

# ASX Announcement

30 January 2014



## Quarterly Report: December 2014

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### HIGHLIGHTS

- **SR Mining Royalty Agreement Renegotiated & Cancelled**
  - Received \$160,000 plus GST and 400,000 shares in Bligh Resources Limited (ASX Code: BGH)
  - \$200,000 – 14 month Convertible Note at 5 cents - defaults to cash at maturity
  - Great Western Gold Deposit with 2004 JORC compliant resource
- **Dodgers Well RAB Drilling Results**
  - 4m at 1.1g/t Au from 16m
  - 4m at 0.52g/t Au from 60m
  - All along strike from previous Linger die pit and high grade intersections
- **Great Western Deposit Being Transferred Back**
  - 322,500T at 5.14 g/t (2004 JORC)
  - Additional exploration targets down plunge and along strike
  - Currently assessing near term cash flow opportunities from this asset
- **Black Cat JV Cancelled & East Kambalda Tenements Relinquished**
- **Corporate Update**

On behalf of the Board

Justin Virgin  
Executive Director

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# SR Mining Royalty Agreement Renegotiated and Cancelled

SR Mining Pty Ltd (SRM) which is 71.9% owned by ASX listed Bligh Resources Limited ("Bligh") have signed an legal agreement with Terrain Minerals Limited ("Terrain" or "the Company") to remove and fully indemnify Terrain from any further claims relating to the Tenement Sales Agreements (TSA) and Inter Creditors Deed (ICD). Terrain will release all parties from their obligations once all contractual obligations have been fulfilled.

## Background

Terrain sold this tenement group to SRM and have received \$2,000,000 in cash to date, not including the new royalty settlement. Terrain already had the relevant transfer forms to transfer Great Western ("GW") back in any default situation with SRM. The transfer process has been actioned as to the process described in the TSA and ICD under a default event.

Terrain would also like to advise that in a default situation under the agreements, Terrain would have been entitled to GW and the \$600,000 in unpaid royalty, but the royalty would rank as second class creditor behind \$1,000,000~ of first ranking debt. It was the Board's opinion after looking closely at the quality of the SRM tenements, excluding GW, Terrain would be in a better position by renegotiating and being removed from the TSA and ICD agreements.

Terrain has always viewed GW as the most valuable holding of the package sold to SRM and is excited to have a small but open at depth high grade and potential near term mining asset back in tenement portfolio. An internal review process has begun and the market will be informed in relation to Terrain's intentions relating to GW in due course.

All parties have agreed to a change in the Binding Term sheet relating to issuing of 4,000,000 fully paid ordinary Bligh shares with a 14 month PUT option at a strike of 5 cents. The additional 400,000 shares were in lieu of interest on the PUT option which has a value of \$200,000 at 5 cents. This change was requested by Bligh due to possible legal issue relating to achieving shareholder approval to have a PUT option in place. All parties have agreed to have a Convertible Note instead that achieves the same outcome.

## Conditions of the Convertible note

- \$200,000 face value
- Issue date 28 November 2014
- Redemption date 28 November 2015 to cash
- Expiry date 28 January 2016 – automatically converts to cash
- The note may be converted in whole or in part at any time from the Issue Date to the expiry Date into shares at 0.05 cents (4,000,000 shares in total)
- No interest - but 400,000 Fully Paid Ordinary shares issued up front in lieu, with no restrictions

This is a default settlement and has been agreed to by all parties so to avoid SRM being put into administration.

SRM and Bligh have settled their Royalty obligations with Terrain for the following;

- Immediate Return of Tenement M37/54 Great Western and all relating data
- Cash consideration of \$165,000 plus GST at settlement – Now received
- 400,000 Fully Paid Ordinary Bligh shares with no escrow – Now received
- Convertible Note details above - \$200,000 face value or convertible a 0.05 cents per share
- All parties release each other of all contractual obligations and any future claims relating to the TSA, ICD or other related agreements to this transaction once all obligations have been fulfilled

The Board of Terrain is pleased to be able to move away and forward from these agreements.

See Appendix 2 for Convertible Note details.

## **Dodgers Well RAB Program Completed**

The RAB drilling program was completed in December 2014 with a total of 44 holes for 2,151m. The program targeted structural extensions and intersections under alluvial cover, testing continuity of mineralisation at the historic workings of the east-west Linger and Die trend, and the north-south Glen Lyon-Myrtle trend, covering an estimated 1.5km area in length.

Drilling intersected basalt and granite as expected. A series of quartz veins were also noted in a corridor near the granite-basalt contact along the eastern extension of the Linger and Die structure.

### **Best Results from the program were:**

- 4m at 1.1g/t Au from 16m in hole 14DWR009
- 4m at 0.52g/t Au from 60m in hole 14DWR005

**A series of low level intersections were noted in holes up to 200m east of the Linger and Die workings.** However, the significance of these will be assessed in the following quarter to determine if follow up work is warranted. Previous RC drilling beneath and along from the historic Linger and Die pit identified several high grade intersections interpreted to plunge steeply to the east. If this is the case the RAB drilling would be above any high grade plunge and deeper drilling would be required to test this. The review process will look at the feasibility of this concept and the type of program required to do this.

Results were delayed due to QA/QC checks and staffing levels over Christmas. See Appendix 1 for Sampling Techniques, Data & Competent Persons statement.

## **Great Western Deposit Being Transferred Back**

The Board is very pleased to have this project back in the Company's tenement portfolio. The Board is currently collecting and reviewing all available data with the aim to extract maximum shareholder value.

The following areas are currently being reviewed:

- Designing a drilling program for resource expansion drilling
- Updating the resource from JORC 2004 to 2012
- Assessing existing mine models, designs and costings
- Assessing all viable paths to production

### **Great Western Project**

The project is located 68 km north of Leonora and 1km from the Goldfields Highway on Weebo pastoral leases and forms part of the historic Wilsons Patch mining area. Terrain is currently in the process of transferring this project back as part of a royalty settlement. Terrain has previously held this project and considers it as an advanced and ready to mine opportunity which is possibly still open down plunge and along strike. Further exploration has the potential to expand the mine life of the current resource of 322,500 tonnes @ 5.14 grams per tonne (JORC 2004 resource taken from the Terrain ASX Presentation released on 25 November 2010).

Work to date:

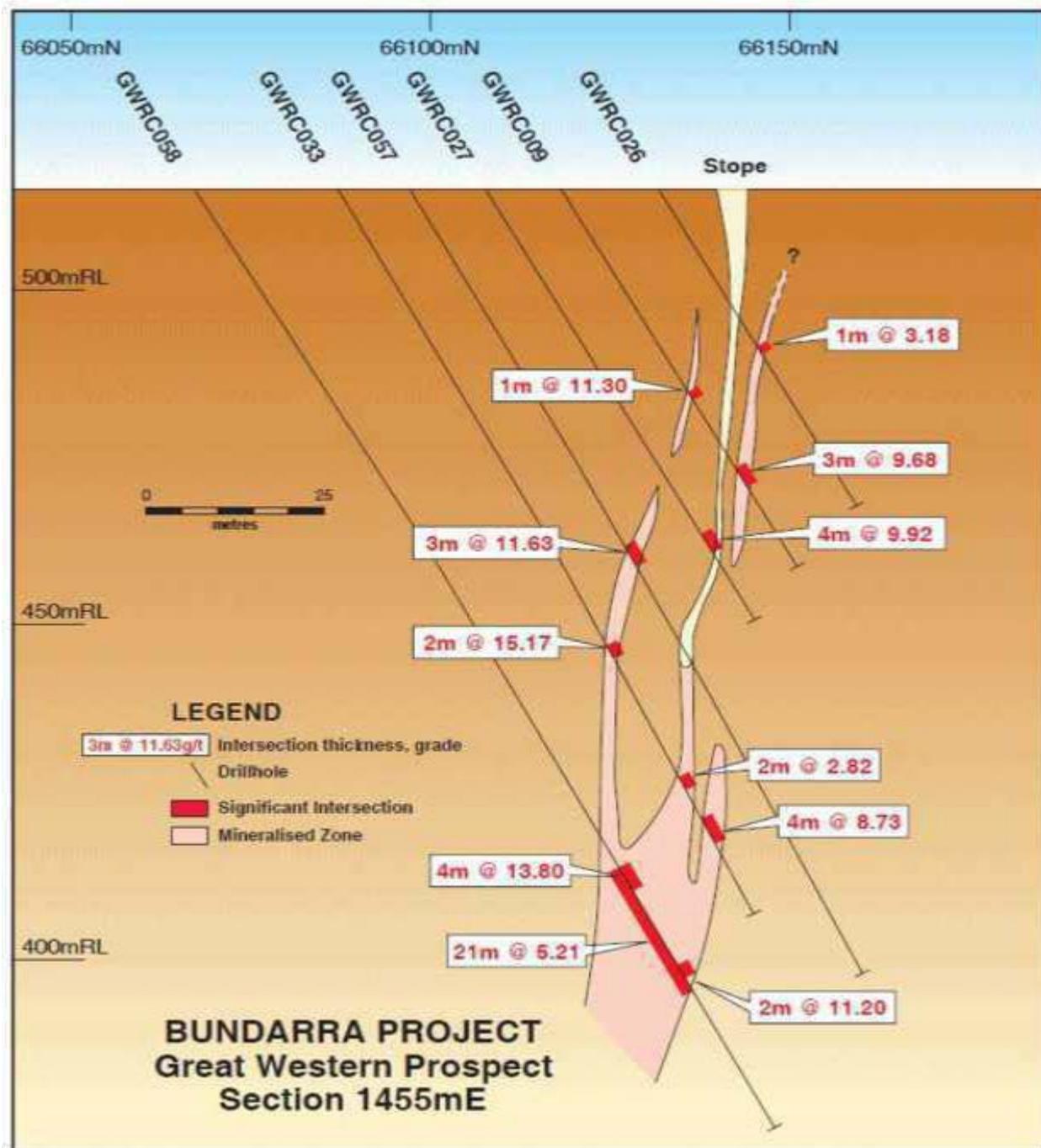
- Mine Scoping Studies completed
- Great Western open pit and underground
- Potential mine extensions
- Underground, open down plunge

What's next for Great Western:

- Geotechnical drilling
- Resource expansion drilling
- Permitting to be obtained – drilling/mining



## Great Western – Cross Section 1455mE



DWRC058: 21m @ 5.21g/t gold including 4m @13.80g/t and 2m @ 11.20g/t

## Black Cat JV Cancelled & Tenements Relinquished

As part of the ongoing portfolio review and cost cutting initiative, Terrain has relinquished all remaining tenements in the Black Cat Joint venture and the relating JV agreements have now been cancelled.

## **East Kambalda E26/97 Tenement Relinquished**

As part of the ongoing portfolio review and cost cutting initiatives, it was decided to relinquish this tenement. Terrain had extensively explored the area and it was entering into its ninth year. After a technical review and field trip a decision was made that to continue with this project would not be in the best interest of the Company and exploration funds could be allocated to better opportunities.

## **Corporate**

Terrain is currently searching and assessing potential company making projects in Australia and Africa. Terrain is looking at all economic commodities including but not limited to Gold, Copper, Iron Ore and Coal.

Great Western is now a priority project for Terrain.

# Appendix 1

<b>Section 1: Sampling Techniques and Data</b>		
<b>Criteria</b>	<b>JORC Code Explanation</b>	<b>Commentary</b>
<b>Sampling Technique</b>	<p>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report.</p> <p>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</p>	<p>RAB drilling was used to collect samples on one metre intervals. These samples were then geologically logged and final sampling composite intervals were selected. Sampled intervals varied between 1-4m.</p> <p>Samples for assay were composited using a spear/scoop technique through the individual 1m samples to generate an approximately 2-3kg sample. Samples were then sent to the laboratory where they were dried before being pulverised to 75um. A 40gm subsample was taken for low level fire assay for gold only.</p>
<b>Drilling</b>	<p>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face- sampling bit or other type, whether core is oriented and if so, by what method, etc).</p>	<p>All holes were drilled by rotary air blast (RAB) techniques using a reputable drilling contractor.</p>
<b>Drill Sample Recovery</b>	<p>Method of recording and assessing core and chip sample recoveries and results assessed.</p> <p>Measures taken to maximise sample recovery and ensure representative nature of the samples.</p> <p>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</p>	<p>Due to the nature of the highly oxidised material being drilled, and inconsistent ground conditions (eg groundwater) sample recovery for RAB drilling can be variable. Sample recoveries are not recorded.</p>
<b>Logging</b>	<p>Whether core and chip samples have been geologically and geotechnical logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</p> <p>Whether logging is qualitative or quantitative in nature. Core (or costean/Trench, channel, etc) photography.</p> <p>The total length and percentage of the relevant intersections logged.</p>	<p>Each drilled metre was geologically logged for colour, mineralogy, lithology, alteration and veining. RAB samples are powder/chips and no detailed geological information could be collected.</p>
<b>Sub-Sampling Technique and Sample Preparation</b>	<p>If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</p> <p>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</p> <p>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</p> <p>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled.</p>	<p>Samples submitted for assay were composited using a spear/scoop technique of individual 1m samples to generate an approximately 2-3kg sample. A total of 3% QAQC samples were included in the sample run.</p>

<b>Quality of Assay Data and Laboratory Tests</b>	The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	Samples were assayed using a 40gm charge fire assay with gold grades read using AAS to a LLD of 0.01g/t Au. This technique is considered a total digestion and analysis. A total of 3% QAQC samples were included in the sample run including 10 standard samples using certified reference material and 6 field duplicates. Both field and laboratory standards and duplicates reported within expected tolerances.
<b>Verification of Sampling and Assaying</b>	The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes The verification of significant intersections by either independent or alternative company personnel. Discuss any adjustment to assay data	Assay results were checked by one separate consultant geologist.
<b>Location of Data points</b>	Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used Quality and adequacy of topographic control	Drill hole collar positions were located using handheld GPS equipment with <3m accuracy. Due to the type of drilling involved accuracy greater than this is not required at this time.
<b>Data Spacing and Distribution</b>	Data spacing for reporting of Exploration Results Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied.	Hole spacing used is nominally 100mx50m. No resources or reserves are being quoted. Sample compositing has been applied as described above.
<b>Orientation of Data in Relation to Geological Structure</b>	Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	Historic small scale mining, previous drilling and geological mapping provided indication of potential structures and mineralised trends. Drill holes were oriented to the south (180° magnetic) at an declination of -60° and is considered appropriate for the targeted deposit type considering that RAB drilling is not intended to be anything other than a geochemical test. If warranted appropriately orientated follow-up RC drilling will be subsequently used.
<b>Sample Security</b>	The measures taken to ensure sample security	All samples were collected by the Company's consultant, stored in a secured compound and delivered directly by the consultant to the assay laboratory.

## Section 2 Reporting of Exploration Results

<b>Mineral Tenement and Land Tenure Status</b>	Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	The Dodgers Well Project tenure comprises granted Prospecting and Exploration Licences held 100% by Terrain Minerals Limited.
<b>Exploration Done by Other Parties</b>	Acknowledgment and appraisal of exploration by other parties.	The Dodgers Well Project covers the bulk of the historic Dodgers Well Mining Centre which produced 1,994 ounces of gold from 1,395 tonnes of ore at a grade of 44.5g/t gold during 1897-1911.  The Dodgers Well region has been the subject of exploration by various companies for base metals and gold from the late 1970's to the early 2000's. Work by these various companies included a mixture of mapping, rock chip and soil sampling and drilling. A series of small scale mining activities were also undertaken during the 1980's and 1990's. A total of 20,776

		<p>tonnes of ore were mined and processed yielding a total of 2,781 ounces of gold. A further 66 ounces of alluvial gold was reported.</p> <p>In late 2008 Terrain Minerals Ltd completed a data review of previous work, geological reconnaissance, and rock chip sampling programme leading to the acquisition of the Project. The Company has made a concerted effort to capture all material historic data and use this to formulate its exploration activities.</p>
<b>Geology</b>	Deposit type, geological setting and style of mineralisation.	Mineralisation defined to date at Dodgers Well comprises quartz veining hosted within a shear zone at the contact of basalts and granites.
<b>Drill Hole Information</b>	<p>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</p> <ul style="list-style-type: none"> <li>• easting and northing of the drill hole collar</li> <li>• elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>• dip and azimuth of the hole <ul style="list-style-type: none"> <li>• down hole length and interception depth</li> </ul> </li> <li>• hole length <ul style="list-style-type: none"> <li>• If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</li> </ul> </li> </ul>	Refer table in body of report.
<b>Data Aggregation Methods</b>	<p>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</p> <p>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</p> <p>The assumptions used for any reporting of metal equivalent values should be clearly stated.</p>	The anomalous RAB result intersections have been reported using a 0.10g/t Au lower cut-off with assays weighted by their composite sample length. No upper cut off grade has been used.
<b>Relationship Between Mineralisation Widths and Intercept Lengths</b>	<p>These relationships are particularly important in the reporting of Exploration Results</p> <p>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</p>	Mineralised intervals are down-hole lengths only. At this stage the orientation of mineralisation is unknown and the true width is unknown, but if similar to historically mined mineralisation is most likely to be steep.
<b>Diagrams</b>	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	Not applicable at this stage.
<b>Balanced Reporting</b>	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	All results have been reported.
<b>Other Substantive Exploration Data</b>	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	Not applicable

<b>Further Work</b>	The nature and scale of planned further work (eg tests for lateral extensions or large scale step out drilling. Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Yet to be determined.
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**Table 1**

Hole_ID	Easting	Northing	RL	Tenement	Incl.	Azi.	Depth	CBI	BOCO	From	To	Interval	Significant Intersections >0.1g/t Au
14DWR001	336150	6831550	500	P37/6950	-60	180	66	2	56				No Significant Intersection
14DWR002	336150	6831600	500	P37/6950	-60	180	68	2	35				No Significant Intersection
14DWR003	336150	6831650	500	P37/6950	-60	180	49	2	46				No Significant Intersection
14DWR004	336150	6831700	500	P37/6950	-60	180	71	2					No Significant Intersection
14DWR005	336150	6831750	500	P37/6950	-60	180	71	2	70	60	64	4	4m at 0.52g/t Au from 60m
14DWR006	336150	6831800	500	P37/6950	-60	180	71	2		45	47	2	2m at 0.1g/t Au from 45m
14DWR007	336250	6831550	500	P37/6950	-60	180	67	4	55				No Significant Intersection
14DWR008	336250	6831605	500	P37/6950	-60	180	73	4	48				No Significant Intersection
14DWR009	336250	6831650	500	P37/6950	-60	180	68	4		16	20	4	4m at 1.1g/t Au from 16m
14DWR010	336250	6831700	500	P37/6950	-60	180	43	3	22				No Significant Intersection
14DWR011	336250	6831750	500	P37/6950	-60	180	68	3	45				No Significant Intersection
14DWR012	336350	6831500	500	P37/6950	-60	180	83	3	51				No Significant Intersection
14DWR013	336350	6831550	500	P37/6950	-60	180	57	3	49				No Significant Intersection
14DWR014	336350	6831600	500	P37/6950	-60	180	54	3					No Significant Intersection
14DWR015	336350	6831650	500	P37/6950	-60	180	39	3	29				No Significant Intersection
14DWR016	336450	6831500	500	P37/6950	-60	180	67	4	16				No Significant Intersection
14DWR017	336450	6831550	500	P37/6950	-60	180	83	2	41				No Significant Intersection
14DWR018	336450	6831600	500	P37/6950	-60	180	77	2	65				No Significant Intersection
14DWR019	336450	6831650	500	P37/6950	-60	180	65	2	15				No Significant Intersection
14DWR020	336450	6831270	500	E37/1174	-60	225	37	4	24				No Significant Intersection
14DWR021	336500	6831300	500	E37/1174	-60	225	68	2	41				No Significant Intersection
14DWR022	336530	6831335	500	E37/1174	-60	225	28	2	14				No Significant Intersection
14DWR023	336565	6831365	500	E37/1174	-60	225	41	2	19				No Significant Intersection
14DWR024	336450	6832150	500	P37/6950	-60	270	2	1					No Significant Intersection
14DWR025	336500	6832150	500	P37/6950	-60	270	2	1	1				No Significant Intersection
14DWR026	336450	6832050	500	P37/6950	-60	270	5	2	2				No Significant Intersection
14DWR027	336450	6831850	500	P37/6950	-60	270	41	2	30				No Significant Intersection
14DWR028	336500	6831850	500	P37/6950	-60	270	68	2	30				No Significant Intersection
14DWR029	336500	6831750	500	P37/6950	-60	270	20	1	19				No Significant Intersection
14DWR030	336600	6831750	500	P37/6950	-60	270	45	4	12				No Significant Intersection
14DWR031	336650	6831750	500	P37/6950	-60	270	8	6	6				No Significant Intersection
14DWR032	336550	6831500	500	P37/6950	-60	225	45	4	20				No Significant Intersection
14DWR033	336585	6831535	500	P37/6950	-60	225	26	3	9				No Significant Intersection
14DWR034	336620	6831570	500	P37/6950	-60	225	22	7	19				No Significant Intersection
14DWR035	336655	6831605	500	P37/6950	-60	225	25	7	15				No Significant Intersection
14DWR036	336600	6831400	500	E37/1174	-60	225	71	6	14				No Significant Intersection
14DWR037	336635	6831435	500	E37/1174	-60	225	35	7	31				No Significant Intersection
14DWR038	336670	6831470	500	E37/1174	-60	225	51	7	23				No Significant Intersection

14DWR039	336660	6831335	500	E37/1174	-60	225	29	6	20					No Significant Intersection
14DWR040	336695	6831370	500	E37/1174	-60	225	45	6	22					No Significant Intersection
14DWR041	336670	6830905	500	E37/1174	-60	270	39	1						No Significant Intersection
14DWR042	336730	6830595	500	E37/1174	-60	315	54	1	53	40	44	4		4m at 0.1g/t Au from 40m
14DWR043	336300	6831100	500	E37/1174	-60	225	44	2	39					No Significant Intersection
14DWR044	336400	6831200	500	E37/1174	-60	225	53	2	26					No Significant Intersection

All Coordinates  
in GDA94\_z51

## Competent Persons statement – Dodgers Well exploration

*The information in this report that relates to Exploration Results is based on information compiled by Mr. G. Purcell, who is a Member of the Australian Institute of Geoscientists and a consultant to Terrain Minerals Limited. Mr Purcell has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Purcell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

# Appendix 2

## Terrain Minerals & SR Mining Convertible Note

### Annexure A

#### Convertible Note Certificate

This Convertible Note is issued by the Issuer to the Holder on the terms described below:

<b>Issuer</b>	Bligh Resources Limited ACN 130 964 162
<b>Holder</b>	Terrain Minerals Limited ACN 116 153 514
<b>Face Value</b>	\$200,000
<b>Coupon Rate</b>	Nil
<b>Issue Date</b>	28 November 2014
<b>Redemption Date</b>	5.00pm Sydney Time on 28 November 2015
<b>Expiry Date</b>	5.00pm Sydney Time on 28 January 2016
<b>Conversion</b>	<p>This convertible note may be converted in whole or in part at any time from the Issue Date to the Expiry Date into Shares at \$0.05 per share. To convert the convertible note the Holder must deliver a Valid Conversion Notice to the Issuer at its registered office before the Expiry Date.</p> <p>On receipt of a Valid Conversion Notice the Issuer shall issue and allot the Shares to the account nominated on the Business Day after the receipt of the Valid Conversion Notice, or if no such account is nominated, to the Issuer's issuer sponsored register in the name of the Holder.</p> <p>On receipt of the issue and allotment of the Shares under a Valid Conversion Notice, the Face Value is reduced by deducting the amount to be converted as stated in the Valid Conversion Notice and the Issuer shall issue a new convertible note certificate to the Holder on the issue of the Shares.</p> <p>The Holder may issue multiple Valid Conversion Notices.</p>
<b>Redemption</b>	<p>The Holder may redeem, in whole or in part, the Face Value at any time after the Redemption Date by the delivery of a Valid Redemption Notice to the Issuer at its registered office.</p> <p>On the Expiry Date, the convertible note will be redeemed in the amount of the Face Value at the Expiry Date.</p> <p>On receipt of a Valid Redemption Notice or on the Expiry Date, the Issuer shall pay the Redemption Amount within 2 Business Days by direct deposit into the account nominated by the Holder, and if no such account is nominated, by delivery of a non-negotiable cheque to the registered office of the Holder.</p> <p>On the payment of the Redemption Amount following the issue of a Valid Redemption Notice, the Face Value is reduced by deducting the Redemption Amount and the Issuer shall issue a new convertible note certificate to the Holder.</p>
<b>Alteration of Capital</b>	<p>If there is a bonus issue of Shares prior to the Shares being allotted under a Valid Conversion Notice, then the number of Shares that shall be issued and allotted on the Valid Conversion Notice shall be increased by the number of Shares that the Holder would have received if the Shares had been allotted under the Valid Conversion Notice prior to the bonus issue of Shares.</p>

	To the extent necessary to comply with Listing Rule 7.23, If there is a re-organisation of capital, the conversion conditions shall be amended to be treated in accordance with the Listing Rules
<b>Transfer</b>	The Holder may not transfer, assign or dispose of this convertible note, other than with the written consent of the Issuer, such consent shall not be unreasonably withheld.
<b>Definitions</b>	<p><b>\$</b> means Australian Dollars.</p> <p><b>ASX</b> means ASX Limited and the market is operates.</p> <p><b>Business Day</b> has the same meaning as in the Listing Rules.</p> <p><b>Face Value</b> means \$200,000 and after any redemption or conversion, means \$200,000 less the amounts redeemed or converted.</p> <p><b>Listing Rules</b> means the listing rules of the ASX</p> <p><b>Redemption Amount</b> means the amount of the Face Value to be redeemed under a valid redemption notice or in the case of redemption on the Expiry Date, means the Face Value.</p> <p><b>Shares</b> means ordinary fully paid shares in the capital of the Issuer</p> <p><b>Valid Conversion Notice</b> means a conversion notice that:</p> <ol style="list-style-type: none"> <li>a) Is in writing;</li> <li>b) Is an original and not a copy;</li> <li>c) Is accompanied by the convertible note certificate;</li> <li>d) Is executed by the Holder in accordance with the Corporations Act 2001;</li> <li>e) Specifies the amount of the convertible note that is to be converted in a multiple of \$0.05. The amount must not exceed the Face Value;</li> <li>f) Includes a warranty by the Holder that the allotment of the Shares shall not result in the acquisition by any person of a relevant interest in voting shares prohibited under section 606 of the Corporations Act; and</li> <li>g) If the Holder wishes the Shares to be issued to a specific nominee or broker sponsored account, provides the details required to allot the shares to that nominee or broker sponsored account.</li> </ol> <p><b>Valid Redemption Notice</b> means a redemption notice that:</p> <ol style="list-style-type: none"> <li>a) Is in writing;</li> <li>b) Is the original and not a copy;</li> <li>c) Is accompanied by the convertible note certificate;</li> <li>d) Is executed by the Holder in accordance with the Corporations Act 2001;</li> <li>e) Specifies the Redemption Amount and;</li> <li>f) If the Holder wishes the redemption amount to be remitted by direct deposit, provides the account details sufficient to allow the Issuer to remit the redemption amount by direct deposit.</li> </ol>

# Appendix 5B

## Mining exploration entity quarterly report

Name of entity

**Terrain Minerals Limited**

ABN

**45 116 153 514**

Quarter ended ("current quarter")

**31 December 2014**

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 Months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for:		
(a) exploration & evaluation	(42)	(88)
(b) development		
(c) production		
(d) administration	(119)	(190)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	7	15
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other		
<b>Net Operating Cash Flows</b>	<b>(154)</b>	<b>(263)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) shares		
1.9 Proceeds from sale of:		
(a) prospects	182	182
(b) equity investments		
(c) motor vehicle	-	21
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
<b>Net Investing Cash Flows</b>	<b>182</b>	<b>203</b>
1.13 Total operating and investing cash flows (carried forward)	28	(60)

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	28	(60)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc. net of costs		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	28	(60)
1.20	Cash at beginning of quarter/year to date	1,038	1,126
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	1,066	1,066

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	46
1.24	Aggregate amount of loans to the parties included in item 1.10	
1.25	Explanation necessary for an understanding of the transactions	
	Directors Fees and Remuneration	

**Non-cash financing and investing activities**

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
- Due to default settlement, Terrain is entitled for 4,000,000 fully paid ordinary shares of Bligh Resources with a 14 month convertible note with a conversion price of 5 cents. Note converts to \$200,000 Cash at expiry, not shares. Terrain can elect to exercise small parcels of shares and sell before the expiry date at its discretions.

Additionally, 400,000 shares were in lieu of interest on the convertible note which has a value of \$20,000 at 5 cents. Now issued to Terrain.
- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest
- NIL

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	30
4.2 Development	
4.3 Production	
4.4 Administration	79
<b>Total</b>	<b>109</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	169	56
5.2 Deposits at call	897	982
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,066</b>	<b>1,038</b>

## Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Please refer "Interests in Mining Tenements" on pages 6.		
6.2	Interests in mining tenements acquired or increased	Please refer "Interests in Mining Tenements" on pages 6.		

## Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference</b> * <b>securities</b> (description)	-	-	
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	
7.3	<b>+Ordinary securities</b>	349,032,224	349,032,224	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
7.5	<b>+Convertible debt securities</b> (description)	Nil	Nil	
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted			
7.7	<b>Options</b> (description and conversion factor)	16,500,000	Exercise price \$ \$0.0078	Expiry date 1 Dec 2016
7.8	Issued during quarter	12,000,000	\$0.004	24 Nov 2019

**Appendix 5B**  
**Mining exploration entity quarterly report**

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	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Interests in Mining Tenements**

*Disclosure in accordance with ASX Listing Rule 5.3.3*

<b>Project/Tenements</b>	<b>Location</b>	<b>Held at end of quarter</b>	<b>Acquired during the quarter</b>	<b>Disposed during the quarter</b>
BlackCat 005_E37667 L37/126	Western Australia Western Australia	0% 0%		60% 60%
Dodgers Wells 007_P376950 007_P377741 007_P377742 007_P378279 007_P378280 007_P378281 007-E37/1174	Western Australia Western Australia Western Australia Western Australia Western Australia Western Australia Western Australia	100% 100% 100% 100% 100% 100% 100%		
East Kambalda E26/97	Western Australia	0%		100%
Great Western ML 37/0054	Western Australia	100% Being transferred from SR mining	100%	

<b>Farm-in Agreements / Tenements</b>	<b>Location</b>	<b>Held at end of quarter</b>	<b>Acquired during the quarter</b>	<b>Disposed during the quarter</b>

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

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: 30 January 2015  
(Company secretary)

Print name: Jay Stephenson

### 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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 Issued and quoted securities The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 Accounting Standards ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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