



TERRAIN MINERALS LTD
ABN 45 116 153 514
ASX: TMX

INTERIM FINANCIAL REPORT 31 DECEMBER 2015

Note: The information contained in this condensed report is to be read in conjunction with Terrain Minerals Limited 2015 annual report and any announcements made by the company during the half-year period ending 31 December 2015

TERRAIN MINERALS LIMITED

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

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TERRAIN MINERALS LIMITED

CORPORATE DIRECTORY

Terrain Minerals Limited Board

David Porter

Non-Executive Chairman

Paul Dickson

Non-Executive Vice Chairman

Jonathan Lim

Non-Executive Director

Justin Virgin

Executive Director

Damian Delaney (appointed 24 April 2015)

Company Secretary

Securities Exchange

Terrain Minerals Ltd shares are listed on the Australian Securities Exchange

Ordinary fully paid shares (ASX code TMX)

Principal and Registered office in Australia

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Facsimile : +61 8 6141 3599

Email: terrain@terrainminerals.com.au

Website: www.terrainminerals.com.au

Share Register

Computershare Investor Services Pty Ltd

Level 11

172 St Georges Terrace

Perth WA 6000

Telephone 1300 787 272

Facsimile +61 8 9323 2033

Auditor

BDO Audit (WA) Pty Ltd

38 Station Street

Subiaco WA 6008

Banker

Westpac Banking Corporation

Business Banking Centre

218 St Georges Terrace

Perth WA 6000

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

Your directors present their report, together with the financial statements of company for the half year ended 31 December 2015.

DIRECTORS

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

NAMES	POSITION
Mr David Porter	Non-Executive Chairman
Mr Paul Dickson	Vice Chairman, Non-Executive Director
Mr Justin Virgin	Executive Director
Mr Jonathan Lim	Non-Executive Director

COMPANY SECRETARY

The company secretary of Terrain during the financial period or up to the date of this report is:
Mr Damian Delaney

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 \$366,950 (2014: loss of \$4,247,416) and had a net cash outflow from operations of \$197,333 for the half-year (2014: \$185,730 outflow).

Significant events:

- SR Mining (Bligh) paid Terrain \$200,000 as part of the final Bundarra asset sale settlement.
- \$300,000 raised from sophisticated investors
- Great Western Gold Project
 - Release drill results from stage one drill program
 - Resource updated to be compliant with 2012 JORC
 - Commence scoping study – on hold for further geological review and due to;
 - Purchase Strategic land package from Wildviper P/L which surrounds the GW holding
- Rembrandt Gold Project Acquisition
 - Drill Rembrandt gold target and release shallow high grade results
 - 100% project earned by meeting expenditure commitments. Production royalties applies refer to announcement
- Gimlets Base metals & Gold project acquisition
 - Situated in Fraser Range South
 - Historic data review and commencement of geophysical targeting
- Project review process continues looking for significant assets in Australia, Africa, Middle East and the Americas. Focusing on gold, copper and other economic minerals.

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

TERRAIN MINERALS LIMITED

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

EVENTS AFTER THE END OF THE REPORTING PERIOD

On 15 December 2015 the Company announced that it was electing to proceed with the acquisition of the Rembrandt Gold project, the acquisition was completed on 10 February 2016.

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 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 2015 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: 14 March 2016

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

As lead auditor for the review of Terrain Minerals Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

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



Phillip Murdoch
Director

BDO Audit (WA) Pty Ltd
Perth, 14 March 2016

TERRAIN MINERALS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

		31 DECEMBER	31 DECEMBER
		2015	2014
	NOTE	\$	\$
Revenue from Continuing Operations	2	5,208	39,602
Depreciation expense		(2,250)	(2,286)
Employee benefits expense		(97,031)	(83,975)
Impairment of exploration	5	(625)	(267,124)
Impairment of receivable		(468)	(3,787,733)
Occupancy expenses		(7,975)	(11,900)
Share based payment expense	10	(150,528)	(14,829)
Administrative expenses		(113,281)	(119,171)
Loss before income tax		(366,950)	(4,247,416)
Income tax expense		-	-
Loss for the half year after tax		(366,950)	(4,247,416)
Other comprehensive income		-	-
Total comprehensive loss for the half year		(366,950)	(4,247,416)
Total comprehensive loss for the half year attributable to members of Terrain Minerals Ltd:		(366,950)	(4,247,416)
Loss per share attributable to owners of TMX			
Basic loss per share (cents)		(0.10)	(1.22)

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 2015

		31 DECEMBER	30 JUNE
	NOTE	2015	2015
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		885,930	711,089
Trade and other receivables	3	13,870	29,153
Financial assets	4	-	208,000
Other assets		12,398	11,439
TOTAL CURRENT ASSETS		912,198	959,881
NON-CURRENT ASSETS			
Plant and equipment		4,279	6,529
Exploration expenditure	5	354,282	236,931
TOTAL NON-CURRENT ASSETS		358,561	243,460
TOTAL ASSETS		1,270,759	1,203,341
CURRENT LIABILITIES			
Trade and other payables		74,187	72,765
TOTAL CURRENT LIABILITIES		74,187	72,765
TOTAL LIABILITIES		74,187	72,765
NET ASSETS		1,196,572	1,130,576
EQUITY			
Issued capital	6(a)	19,055,624	18,773,806
Reserves		1,461,649	1,310,521
Accumulated losses		(19,320,701)	(18,953,751)
TOTAL EQUITY		1,196,572	1,130,576

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 2015

31 DECEMBER 2015

		ORDINARY SHARES \$	ACCUMULATED LOSSES \$	SHARE BASED PAYMENT RESERVE \$	TOTAL \$
Balance at 1 July 2015		18,773,806	(18,953,751)	1,310,521	1,130,576
loss attributable to members of the company		-	(366,950)	-	(366,950)
Other comprehensive loss for the half year		-	-	-	-
Total comprehensive loss for the half year		-	(366,950)	-	(366,950)
Transactions with owners, in their capacity as owners, and other transfer					
Contributions of equity, net of transaction costs		281,818	-	-	281,818
Options issued to directors and related parties	10	-	-	151,128	151,128
Balance at 31 December 2015		19,055,624	(19,320,701)	1,461,649	1,196,572

31 DECEMBER 2014

		ORDINARY SHARES \$	ACCUMULATED LOSSES \$	SHARE BASED PAYMENT RESERVE \$	TOTAL \$
Balance at 1 July 2014		18,773,806	(14,014,694)	1,295,692	6,054,804
loss attributable to members of the company		-	(4,247,416)	-	(4,247,416)
Other comprehensive loss for the half year		-	-	-	-
Total comprehensive loss for the half year		-	(4,247,416)	-	(4,247,416)
Transactions with owners, in their capacity as owners, and other transfer					
Options issued to directors	11	-	-	14,829	14,829
Balance at 31 December 2014		18,773,806	(18,262,110)	1,310,521	1,822,217

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 2015

	31 DECEMBER 2015 \$	31 DECEMBER 2014 \$
CASH FROM OPERATING ACTIVITIES:		
Payments to suppliers and employees	(202,541)	(201,212)
Interest received	5,208	15,482
Net cash used in operating activities	(197,333)	(185,730)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	7,532	20,750
Proceeds from redemption of convertible note	200,000	-
Proceeds from the settlement of debt (inclusive GST)	-	181,500
Payments for exploration expenditure	(117,376)	(75,929)
Net cash provided by (used in) investing activities	90,156	126,321
CASH FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	300,000	-
Share issue costs	(18,182)	-
Net cash used in financing activities	281,818	-
Net cash decreases in cash and cash equivalents	174,641	(59,409)
Cash and cash equivalents at beginning of the half year	711,289	1,125,515
Cash and cash equivalents at end of the half year	885,930	1,066,106

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 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

This interim financial report for the half year ending 31 December 2015 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting.

The interim financial report is intended to provide users with an update on the latest annual financial report of Terrain Minerals Limited. As such it does not contain information that represents relatively insignificant changes occurring during the half year within Terrain Minerals Limited. This interim financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this interim financial report be read in conjunction with the annual financial report of Terrain Minerals Limited for the year ended 30 June 2015, together with any public announcements made during the half year.

The same accounting policies and methods of valuation have been followed in this interim financial report as were applied in the most recent annual financial report, except in relation to notes disclosed below.

(B) NEW AND REVISED ACCOUNTING REQUIREMENTS THAT ARE FIRST EFFECTIVE IN THE CURRENT HALF YEAR REPORTING PERIOD

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period. None of the new and revised standards and interpretations adopted during the period had a material impact nor did they result in any changes to the Company's presentation of, or disclosure in, its half-year financial report.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

There are no new and revised Standards and amendments thereof and Interpretations effective for future reporting periods issued during the current report period that are relevant to the Company.

(C) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The critical estimates and judgments are consistent with those applied and disclosed in the 30 June 2015 annual report, except the following.

KEY JUDGEMENTS - SHARE BASED PAYMENTS

The company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes method. The related assumptions are detailed in **Note 10**. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

2 REVENUE FROM CONTINUING OPERATIONS

	31 DECEMBER	31 DECEMBER
	2015	2014
	\$	\$
Interest income	5,208	15,482
Sundry income	-	21,356
Unrealised gain on revaluation of convertible note	-	2,764
	<u>5,208</u>	<u>39,602</u>

3 TRADE AND OTHER RECEIVABLES

	31 DECEMBER	30 JUNE
	2015	2015
	\$	\$
CURRENT		
Trade receivables	320	11,926
GST	13,550	17,227
	<u>13,870</u>	<u>29,153</u>

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

4 FINANCIAL ASSETS

	31 DECEMBER	30 JUNE
	2015	2015
	\$	\$
Convertible note receivable at fair value	-	200,000
Shares in Bligh Resources	-	19,200
Loss on revaluation of shares	-	(11,200)
	<u>-</u>	<u>208,000</u>

On 30 November 2015 the Company announced the convertible note with Bligh Resources Limited was redeemed to the full face value of \$200,000.

At the end of the financial period all shares in Bligh Resources have been sold.

5 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
	2015	2015
	\$	\$
Carrying amount at beginning of period	236,931	669,697
Capitalised Expenditure	117,976	263,745
Transferred Great Western at Fair Value	-	91,350
Impairment expense	(625)	(787,861)
	<u>354,282</u>	<u>236,931</u>

The recoupment of deferred exploration and evaluation costs carried forward is dependent upon the successful development and commercialisation or sale of the areas of interests being explored and evaluated.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. During the period, the Company has identified that there are assets where no exploration program can be justified and the tenements should be relinquished and therefore capitalised expenditure allocated to these tenements was written off in accordance with AASB 6 'Exploration for and Evaluation of Mineral Resources'. The Board has approved the write down of \$625 (June 2015: \$787,861) 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 2015

6 ISSUED CAPITAL

	31 DECEMBER	30 JUNE
	2015	2015
	\$	\$
409,032,224 (30 June 2015: 349,032,224) Ordinary shares	20,597,619	20,297,619
Costs of raising capital	(1,541,995)	(1,523,813)
Total	19,055,624	18,773,806

(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 Group in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting or by proxy, is entitled to one vote. Upon a poll every holder is entitled to one vote per share held.

Description	Date	Number of shares	Issue Price	\$
30 June 2015 Opening balance		349,032,224		18,773,806
Share placement (i)	13 Oct 2015	60,000,000	\$0.005	300,000
Less: transaction costs		-		(18,182)
Closing balance	31 Dec 2015	409,032,224		19,055,624

- i. On 13 October 2015 Terrain completed a Placement. The placement was 60,000,000 shares issued at \$0.005. The issue costs of \$18,182 are in relation to the Placement.

(B) OPTIONS

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

7 OPERATING SEGMENTS

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

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

8 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In the opinion of the Directors, the company did not have any contingencies at 31 December 2015 (30 June 2015: Nil).

9 RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. There were no significant changes in the nature of related party transactions since 30 June 2015. (Refer to **Note 10** for options issued to Directors)

10 SHARE-BASED PAYMENTS

At 31 December 2015 Terrain Minerals Limited has the following options on issue:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	START OF THE HALF YEAR	GRANTED DURING THE HALF YEAR	EXERCISED DURING THE HALF YEAR	FORFEITED DURING THE HALF YEAR	BALANCE AT THE END OF THE HALF YEAR	VESTED AND EXERCISABLE AT THE END OF THE HALF YEAR
26 November 2013	26 November 2016	\$0.0091	16,400,000	-	-	-	16,400,000	16,400,000
28 November 2014	24 December 2019	\$0.0044	12,000,000	-	-	-	12,000,000	12,000,000
26 August 2015	1 August 2018	\$0.0300	-	6,000,000	-	-	6,000,000	6,000,000
24 November 2015	24 November 2020	\$0.0117	-	22,600,000	-	-	22,600,000	22,600,000
	26 December 1988	140.60	28,400,000	28,600,000	-	-	57,000,000	57,000,000

The 22,600,000 options issued to the directors and consultant include: Messrs David Porter, Paul Dickson, Jonathan Lim, Justin Virgin and Damian Delaney respectively, which were valued at \$150,528 following shareholder approval at the annual general meeting held on 24 November 2015.

The weighted average fair value of those equity instruments, determined by reference to market price, was \$0.007 (June 2015: \$0.004)

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

Included under employee benefits expense in the statement of profit or loss and other comprehensive income is \$150,528, which relates to equity-settled share-based payment transactions (2014:\$14,829).

TERRAIN MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

10 SHARE BASED PAYMENTS (Continued)

The assumptions used for the options valuation are as follows:

Exercise Price	\$0.0117
Expected Life	5 years
Share Price at Time of Issue	\$0.007
Expected Volatility	184%
Risk Free Interest Rate	2.10%
Option Value	\$0.007

11 EVENTS AFTER THE END OF THE REPORTING PERIOD

On 15 December 2015 the Company announced that it was electing to proceed with the acquisition of the Rembrandt Gold project, the acquisition was completed on 10 February 2016.

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 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 14, 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 2015 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: 14 March 2016

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Terrain Minerals Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Terrain Minerals Limited, which comprises the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

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 2015 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 Terrain Minerals Limited, 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 Terrain Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



Conclusion

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 Terrain Minerals Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

BDO

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

Phillip Murdoch

Director

Perth, 14 March 2016