



TERRAIN MINERALS LTD
ABN 45 116 153 514
ASX: TMX

INTERIM FINANCIAL REPORT 31 DECEMBER 2019

Note: The information contained in this condensed report is to be read in conjunction with Terrain Minerals Limited 2019 annual report and any announcements made by the company during the half-year period ended 31 December 2019

TERRAIN MINERALS LIMITED

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

CONTENTS

PAGE

CORPORATE DIRECTORY	1
DIRECTORS' REPORT	2
AUDITOR'S INDEPENDENCE DECLARATION	4
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	5
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF CHANGES IN EQUITY	7
STATEMENT OF CASH FLOWS	8
NOTES TO THE FINANCIAL STATEMENTS	9
DIRECTORS' DECLARATION	18
INDEPENDENT AUDITOR'S REVIEW REPORT	19

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

Level 11

172 St Georges Terrace

Perth WA 6000

Telephone +61 8 9323 2000

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

NAB

100 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 4, 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

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

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 2019.

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

JOINT COMPANY SECRETARIES

Miss Erlyn Dale and Mr Winton Willesee.

OPERATING RESULTS AND REVIEW OF OPERATIONS FOR THE HALF YEAR

The loss from ordinary activities after providing for income tax for the half year amounted to \$441,874 (2018: loss of \$229,544) and had a net cash outflow from operations of \$209,248 for the half-year (2018: \$242,028 outflow).

Review of Operations

Great Western

During the half year period, Terrain entered into an Option Agreement with Red5 Limited (ASX:RED)("Red5") for the sale of its Great Western gold project (M37/54). Under the terms of the Option Agreement, Terrain received a \$300,000 non-refundable option fee and granted Red5 the right to undertake due diligence drilling over a 5 month option period.

In the event that Red5 exercises its option, Terrain will be entitled to receive further consideration totalling \$2,200,000, payable in freely tradable Red5 shares, with the share price to be calculated with reference to the 5-day VWAP of Red5 share traded on the ASX prior to the date of completion of the transaction. If Red5 does not exercise its option, all expenditure and data will become the property of Terrain.

Refer to ASX release: 11 November 2019 Execution of Option Agreement - For the Sale of Great Western Gold Project

Wild-Viper Gold Exploration (area around Great Western deposit)

During the half year period, exploration activities continue over this tenement.

Smokebush Gold Exploration Project

On 2 December 2019, Terrain announced that it had entered into a farm-in agreement for the Smokebush Gold Exploration tenement package on the following key terms:

- Terrain to expend AUD\$250,000 over 2 years to earn 80%;
- Vendors received 5,000,000 fully ordinary shares in Terrain as consideration, subject to 12-month escrow;
- Vendors to receive future payments of up to \$500,000 in cash or shares based on certain milestones; and
- Vendors 20% free carry until completion of feasibility study. The vendors' 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%.

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

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.

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).

Refer to ASX release: 02 December 2019 Farm-in Agreement for the Smokebush Gold Project at Mt Mulgine, 65km West of Paynes Find WA

Outlook

Terrain is currently exploring opportunities to acquire complementary projects including gold, nickel and cobalt/copper projects 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 previously indicated in the Company's recent quarterly reports. Exploration activities in WA will continue to be advanced and several WA based gold projects are currently being reviewed.

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

EVENTS AFTER THE END OF THE REPORTING PERIOD

On 11 February 2020 all the tenements that made up the Red Mulga project have been relinquished. Rehabilitation of the area has been completed.

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 2019 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: 12 March 2020

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF TERRAIN MINERALS LTD

As lead auditor for the review of Terrain Minerals Ltd for the half-year ended 31 December 2019, 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 period.



Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 12 March 2020

TERRAIN MINERALS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

		31 DECEMBER	31 DECEMBER
		2019	2018
	NOTE	\$	\$
Revenue from Continuing Operations	2	181	1,972
Employee benefits expense		(98,550)	(107,578)
Depreciation		(5,559)	-
Share based payment expense	12	(16,866)	(9,085)
Exploration expenditure written off		(196,027)	-
Administrative expenses		(125,053)	(114,853)
Loss before income tax		(441,874)	(229,544)
Income tax expense		-	-
Loss for the half year after tax		(441,874)	(229,544)
Other comprehensive income		-	-
Total comprehensive loss for the half year		(441,874)	(229,544)
Total comprehensive loss for the half year attributable to members of Terrain Minerals Ltd:		(441,874)	(229,544)
Loss per share attributable to owners of TMX			
Basic and dilutive loss per share (cents)		(0.06)	(0.04)

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 2019

		31 DECEMBER	30 JUNE
		2019	2019
	NOTE	\$	\$
CURRENT ASSETS			
Cash and cash equivalents		681,752	388,666
Trade and other receivables	3	11,862	7,840
Prepayments		18,235	12,062
TOTAL CURRENT ASSETS		711,849	408,568
NON-CURRENT ASSETS			
Other receivables	3	20,000	20,000
Deferred exploration and evaluation expenditure	4	385,170	809,040
Right of Use assets	5	7,412	-
TOTAL NON-CURRENT ASSETS		412,582	829,040
TOTAL ASSETS		1,124,431	1,237,608
CURRENT LIABILITIES			
Trade and other payables		67,804	33,895
Lease liability	6	7,780	-
TOTAL CURRENT LIABILITIES		75,584	33,895
TOTAL LIABILITIES		75,584	33,895
NET ASSETS		1,048,847	1,203,713
EQUITY			
Issued capital	7(a)	20,940,371	20,670,229
Reserves		1,632,750	1,615,884
Accumulated losses		(21,524,274)	(21,082,400)
TOTAL EQUITY		1,048,847	1,203,713

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 2019

31 DECEMBER 2019

		ORDINARY SHARES	ACCUMULATED LOSSES	SHARE BASED PAYMENT RESERVE	TOTAL
		\$	\$	\$	\$
Balance at 1 July 2019		20,670,229	(21,082,400)	1,615,884	1,203,713
Loss attributable to members of the company		-	(441,874)	-	(441,874)
Other comprehensive loss for the half year		-	-	-	-
Total comprehensive loss for the half year		-	(441,874)	-	(441,874)
Transactions with owners, in their capacity as owners, and other transfer					
Contributions of equity, net of transaction costs		270,142			270,142
Options issued to directors and related parties	12	-	-	16,866	16,866
Balance at 31 December 2019		20,940,371	(21,524,274)	1,632,750	1,048,847

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	12	-	-	9,085	9,085
Balance at 31 December 2018		20,670,229	(20,865,390)	1,615,884	1,420,723

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 2019

	31 DECEMBER	31 DECEMBER
	2019	2018
	\$	\$
CASH FROM OPERATING ACTIVITIES:		
Payments to suppliers and employees	(209,429)	(244,174)
Interest received	181	2,146
Net cash used in operating activities	(209,248)	(242,028)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for exploration expenditure	(47,807)	(173,366)
Proceeds from sale of tenements	300,000	-
Net cash provided/(used) by investing activities	252,193	(173,366)
CASH FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	262,000	-
Share issue costs	(11,859)	-
Net cash provided by financing activities	250,141	-
Net cash increase/(decrease) in cash and cash equivalents	293,086	(415,394)
Cash and cash equivalents at beginning of the half year	388,666	1,056,776
Cash and cash equivalents at end of the half year	681,752	641,382

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 2019

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 2019 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 financial report for the year ended 30 June 2019.

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

AASB 16 Leases

AASB 16 *Leases* became applicable for the current reporting period and the Company had to change its accounting policies and make adjustments as a result of adopting this standard.

The impact of the adoption of these standards and the new accounting policies are disclosed below.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 16 Leases

AASB 16 Leases supersedes AASB 117 Leases. The Company has adopted AASB 16 from 1 July 2019 which has resulted in changes classification, measurement and recognition of leases. The changes result in almost all leases where the Company is the lessee being recognised on the Statement of Financial Position and removes the former distinction between operating and finance lease. The new standard requires recognition of a right-of-use asset (the leased item) and a financial liability (to pay rentals). The exceptions are short-term, and low value leases.

The Company has adopted AASB 16 using the modified retrospective approach under which the reclassifications and the adjustments arising from the new leasing rules are recognised in the opening Statement of Financial Position on 1 July 2019. There is no initial impact on retained earnings under this approach. The Company has not restated comparatives for the 2019 reporting period.

The Company leases premises in Western Australia. From 1 July 2019, where the Company is a lessee and recognised a right-of-use asset and a corresponding liability at the date which the lease asset is available for use by the Company. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a consistent period rate of interest on the remaining balance of the liability for each period.

The lease payments are discounted using an interest rate implicit in the lease, If that rate cannot be determined, the Company's incremental borrowing rate is used, being the rate the lessee would have to pay to borrow funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

On initial application right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position as at 30 June 2019. There were no onerous lease contracts that required an adjustment to the right-of-use assets of initial application.

On adoption of AASB 16, the Company recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to lease liabilities on 1 July 2019 was 10%.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the statement of cash flows, the Company will recognise cash payments for the principal portion of the lease liability within financing activities, cash payments for the interest portion of the lease liability as interest paid within operating activities and short-term lease payments and payments for lease of low-value assets within operating activities.

If termination options were included in the property lease this would then become an area of judgement. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Practical expedients applied

In applying AASB 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases, with no right-of-use asset nor lease liability recognised; and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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 \$441,874 for the half-year to 31 December 2019 and had cash outflows from operations activities of \$209,429 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 \$681,752 as at 31 December 2019.

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.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Going Concern (continued)

As a result, the financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity, realization of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Directors are confident in the Company's ability to raise the capital mentioned above due to historical experience in securing funding for ongoing operational requirements, ongoing communications with funding providers and major shareholders; and
- The Directors are also confident they are able to manage discretionary spending to endure that cash is available to meet debts as and when they fall due.

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.

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
	2019	2018
	\$	\$
Interest income	181	1,972
	<u>181</u>	<u>1,972</u>

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).

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 3: TRADE AND OTHER RECEIVABLES

	31 DECEMBER	30 JUNE
	2019	2019
	\$	\$
Current		
Trade receivables	2,723	-
GST	9,139	7,840
	<u>11,862</u>	<u>7,840</u>
NON-CURRENT		
Other receivables	<u>20,000</u>	<u>20,000</u>

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
	2019	2019
	\$	\$
Carrying amount at beginning of period	809,040	578,892
Capitalised Expenditure	52,157	253,359
Smokebush farm-in agreement	20,000	-
Proceeds from option fee (i)	(300,000)	-
Written off exploration expenditure	<u>(196,027)</u>	<u>(23,211)</u>
	<u>385,170</u>	<u>809,040</u>

- (i) The option of the sale of the Great Western project is subject to due diligence. Under the terms of the agreement, an option fee of \$300,000 non-refundable cash consideration was received.

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 the write down of \$196,027 (June 2019: \$23,211) during the financial period in the Statement of Profit or Loss and other Comprehensive Income.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 5: RIGHT-OF USE LEASE ASSETS

Carrying value

	31 December 2019	
	Premises	Total
	\$	\$
Cost	12,971	12,971
Accumulated depreciation	(5,559)	(5,559)
Carrying value as at 31 December 2019	<u>7,412</u>	<u>7,412</u>

Reconciliation

	31 December 2019	
	Premises	Total
	\$	\$
31 December 2019		
Opening Balance	-	-
Additions	12,971	12,971
Depreciation expense	(5,559)	(5,559)
Closing Balance	<u>7,412</u>	<u>7,412</u>

Accounting policy

The Company has adopted AASB 16 using the modified retrospective approach under which the reclassifications and the adjustments arising from the new leasing rules are recognised in the opening Condensed Statement of Financial Position on 1 July 2019. There is no initial Impact on retained earnings under this approach. The Company has not restated comparatives for the 2019 reporting period.

From 1 July 2019, where the Company is a lessee, the Company recognised a right-of-use asset and a corresponding liability at the date which the lease asset is available for use by the Company. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a consistent period rate of interest on the remaining balance of the liability for each period.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 6: LEASE LIABILITIES

	31 December 2019	
	Premises	Total
	\$	\$
Current Liabilities	7,780	7,780
Fair value as at 31 December 2019	7,780	7,780

Reconciliation

	31 December 2019	
	Premises	Total
	\$	\$
31 December 2019		
Opening Balance	-	-
Additions	12,971	12,971
Finance Expenses	(5,191)	(5,191)
Closing Balance	7,780	7,780

AASB 16 has been adopted during the period, refer note 5 for details.

NOTE 7: ISSUED CAPITAL

	31 DECEMBER	30 JUNE
	2019	2019
	\$	\$
723,161,009 (30 June 2019: 643,732,009) Ordinary shares	20,940,371	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.

2019

Description	Date	Number of shares	Issue Price	\$
Opening balance	30 Jun 2019	643,732,009		20,670,229
Share Placement (i)	30 Sept 2019	71,429,000	\$0.0035	250,001
Exercise of options	12 Dec 2019	3,000,000	\$0.004	12,000
Issue for acquisition of tenements(ii)	20 Dec 2019	5,000,000	\$0.004	20,000
Less: transaction costs				(11,859)
Closing balance	31 Dec 2019	723,161,009		20,940,371

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 7: ISSUED CAPITAL (continued)

2018

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

- (i) On 30 September Terrain completed a placement, issuing 71,429,000 shares at \$0.0035.
- (ii) On 20 December 2019 Terrain issued 5,000,000 shares valued at \$0.004 as a part of the Farm-in agreement for the Smokebush Gold Project, details were announced to the ASX on the 2 December 2019

(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 12**.

NOTE 8: 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.

NOTE 9: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In the opinion of the Directors, the company did not have any contingencies at 31 December 2019 (30 June 2019: Nil).

NOTE 10: COMMITMENTS AND CONTINGENCIES

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

NOTE 11: 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 2019. (Refer to **Note 12** for options issued to Directors)

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 12: SHARE-BASED PAYMENTS

On 20 November 2019, Terrain shareholders approved the issue of 6,000,000 options as compensation to the following key management personnel of the Company:

	Number of Options Issued	Fair Value
Justin Virgin	4,000,000	\$11,244
Trevor Bradley	2,000,000	\$5,622
	<u>6,000,000</u>	<u>\$16,866</u>

Each of the options are exercisable at \$0.0065 on or before 20 November 2024 and vested immediately on the date of issue, being 20 November 2019.

The weighted average fair value of those equity instruments, determined by reference to market price, was \$0.003. The assumptions used for the options, prepared by using the Black Scholes valuation, are as follows:

Exercise Price	\$0.0065
Expected Life	5 years
Share Price at Time of Issue	\$0.003
Expected Volatility	180%
Risk Free Interest Rate	0.76%
Option Value	\$0.003

Included under employee benefits expense in the statement of profit or loss and other comprehensive income is \$16,866, which relates to equity-settled share-based payment transactions (2018: \$ 9,085).

NOTE 13: EVENTS AFTER THE END OF THE REPORTING PERIOD

On 11 February 2020 all the tenements that made up the Red Mulga project have been relinquished. Rehabilitation of the area has been completed.

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 17, 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 2019 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: 12 March 2020

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 2019, 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 2019 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 2019 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
J Prue

Jarrad Prue

Director

Perth, 12 March 2020