RL (m)	Dip (°)	Azimuth (°)	From (m)	To (m)	Interval (m)	Au (g/t)
MMRC043	RC	102	497742	6768320	352	-60	350	70	71	1	0.66
MMRC044	RC	138	497754	6768200	353	-60	350	20	21	1	0.53
								97	98	1	1.40
								106	107	1	0.53
MMRC045	RC	95	497781	6768084	349	-60	350	84	85	1	0.50
MMRC123	RC	140	497881	6768102	349	-60	350	86	88	2	0.83

Table 3: T16 summary of significant gold intercepts >0.5g/t Au

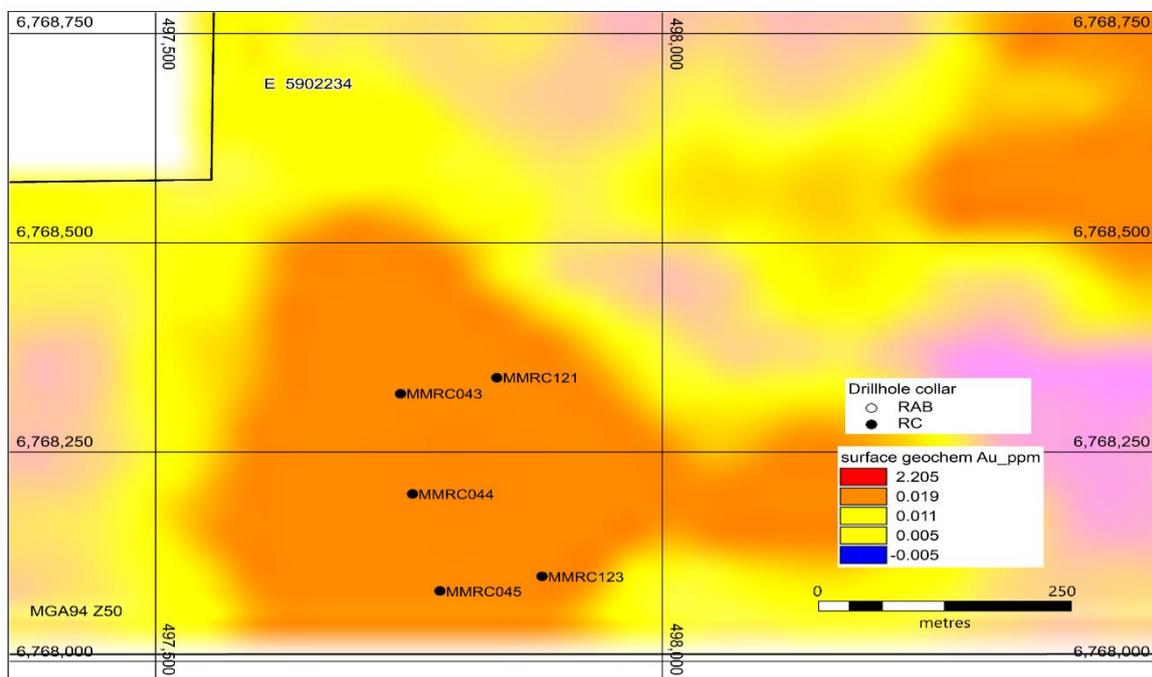


Figure 14: T16 target drill hole location and gold geochemistry

Wildflower Target

Wildflower comprises a 1.0 km x 500 m gold in soil anomaly (>19ppb Au) located in the north-eastern part of Butler Tenement (E45/2234) (Figure 15). The target has had limited drilling completed to date with 35 RAB holes (mostly less than 5m depth) and one angled RC hole (drilled towards the west) completed. Significant results (>0.5g/t Au) include 5m @ 1.0g/t from 100m in hole MMRC001 and 15m @ 1.49g/t from 10 m in hole MM110 (Table 4). Those results are based on five metre composite samples; the author was unable to locate any data on re-splits of those intervals to provide better resolution.

The current level of drilling was completed on 270m line spacing, which is considered to be wide spaced and not adequately tested the widespread gold anomaly (peaking at 226 ppb Au). Given that the above-mentioned gold anomalism intersected in the limited drilling is open at depth and along strike further drilling is required to delineate the extents to this gold mineralisation.

Hole ID	Type	TD (m)	Easting (MGA94Z50)	Northing (MGA94Z50)	RL (m)	Dip (°)	Azimuth (°)	From (m)	To (m)	Interval (m)	Au (g/t)
MGRB428	RAB	4	499539	6769474	406	-90		0	4	4	0.43
MGRB430	RAB	2	499639	6769470	401	-90		0	2	2	0.77
MGRB474	RAB	30	499446	6769393	370	-60	360	28	30	2	1.09
MM110	RAB	40	499416	6769394	370	-60	270	10	25	15	1.49
MMRC001	RC	141	499465	6769395	370	-60	270	100	105	5	1.03

Table 4: Wildflower summary of significant gold intercepts >0.5g/t Au

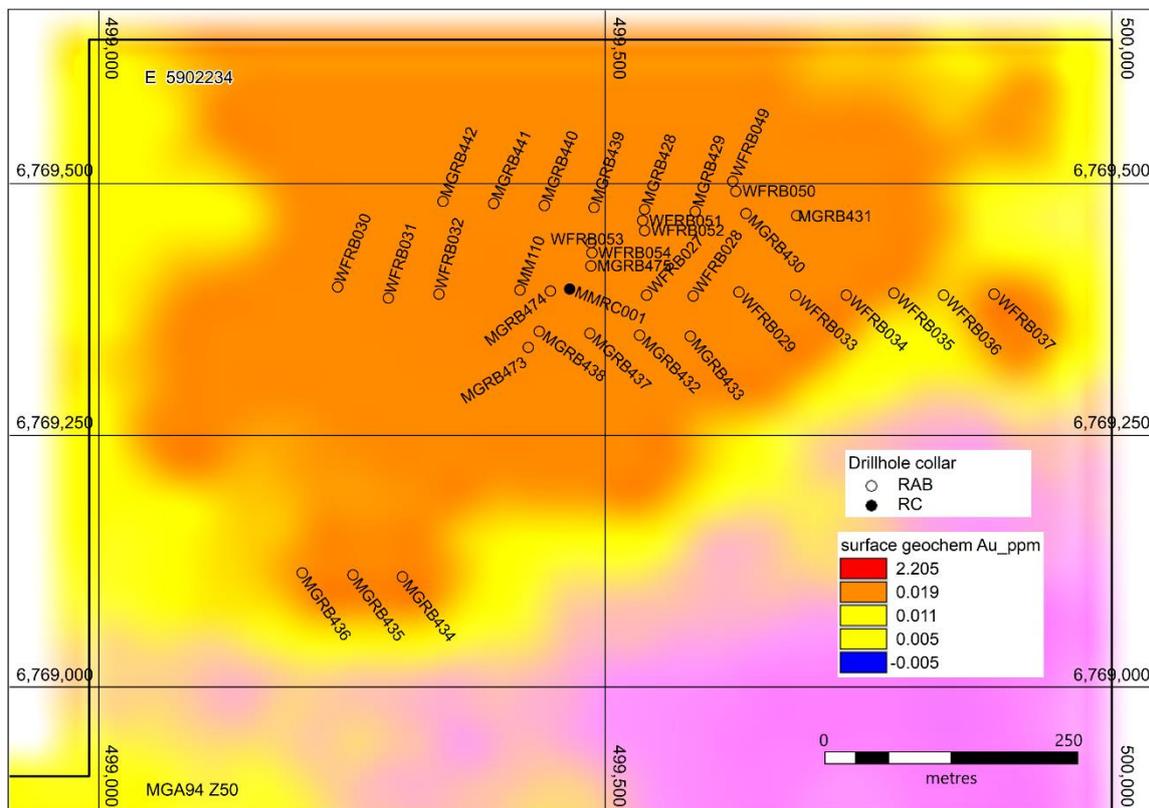


Figure 15: Wildflower target drill hole location and gold geochemistry

Conclusions & Recommendations - Historic Data Review:

A review of the publicly available open-file data on the Smokebush Project tenement package identified exploration targets that have not adequately been followed up. Historic exploration geochemical surface sampling programs has defined a number of gold and chalcophile soil anomalies within the area of the tenement package that have not been either drill tested or the limited drilling that has been conducted is considered still open. Drilling by previous operators, including some RC drilling conducted as recently as 2014, returned significant gold intersections >0.5g/t Au from all of those geochemical anomalies. There are further well define gold and arsenic surface soil anomalies that have yet to been drill tested. This provides Terrain an opportunity to properly test these anomalous soil anomalies and follow up on already identified gold mineralisation in historic drilling. A structural geological investigation should be prioritised, to develop an exploration model and a program of works filed to enable on-going drill testing of the multiple geochemical targets.

Of the limited amount of drilling completed on the above-mentioned exploration targets a field reconnaissance trip is planned in the first quarter of 2020 to determine if the historic drilling orientation is optimal to the underlying geology and surface footprint of anomalism. This trip will also comprise historic drill hole collar position verification and mapping of any areas of subcropping mineralisation. Further soil sampling over the south western corner of tenement E59/2234 is planned over an area that has prospective aeromagnetic features that has no historic soil samples completed. This is considered to be high priority as this will generate further surface anomalies for future drill testing.

Several gold open pit mines have been developed on the western parts of the Mt Mulgine Anticline, however the eastern parts, corresponding with the Smokebush Project tenement package, are relatively under-explored.

Note: For additional information refer to ASX announcement: 18 December 2019 - Smokebush Exceptional Historic Drilling Results Identified During Project Due Diligence.

Wild-Viper – Gold Exploration

Terrain has been maintaining its focus on advancing the 100% Wild-viper exploration tenement that surrounds Terrain's 100% Great Western JORC 2012 gold project and includes the Historic High-Grade (original) Wilsons Patch mining area, which the 382 shear passes through and is located south of Great Western.

Part of the advancement works has been to generate additional opportunities with the potential to add ounces for the current project from regional exploration.

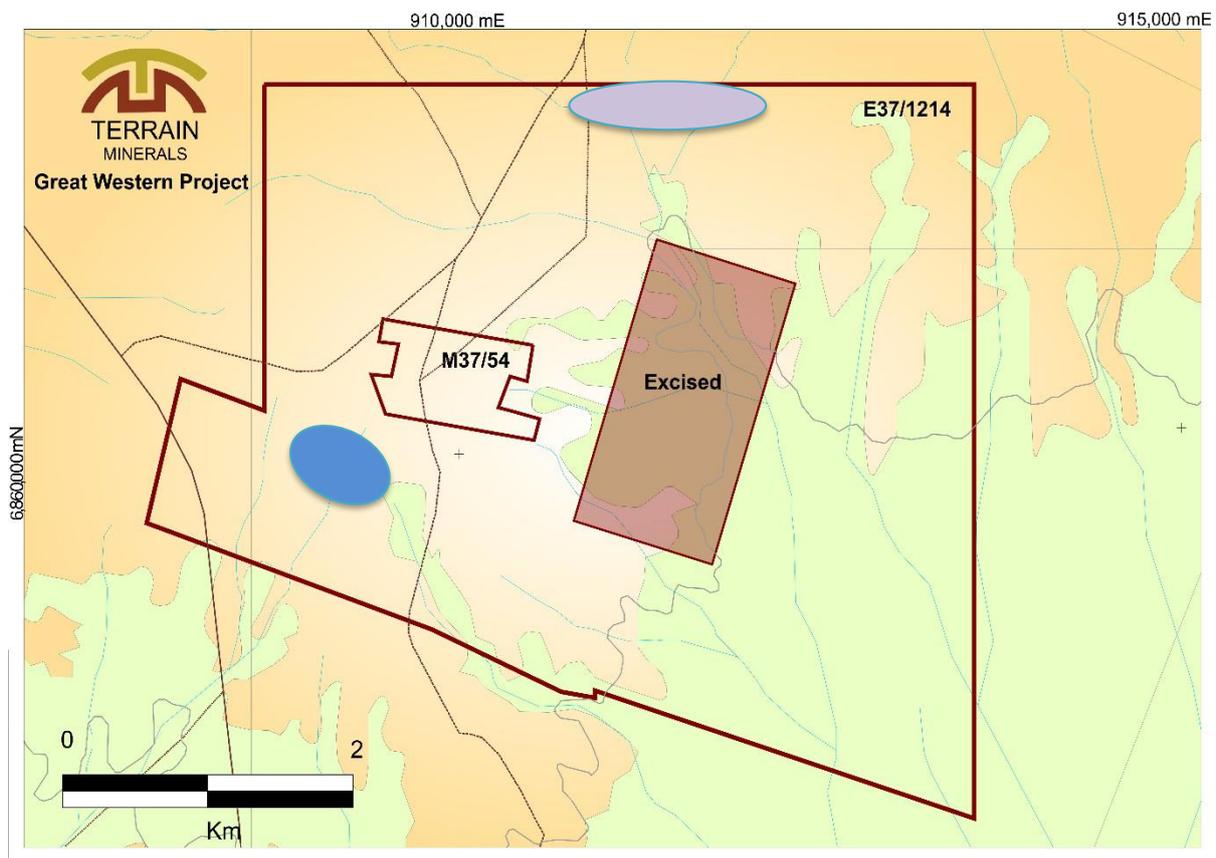


Diagram 4. Wild-viper E37/1214 The lilac coloured ellipse indicates the area adjacent to the historic Black Cat workings. The light blue ellipse identifies the Butcher Bird area. These two areas will be the focus of Terrain next stage of the systematic exploration approach being taken over Wild-viper.

Note: For additional information refer to ASX announcement:

- 17/08/2018 - Great Western Gold Project - New Structural Interpretation at Wild-viper.
- 22/01/2019 - Wild-viper Gold POW Granted & Drilling to Commence ASAP.
- 27/03/2019 - Great Western Gold Project Update & New Exploration Program.
- 20/09/2019 - Wild-viper Gold Exploration Update 382-Shear Zone.

Red Mulga – Base Metal

The Red Mulga Exploration project occurs within the Yilgarn Craton and lies within the boundaries of Yallalong station some 170km NNE of Geraldton in the Murchison region of Western Australia. Exploration leases E09/2246, E09/2247 & E09/2291.

Information from the first drill program has confirmed mineralisation and the new data is being added to the geological model. Terrain continues to advance desk top studies at its Red Mulga prospect.

Note: Full details including JORC Tables refer to ASX market announcement released on the:

- 28/11/2017 - Cobalt & Nickel Assay Hits at Red Mulga.
- 15/03/2018 - Red Mulga Exploration Update.
- 10/04/2018 - Red Mulga Cobalt, Nickel & Copper Drilling Update & Combined Magnetics & Gravity Map.
- 07/06/2018 - DRAFT Red Mulga Drilling Update.
- 12/09/2018 - Positive First Round Drilling Results at Red Mulga.

Corporate

Results of Annual General Meeting

Terrain's Annual General Meeting was held on 20 November 2019 at Suite 2, 28 Outram Street, West Perth WA 6005.

All resolutions were passed on a show of hands.

In accordance with section 251AA of the Corporations Act 2001 (Cth), proxy votes exercisable by all proxies validly appointed were;

Resolution	For	Discretionary	Against	Abstain
1 Approval of Remuneration Report	62,953,931	17,624,867	373,000	116,888,287
2 Re-Election of Director – Johannes Lin	179,342,218	17,624,867	873,000	Nil
3 Approval of 10% Placement Facility	177,510,343	17,624,867	2,704,875	Nil
4 Approval of Grant of Options to Justin Virgin	154,759,657	17,549,867	4,655,875	20,874,686
5 Approval of Grant of Options to Trevor Bradley	176,054,343	17,549,867	4,155,875	80,000
6 Ratification of Prior Issue of Shares to Placement Applicants	177,355,343	17,624,867	2,779,875	80,000

Note: Refer to ASX announcement: 20th November 2019 - Results of Annual General Meeting.

Project Review

Terrain Minerals is currently searching and has been assessing potential 'company making' projects:

Gold, nickel, zinc and copper as well as other energy and industrial minerals in Australia, Africa, North & South America, where discussions on a new opportunity continue to be advanced (including other regions). All economic commodities are being considered as indicated in previous Quarterly reports. Exploration activities in WA will continue to be advanced.

For further information, please contact:

This announcement has been authorised for release by;

Justin Virgin

Executive Director

Email: terrain@terrainminerals.com.au

Phone: +61 8 9381 5558

ABOUT TERRAIN MINERALS LIMITED:

Terrain Minerals Limited (ASX:TMX) is a minerals exploration company with a Western Australian based asset portfolio consisting of:

- **Great Western – (Optioned to Red 5 Limited).** Option Agreement executed with Red5 Limited (ASX:RED) (includes a \$300,000 non-refundable option fee, now received). Option period is for 5 months and allows for Red5 to conduct due diligence drilling. If exercised Terrain will receive \$2,200,000 worth of Red5 shares issued at a 5-day VWAP. If not exercised all expenditure and data will become the property of Terrain. Refer to the first page of this announcement for further details.
- **Smokebush - WA Gold Exploration Project.** The project area is located approximately 85 kilometres east northeast of the Perenjori township and 65 kilometres west of Paynes Find within the Yalgoo Mineral Field. The project is contained within four contiguous Prospecting Licenses (P59/2125, P59/2126, P59/2127 & P59/2128) and one Exploration Licence (E59/2234) enclosing a total area of approximately 1,254 hectares. The area has an extensive historic data set that show multiple untested exploration targets and more advanced targets that require further investigation from successful, historic drill results.
- **Wild-Viper** Exploration continues to increase Terrain knowledge of this highly prospective gold exploration property. A six-hole RC drill program and trenching has been recently conducted at different locations and further follow up work on newly identified areas will continue into the next field season.
- **Red Mulga** Red Mulga project is situated ~170km NNE of Geraldton in the Yilgarn Craton, Western Australia's Murchison region located on Yallalong station. An RC drill program as conducted in 2018 which identified the presence of mineralisation.
- **Project Review:** Terrain Minerals is currently searching and has been assessing potential projects: Gold, Copper, Nickel and industrial minerals in Australia, Africa, North & South America and Asia, other regions are also being considered. Several jurisdictions of interest have now been identified. All economic commodities are being considered as indicated in previous Quarterly reports. Currently Terrain is assessing an exciting WA based gold project.

Competent Person Statement:

Great Western Information:

The information in this report/release which relates to Mineral Resources for the Great Western Deposit is based on & accurately reflect a report prepared by Peter Ball 2015. Mr Ball has the necessary experience relevant to the style of mineralisation, the type of deposit & the activity undertaken to qualify as a 'Competent Person' under the JORC Code for Reporting of Mineral Resources & Ore Reserves (2012 Edition). Mr Ball has given his consent to the inclusion of the information from his Report. Mr Ball is Principal of DataGeo Geological Consultants (an independent geological consultancy) & a member of the Australasian Institute of Mining & Metallurgy.

Red Mulga Information:

The information in this report that relates to Exploration Results is based on information compiled by Dr J. Richard Russell (PhD, MAusIMM), principal of R. Russell and Associates, who is a Member of the Australian Institute of Geoscientists and a consultant to Terrain Minerals Limited. Dr Russell 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'. Dr. Russell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Great Western (Wild-viper) Information:

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

Great Western (Wild-viper, recent trenching program results) Information:

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

Bluebush Gold Project Data Review:

The information in this report that relates to historic exploration activities are based on information compiled by Mr. S Nicholls, who is a Member of the Australian Institute of Geoscientists and full time employee of Apex Geoscience Australia Pty Ltd. Mr Nicholls has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Nicholls consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Compliance Statement:

The Company notes that within the announcement all the information is referenced directly to the relevant original ASX market releases of that technical data.

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

Disclaimer:

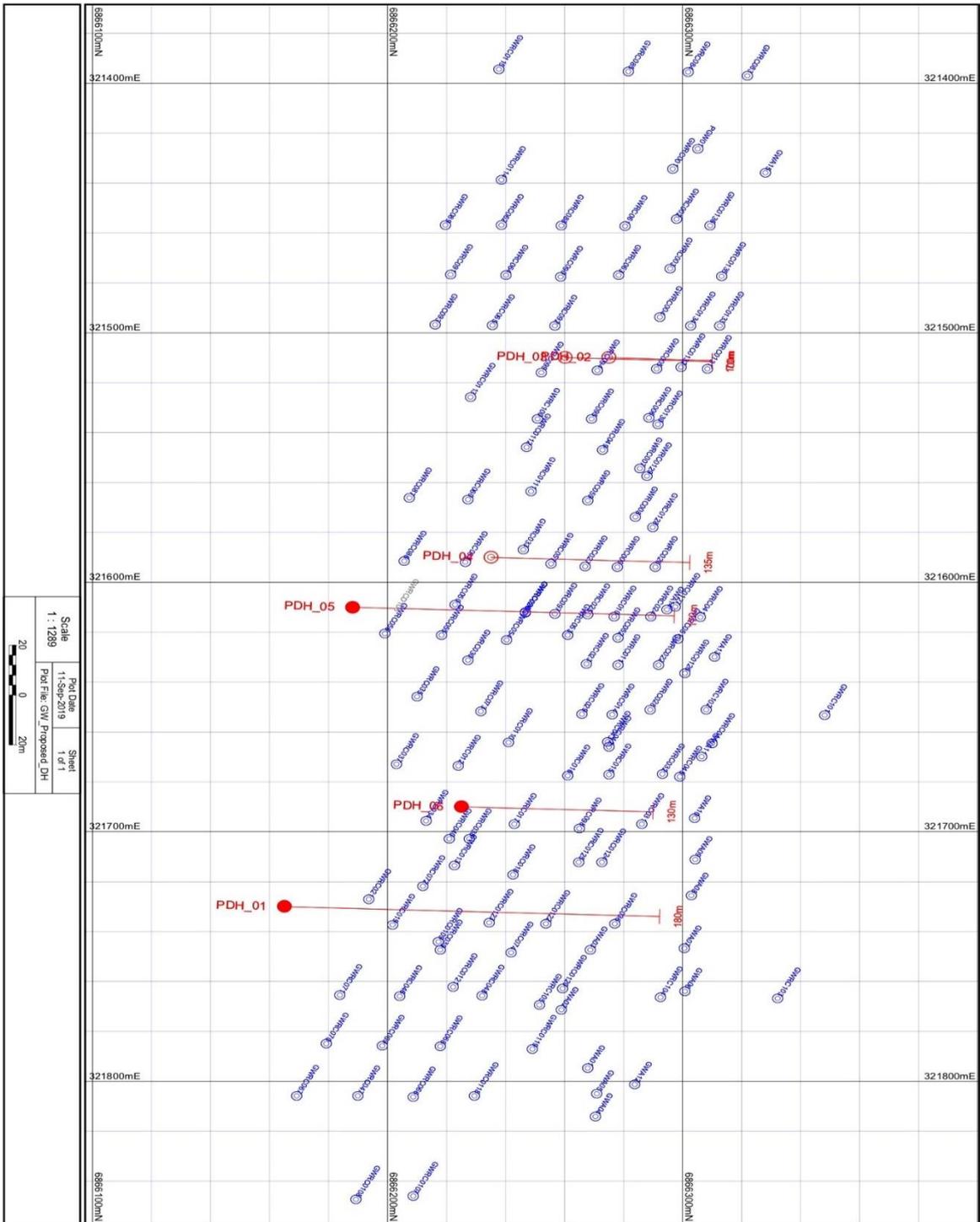
Information included in this release constitutes forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue" and "guidance" or other similar words, and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate environmental conditions including extreme weather conditions, staffing and litigation

Forward looking statements are based on the company and its management's assumptions made in good faith relating to the financial, market, regulatory and other relevant environments that exist and effect the company's business operations in the future. Readers are cautioned not to place undue reliance on forward looking statements.

Forward looking statements are only current and relevant for the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward-looking statements or advise of any change in events, conditions or circumstances on which such statement is based.

Schedule 2 – Drill Plan – Due diligence drilling, red lines are indicative of their location



Appendix 2

Share Issue explanation & Extract from Option Agreement

	Scenario	VWAP Calculation Date	Completion Date	Comment
1.	Red 5 have capacity under LR7.1 and are able to cleanse shares	5 trading days immediately prior but not including the Completion Date	3 business days after the SPA Execution Date	Most likely outcome.
2.	Red 5 don't have capacity under LR7.1 but are able to cleanse shares	5 trading days immediately prior but not including the date on which Red 5 obtains shareholder approval to issue the Consideration Shares	Up to 2 months after the Execution Date as set out in the notice.	10% interest on the full outstanding amount of \$2,200,000 will be calculated daily and paid to Terrain in cash.
3.	Red 5 have capacity under LR7.1 but are unable to cleanse shares	5 trading days immediately prior but not including the Completion Date	Up to 2 months after the Execution Date as set out in the notice.	10% interest on the full outstanding amount of \$2,200,000 will be calculated daily and paid to Terrain in cash.
4.	Red 5 don't have capacity under LR7.1 and are unable to cleanse shares	5 trading days immediately prior but not including the date on which Red 5 obtains shareholder approval to issue the Consideration Shares in accordance with clause 4.1(c). See below of explanation.	Up to 2 months after the Execution Date as set out in the notice.	10% interest on the full outstanding amount of \$2,200,000 will be calculated daily and paid to Terrain in cash.

4. Completion (abstract from Sale Agreement)

4. Completion

4.1 Place and time

- (a) Completion must be effected at 10.00am on the Completion Date at the Purchaser's offices or such other time and/or place as agreed in writing between the Parties.
- (b) The Completion Date may be extended by up to two (2) months after the Execution Date if required by the Purchaser providing a notice before the Completion Date to the Vendor that Red 5 is unable to issue a Cleansing Statement and will issue a Cleansing Prospectus in accordance with clause 4.3(b).
- (c) The Parties agree that if Red 5 does not have sufficient capacity under Listing Rule 7.1 to issue the Consideration Shares at Completion:
 - (1) Red 5 shall immediately notify the Vendor and as soon as possible call an extraordinary general meeting of its shareholders to approve the issue of the Consideration Shares;
 - (2) Completion will be delayed by and be conditional on such approval;
 - (3) the Purchaser covenants that it will procure Red 5 to seek necessary shareholder approval as soon as possible but in any event not later than two (2) months after the Execution Date; and
 - (4) Completion will occur two (2) Business Days after such shareholder approval has been obtained.
- (d) In the event that Red 5 issues a notice under clause 4.1(b) or is required to issue a notice under clause 4(c)(1), the Purchaser shall pay interest on the sum of \$2,200,000 at 10% per annum calculated based upon the number of days from the date when Completion would have occurred if a notice under clause 4.1(b) or 4.1(c)(1) (as relevant) was not issued until the date the Consideration Shares are actually issued to the Vendor divided by 360. The interest payable shall be payable at Completion in immediately available funds by electronic bank transfer to the Vendor's nominated bank account.
- (e) For clarity, the Purchaser cannot issue both a notice under clause 4.1(b) and clause 4.1(c). If required, Red 5 must seek both shareholder approval and prepare to issue a Cleansing Statement or Cleansing Prospectus within the two month timeframe.

Appendix 3

Future Considerations & Other Points

First Contingent Payment

- A. Upon Terrain defining an Indicated Resource (as that term is defined in the JORC Code) of gold grading at not less than 2 grams (Applicable Resources) per tonne within the Tenements, Terrain will, at its election:
 - o pay Watts-Butler the sum of \$1.00 for each ounce of gold contained within the Applicable Resource to a maximum of \$200,000; or
 - o issue to Watts-Butler Shares to the value of \$1.00 for each ounce of gold contained within the Applicable Resource to a maximum value of Shares of \$200,000; or
 - o pay and issue to Watts-Butler any combination of cash and Shares to the value of \$1.00 for each ounce of gold contained within the Applicable Resource to a maximum of value of \$200,000.
- B. If Terrain defines more than one Applicable Resource within the Tenements, it must make the payments described in clause A for each Applicable Resource, up to an aggregate maximum payment or issue to the value of \$200,000.

Second Contingent Payment

- A. Upon Terrain making a decision to commence mining of a gold resource within the Tenements (Decision to Mine) Terrain will, at its election:
 - o pay Watts-Butler \$1.50 per ounce of gold which is described in the mine plan as recoverable gold to a maximum of \$300,000; or
 - o issue to Watts-Butler Shares to the value of \$1.50 for each ounce of gold which is described in the mine plan as recoverable gold to a maximum value of Shares of \$300,000; or
 - o pay and issue to Watts-Butler any combination of cash and Shares to the value of \$1.50 for each ounce of gold which is described in the mine plan as recoverable gold to a maximum of value of \$300,000.
- B. If Terrain makes more than one Decision to Mine within the Tenements, it must make the payments described in clause A with respect to each Decision to Mine, up to an aggregate maximum payment or issue to the value of \$300,000.

Valuation of Shares

All Shares issued in accordance with this clause **Error! Reference source not found.** must be issued based on a volume weighted average price during the 5 trading days preceding the date Terrain notifies Watts-Butler that it has achieved the milestone giving rise to the issue of the Shares.

Royalty

Royalty Obligation

- A. On and from the Royalty Commencement Date Terrain grants to Watts-Butler a royalty equal to 1.0% net smelter returns on all minerals produced from the Tenements (Royalty), on the terms of the AMPLA Model Minerals Royalty Deed for use with Sale/Farmin Agreement, Approved Version 1 and incorporating the Model Amendments to that Deed in respect of a Net Smelter Return (NSR) Royalty (AMPLA Form).

- B. Terrain and Watts-Butler will, upon written request from either of them to the other, execute a formal agreement providing for the payment of the Royalty as provided above, and subject to any other amendments required to the AMPLA form in order to fit the circumstances.

Assignment

Neither party may sell, transfer, grant, assign or otherwise dispose of any interest in the Tenements or any of its rights under this agreement to a third party (Proposed Assignee) unless:

- it has offered to sell such interest to the other party (Non-assigning Party) on the same terms and conditions as offered by the Proposed Assignee (Offer);
- it has allowed the Non-assigning Party not less than 30 days to accept or reject the Offer;
- upon rejection of the Offer by the Non-assigning Party, it sells the interest to the Proposed Assignee on the same terms and conditions as the Offer within 30 days of the date of rejection of the Offer by the Non-assigning Party; and
- the Proposed Assignee has covenanted with the Non-assigning Party, to be bound by the terms of this agreement as though named in the place of the transferor.

Tenements

E59/2234, P59/2125, P59/2126, P59/2127 & P59/2128

The agreement includes the normal clauses and warranties and the agreement remains confidential.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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

Name of entity

TERRAIN MINERALS LIMITED

ABN

45 116 153 514

Quarter ended ("current quarter")

31 December 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(34)	(48)
(b) staff costs	(49)	(98)
(c) administration and corporate costs	(83)	(147)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(166)	(293)

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

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (Non-refundable deposit for option on sale of Great Western)	330	330
2.6 Net cash from / (used in) investing activities	330	330

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	250
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	12	12
3.4 Transaction costs related to issues of shares, convertible notes or options	(6)	(6)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	6	256

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	532	409
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(166)	(293)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	330	330
4.4 Net cash from / (used in) financing activities (item 3.10 above)	6	256
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	702	702

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	682	512
5.2 Call deposits	20	20
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	702	532

6. Payments to directors of the entity and their associates

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

**Current quarter
\$A'000**

49

Director fees including superannuation

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

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

**Current quarter
\$A'000**

-

-

Mining exploration entity and oil and gas exploration entity quarterly report

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

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	40
9.2 Development	-
9.3 Production	-
9.4 Staff costs	49
9.5 Administration and corporate costs	36
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	125

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

Schedule of Exploration Tenements held as at 31 December 2019 - Listing Rule 5.3.3

Interests in Mining Tenements

Project/Tenements	Location	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
Great Western ML 37/0054 M37/1214	Western Australia	100%	-	-
Red Mulga E09/2246 E09/2247 E09/2291	Western Australia	100%	-	-
		100%	-	-

Farm-in Agreements / Tenements	Location	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
Smokebush E59/2234 P59/2125 P59/2126 P59/2128	Western Australia	Terrain has the right to earn 80% via on ground expenditure		

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

Compliance statement

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

Sign here: 

(Company secretary)

10 January 2020

Date:

Print name: Winton Willesee

Notes

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