ASX Announcement

18/01/**2016**

ABN: 45 116 153 514

ASX: TMX

Quarterly Activities Report: December 2015

HIGHLIGHTS

- **$200,000 Received on Expiry of Convertible Note**
  - All obligations & dealing with SR Mining now finalised
  - Great Western (GW) high grade gold project & the Bundarra tenements now fully independent of each other.
  - All options to monetise the project currently being reviewed

- **Rembrandt Gold Project**
  - Terrain has elected to exercise the option to acquire 100% of Rembrandt
  - Several other high grade drill targets currently being assessed

- **Drilling Results at Monet (Rembrandt Project)**
  - High grade gold intersection along strike at Monet
  - Confirms presence of high grade near surface gold mineralisation
  - Geological assessment underway

- **Great Western Strategic Acquisition**
  - Immediate tenure surrounding Great Western purchased from Wildviper Pty Ltd
  - The new area is a highly prospective holding & extends along the strike extents of GW & greatly adds flexibility for site planning

- **Gimlet – Southern Fraser Range**
  - The Gimlet Project area covers a total land area of 469km^2 directly adjacent to Mt Ridley Mines (ASX:MRD)
  - Geophysical targeting has commenced

- **Corporate Update**
  - Successful completion of $300,000 placement
  - All resolutions passed at the Annual General Meeting
  - Office relocation completed

On behalf of the Board

Justin Virgin Executive Director

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$200,000 Received - Expiry of Convertible Note

This Convertible Note relates back to the original Bundarra tenement sale package to SR Mining, and subsequent agreements. All dealings on this matter have now concluded and the board is pleased to now be able to move forward with certainty regarding Great Western as 100% owned deposit, fully separate of the Bundarra land area.

Rembrandt Gold Project

- Terrain has elected to acquire 100% of the Rembrandt Gold Project
- Low cost acquisition represents significant value for Terrain
- Planning of further exploration underway

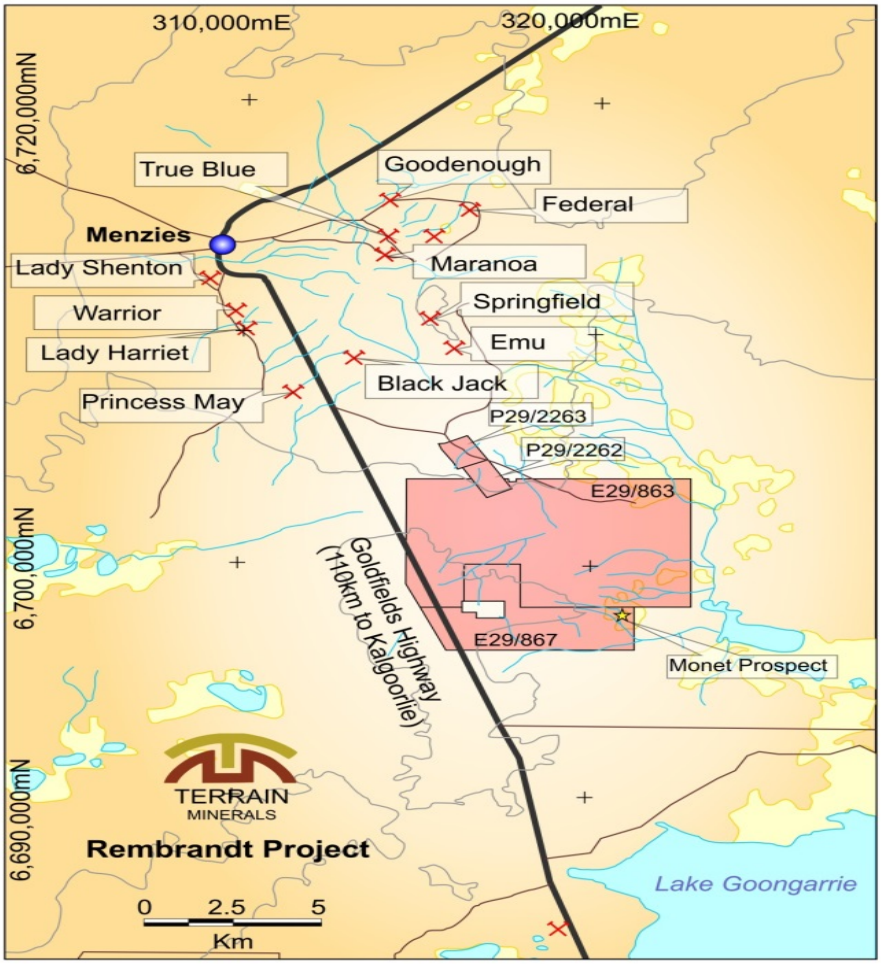

Figure 1: Rembrandt Project Location Plan

Acquisition Terms

Terrain has elected to proceed with the acquisition of Rembrandt Mining Pty Ltd ("Rembrandt") for $1.00 consideration. Rembrandt Mining Pty Ltd and/or its nominee is to receive a free carried profit share from any mining operations across the Project area. Profit share structure:

i. 25% Free carried profit share to Rembrandt for up to 15,000 ounces of gold produced
ii. 15% Free carried profit share to Rembrandt for in excess of 15,000 ounces of gold produced
iii. 1% Net Smelter Royalty will apply to all material mined other than gold
iv. Both parties to maintain a mutual first right of refusal over each respective party's interest in the Project
v. Rembrandt to retain prospecting rights

Drilling results at Monet (Rembrandt Project)

High grade gold intercepted in drilling at Monet Prospect

- Multiple high grade drill results including:
  - TMXMRC016: 1m @ 17.9g/t Au from 26m & 2m @ 1.9g/t Au from 30m
  - TMXMRC018: 1m @ 6.5g/t Au from 46m
  - TMXMRC030: 1m @ 80.4g/t Au from 43m
  - TMXMRC039: 1m @ 18.85g/t Au from 11m
  - TMXMRC041: 1m @ 2.7g/t Au from 32m & 3m @ 1.7g/t Au from 39m
  - TMXMRC063: 1m @ 20g/t Au from 16m
  - TMXMRC064: 1m @ 10.3g/t Au from 28m
  - TMXMRC065: 2m @ 3.54 g/t Au from 36m
  - TMXMRC066: 2m @ 1.8g/t Au from 46m
- Mineralisation open at depth
- Confirms presence of high grade near surface gold mineralisation

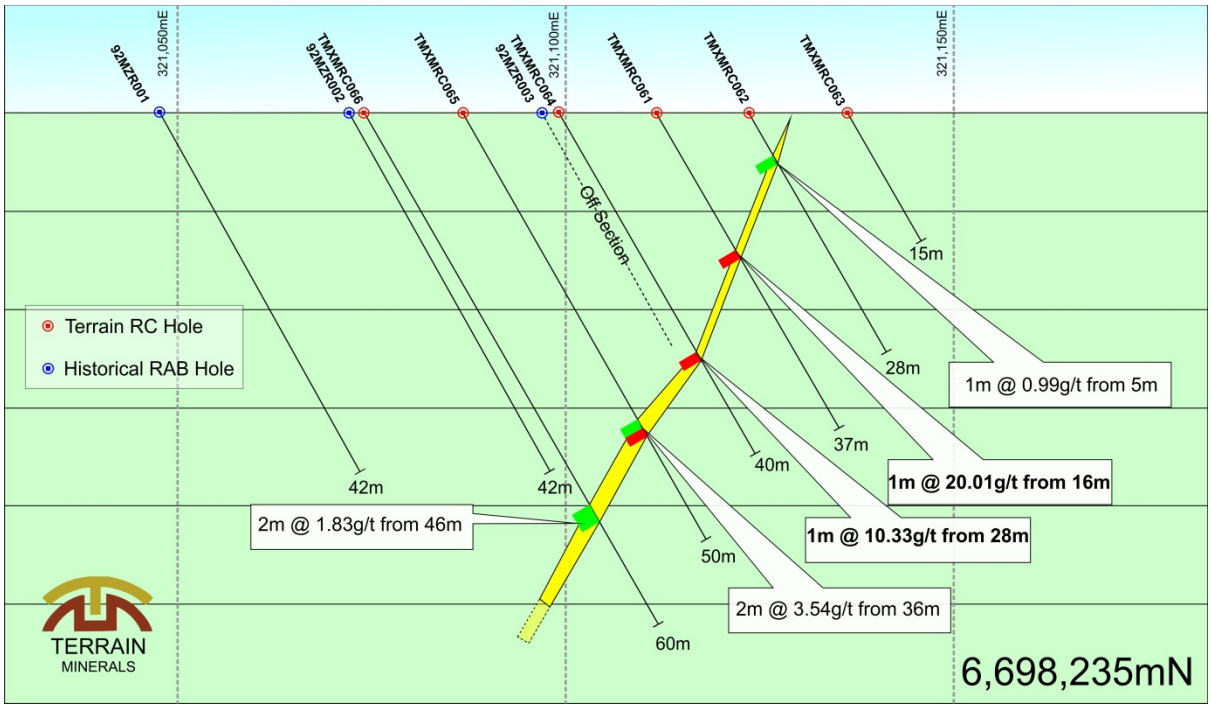

Figure 2: Monet Cross Section 6,698,235mN

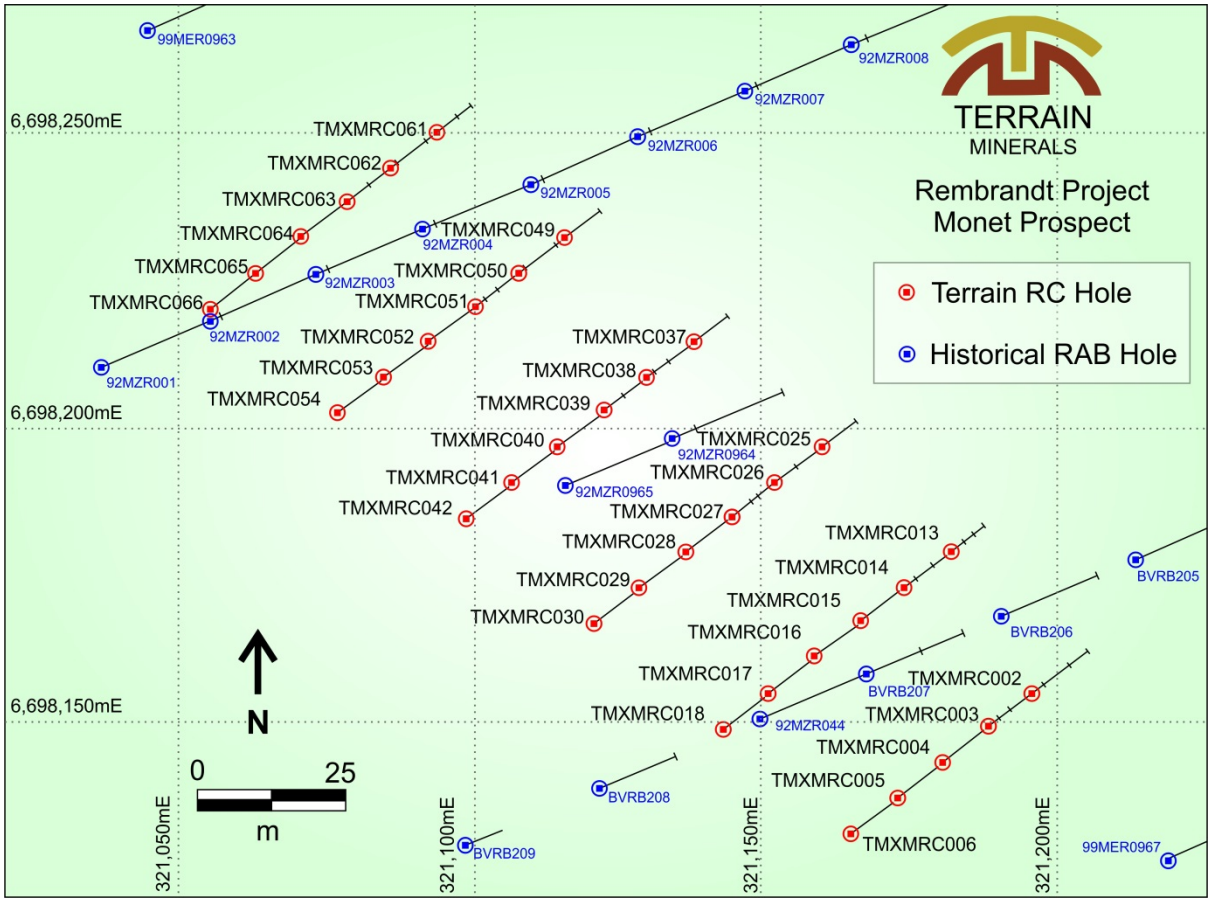

Figure 3: Monet Prospect Drill Collar Plan

Exploration Summary

A total of five aircore (AC) drill holes for 214m and thirty reverse circulation (RC) drill holes for 1,104m were completed across the Monet Prospect. Drilling intersected high-grade shallow gold mineralisation similar to that intersected in historical RAB drilling (further details available within ASX Announcement *Option Agreement on High Grade Gold Asset*, 16/09/2015).

Mineralisation is hosted within a shear zone in a fine grained Mafic (Basalt) unit. The mineralised zone is defined by sericite (+minor fuchsite) alteration and associated pyrite. The mineralised shear zone is overlain by a very shallow weathering zone with fresh rock generally encountered in drilling <5m from the surface.

A review of the results received is currently underway to determine any further exploration required across the Monet Prospect as well as of additional targets within the Rembrandt Project.

Strategic Acquisition for Great Western Project

Terrain finalised an agreement to Purchases E37/1214 from Wildviper Pty Ltd.
This area is highly prospective and increases the existing strike extent of Great Western and the possibilities of other occurrences, within the tenement area. The acquisition greatly adds to the flexibility for planning such as location of key infrastructure, overburden storage and gives the project direct on tenure access to the Goldfields Highway and the gazetted Darlot mine access road.

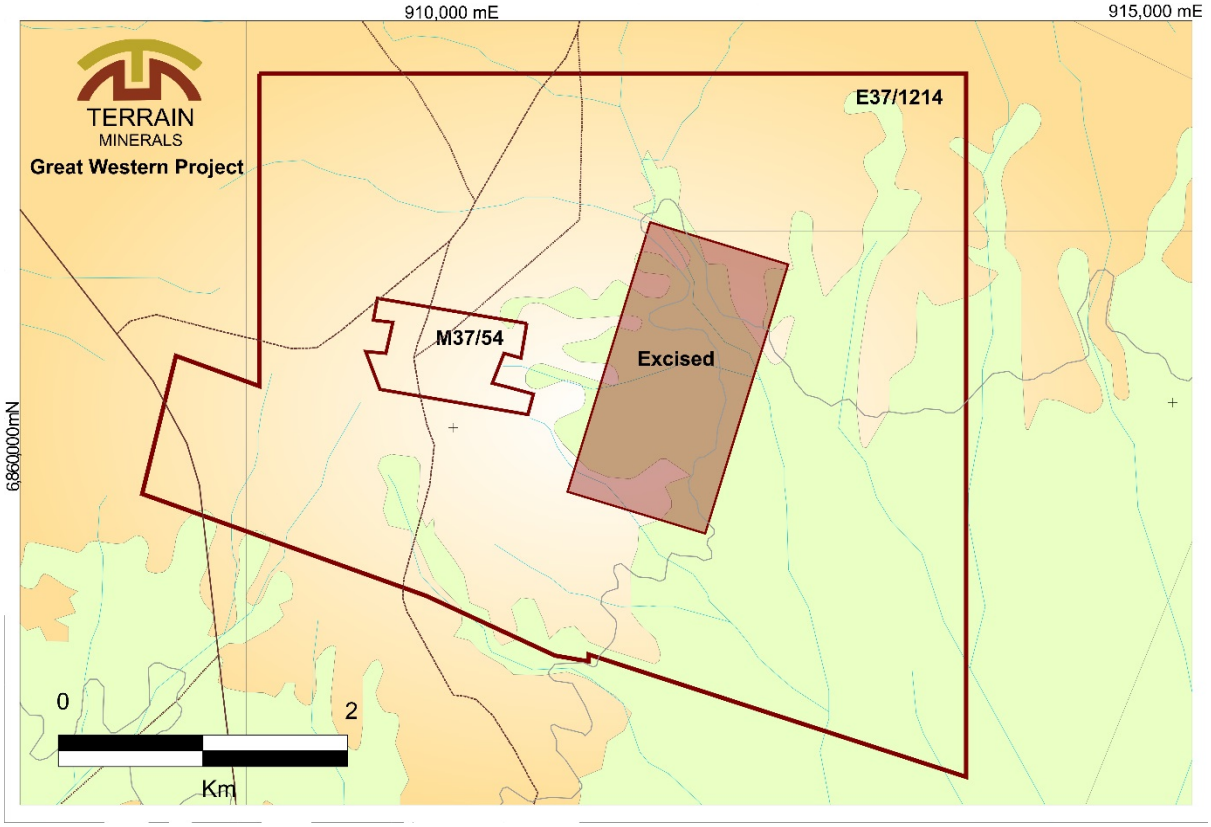

Figure 4: Newly Acquired E37/1214 that surrounds the Great Western Project M37/54

Acquisition Terms

Terrain has purchased the area for single cash payment of $5,000.00 from Wildviper Pty Ltd, which maintains the exploration rights over the area to a depth of two meters and these prospecting rights are not transferable.

About Great Western

Located 68km north of Leonora and 1km from the Goldfields Highway on Weebo pastoral leases and forms part of the historic Wilsons Patch mining area. Great Western (GW) is owned 100% and free of any royalties.

Terrain has previously held this project and considers it as an advanced and near term 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 mining plan.

Scoping study has been delayed as additional geological work is being carried out to the block model and wire frames and the data on this new acquisition is examined.

Gimlet E63/1740 - Southern Fraser Range

- Gimlet (E63/1740) Project granted covering a total of 469km^2
- Located adjacent to Mt Ridley Mines (ASX:MRD) in the Fraser Range Province
- Geophysical reprocessing of available surveys across the Gimlet Project now completed and all available geological information has been added
- Geophysical target identification process is underway

Corporate

Capital Raising

On the 13 October 2015 Terrain usefully finalised a capital raising for $300,000 priced at 0.5c (half a cent) and sixty million (60,000,000) Fully Paid Ordinary shares were issued. A placement fee of 6% was paid to participating stockbrokers and their support is greatly appreciated.

Annual General Meeting (AGM)

The AGM was held on the 24 November 2015 and was well attended by Directors, support staff, guests and shareholders. All resolutions where passed on a show of hands.

Office Relocation

In December Terrain relocated to new offices situated at 108 Outram Street West Perth (all other contact details remain unchanged). The relocation was due to the expiry of the existing lease.
The new facilities are better equipped and modest cost savings have also being achieved.

Other Business

Terrain Minerals is currently searching and assessing potential company making projects in Australia, Africa, South America and other regions, looking at all economic commodities including but not limited to Gold, Copper, Nickel and other metals. Terrain has recently been examining small high grade low cost near term cash flow opportunities in WA to assist with future funding as it searches for larger opportunities.

Competent Person Statement

The information in this Announcement that relates to Exploration Results was compiled by Mr Robert Jewson, who is a member of the Australian Institute of Geoscientists, and a consultant to Terrain Minerals limited. Mr Jewson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves'. Mr Jewson consents to the inclusion in the Report of the matters based on his information in the form and context in which it appears.

- *Mr Jewson is a shareholder and a director of Rembrandt Mining Pty Ltd.*

DISCLAIMER

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

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

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

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

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

TERRAIN MINERALS LIMITED

ABN	Quarter ended ("current quarter")
45 116 153 514	31 December 2015

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (6 months) $A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(39)	(95)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(95)	(225)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	3
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	-	-
	Net Operating Cash Flows	(133)	(317)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) shares	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	8	8
	(c) motor vehicle	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	8	8
1.13	Total operating and investing cash flows (carried forward)	(125)	(309)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(125)	(309)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	300	300
1.15	Proceeds from convertible note	200	200
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other - payment for capital raising costs	(18)	(18)
	Net financing cash flows	482	482
	Net increase (decrease) in cash held	357	173
1.20	Cash at beginning of quarter/year to date	527	711
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	884	884

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	48
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.23 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

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

N/A

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	25
4.2	Development	-
4.3	Production	-
4.4	Administration	80
	Total	**105**

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	413	56
5.2	Deposits at call	471	471
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: Cash at end of quarter (item 1.22)	884	527

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	Refer Table on Page 5			
6.2	Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

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	**Preference +securities** *(description)*	-	-		
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-		
7.3	**+Ordinary securities**	409,032,224	409,032,224		Fully Paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	60,000,000	60,000,000	Fully Paid	Fully Paid
7.5	**+Convertible debt securities** (*description)*	-	-		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-		
7.7	**Options** *(description and conversion factor)*	16,400,000 12,000,000 6,000,000 22,600,000	- - - -	*Exercise price* $0.0078 $0.0044 $0.0300 $0.0117	*Expiry date* 1 December 2016 24 November 2019 1 August 2018 24 November 2020
7.8	Issued during quarter	22,600,000	-	$0.0117	24 November 2020
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*	-	-		
7.12	**Unsecured notes** *(totals only)*	-	-		

+ See chapter 19 for defined terms.

Schedule of Exploration Tenements held as at 30 June 2015 - Listing Rule 5.3.3

Interests in Mining Tenements

Project/Tenements	Location	Held at end of quarter	Acquired/Disposed during the quarter	Disposed during the quarter
Gimlet E63/1740	Western Australia	100% [1]		-
Great Western ML 37/0054 M37/1214	Western Australia	100% 100%	- -	- -
Rembrandt P29/2262 P29/2263 E29/0867 E29/0863	Western Australia	100%	-	-

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

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

Note 1 - Gimlet E63/1740 project was introduced under a finder's fee arrangement by Mr A Taylor and Mr P Gianni under the following joint venture terms 10% free carry until the completion of preliminary feasibility study over any area within the tenement.

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.

2 This statement does /~~does not~~ give a true and fair view of the matters disclosed.

Sign here: ..... Date: 20 January 2016
(Company secretary)

Print name: Damian Delaney

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.

+ See chapter 19 for defined terms.