ABN: 45 116 153 514

12 December 2016

Hayley Pratt
Australian Securities Exchange
Level 40, Central Park
152 St Georges Terrace
PERTH WA 6000

BY EMAIL: hayley.pratt@asx.com.au

Dear Hayley

Terrain Minerals Limited – AWARE LETTER

We refer to your letter dated 9 December 2016 (Letter). In response to your questions outlined in the Letter, the Board provides the following information:

1. The Company does not consider the Capital Raising Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities.
2. The prospect of a placement of this nature was disclosed in the Share Purchase Plan ("SPP") paperwork released to ASX on 28 October 2016. The capital raising is not material given the Company's operations and financial position. The receipt of the additional funds will have no impact on the Company's operations and plans to drill its Great Western Project which was to be drilled irrespective of the additional capital. The capital raising is a modest top up to working capital which, whilst foreshadowed to the market on 28 October 2016, would only proceed in certain circumstances which were not known until Friday 2 December 2016.
3. Whilst based on the response to question 1, a response to this question is not required, however for the sake of completeness the Company can confirm that;
   a. upon the low shortfall from the SPP; and
   b. the resultant low allocations to the underwriter and sub-underwriters;

   the Company considered meeting any possible demand for a top up placement to the initial capital raising and ultimately instigated the process on Friday 2 December 2016 and confirmed the demand and placement over the course of the following days. The Company believes that these considerations remained confidential.
4. The Company took, what it believed to be a conservative approach, by seeking a trading halt for the period from the time that it decided to proceed with the top up capital raising until the release of the Capital Raising Announcement to ASX.
5. The Company confirms it is in compliance with the Listing Rules, in particular Listing Rule 3.1.

6. The Company confirms its responses to the above questions have been authorised and approved by its Board.

Please do not hesitate to contact me if further information is required.

Yours faithfully,

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Justin Virgin
Executive Director

9 December 2016

Mr Winton Willesee & Miss Erlyn Dale
Company Secretaries
Terrain Minerals Limited
Suite 2
28 Outram Street
WEST PERTH WA 6005

By email: winton@azc.com.au and erlyn@azc.com.au

Dear Mr Willesee & Ms Dale

Terrain Minerals Limited ("TMX"): aware query

ASX Limited ("ASX") refers to the following:

A. The increase in the price of TMX's securities from a low of $0.009 to an intraday high of $0.013 on Thursday, 1 December 2016 and a substantial increase in the volume traded on Thursday, 1 December 2016.

B. The price query letter from ASX dated 1 December 2016 ("Price Query") in which ASX queried the increase in price and volume in TMX's securities.

C. TMX's response in answer to ASX's questions 1 and 3 in ASX's Price Query as follows:

"1. Is TMX aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?

The Company is not aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in the Company's securities.

3. If the answer to question 1 is "no", is there any other explanation that TMX may have for the recent trading in its securities?

The Company has recently closed its SPP and will be funded for the next stage of its operations."

D. The announcement entitled "Trading Halt" lodged on the ASX Market Announcements Platform and released at 9.17 am AEST on Monday, 5 December 2016 where TMX requested a trading halt be placed on TMX's securities pending an announcement regarding a capital raising, pursuant to which ASX placed TMX's securities in a trading halt.

E. TMX's announcement entitled "Capital Raising and Options Exercised" lodged on the ASX Market Announcements Platform and released at 9:35 am AEDT on Wednesday 7 December 2016 ("Capital Raising Announcement") disclosing that TMX has completed a placement to raise a further $250,000 at the price of $0.008 per share, being the same price as the SPP recently completed by TMX ("Capital Raising Information").

F. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

G. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

> "*an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity"*

and section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information"*.

H. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed."

I. ASX's policy position on the concept of "*confidentiality*", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

> *"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."*

Having regard to the above, ASX asks TMX to respond separately to each of the following questions and requests for information:

1. Does TMX consider the Capital Raising Information disclosed in the Capital Raising Announcement, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

2. If the answer to question 1 is "no", please advise the basis for that view.

3. If the answer to question 1 is "yes", when did TMX first become aware of the Capital Raising Information?

4. If the answer to question 1 is "yes" and TMX first became aware of the Capital Raising Information prior to 7 December 2016, did TMX make any announcement prior to 7 December 2016 which disclosed the Capital Raising Information? If so, please provide details. If not, please explain why the Capital Raising Information was not released to the market at an earlier time, commenting specifically on when you believe TMX was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps TMX took to ensure that the Capital Raising Information was released promptly and without delay.

5. Please confirm that TMX is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

6. Please confirm that TMX's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of TMX with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **4.00 p.m AWST on Monday 12 December 2016**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in TMX's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, TMX's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at Hayley.Pratt@asx.com.au or to tradinghaltsperth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to TMX's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that TMX's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in TMX securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Hayley Pratt
Adviser, Listings Compliance (Perth)