

ASX Announcement



29 January 2018

ABN: 45 116 153 514

ASX: TMX

Quarterly Activities Report: December 2017

Terrain Minerals Limited (ASX: TMX), is pleased to provide the following updates on its activities for the December quarter;

HIGHLIGHTS

- **New Project - Red Mulga**
 - Cobalt & Nickel Assay Hits at Red Mulga
 - Additional Applications Submitted - Pending Grant
 - Second Reconnaissance Trip Completed – Samples Pending
- **Great Western Gold Project**
 - Advancement Activities Continue
- **Capital Raising**
 - Successfully Raised \$300,000
- **Corporate Update**
- **Other Business**

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New Project - Red Mulga

Red Mulga tenement applications were submitted and are expected to be granted in the first quarter 2018. The Tenements are located ~170km NNE of the city of Geraldton in Western Australia and are situated on Yallalong Station. The four months advertising period for native title has begun and must be completed before tenements are granted. The most recent tenement application was applied for in January 2018.

Desktop studies and two low impact field reconnaissance trips have now been completed.

Cobalt & Nickel Assay Hits at Red Mulga

Terrain has now completed an initial field reconnaissance visit where geological mapping and limited surface sampling were undertaken. This work focused on the central tenement area EL09/2247. Of interest was the anomalous cobalt and nickel.

Table 1. Cobalt & Nickel Rock Chip Sample Results at Anomaly MG1:

Sample	Cobalt	Nickel	Chromium
S1	62.7	907	3,510
S2	23.5	107	160
S3	77.1	806	3,000
S4	3	36	40
S5	76.9	949	3,130
S6	113	1330	3,340
S7	127	1470	4,110
S8	75.5	740	2,910

Note: Readings in PPM

Note: Full details including JORC tables can be read in the original ASX release on the 28/11/2017 - Cobalt & Nickel Assay Hits at Red Mulga

Terrain identified the area as prospective after initiating a high level geophysical study using publicly available data sets (refer to diagram 5). Modelling of a significant gravity feature also supported Terrain's interpretation that this tenement package is situated within a prospective structural corridor that has seen little modern-day exploration. The interpretation suggests that mafic or ultramafic intrusive rocks may occur on surface or at shallow depths within this area which could potentially host base metal mineralisation.

Initial field assessment further supports this interpretation. Field mapping and limited rock chip sampling has shown that outcropping rocks in the project area are predominantly felsic granite-gneisses of the Archaean Yilgarn Craton. However, smaller mafic and ultramafic dykes, pipes and fault slices were found to outcrop. This suggests the possibility of a mafic-ultramafic intrusive complex may occur at shallow depths (reflected in the gravity data). The complex has not been de-roofed by erosion, and the potential exists for the discovery of base metal deposits associated with these rocks.

Additional reconnaissance field work will continue aimed at gaining a better understanding of the geology, revisiting already identified priority target areas, and exploring new areas of the tenements. Terrain will be focusing on identifying drill targets with potential for cobalt, nickel and copper mineralisation. More intensive ground programs will commence once the tenements have been granted.

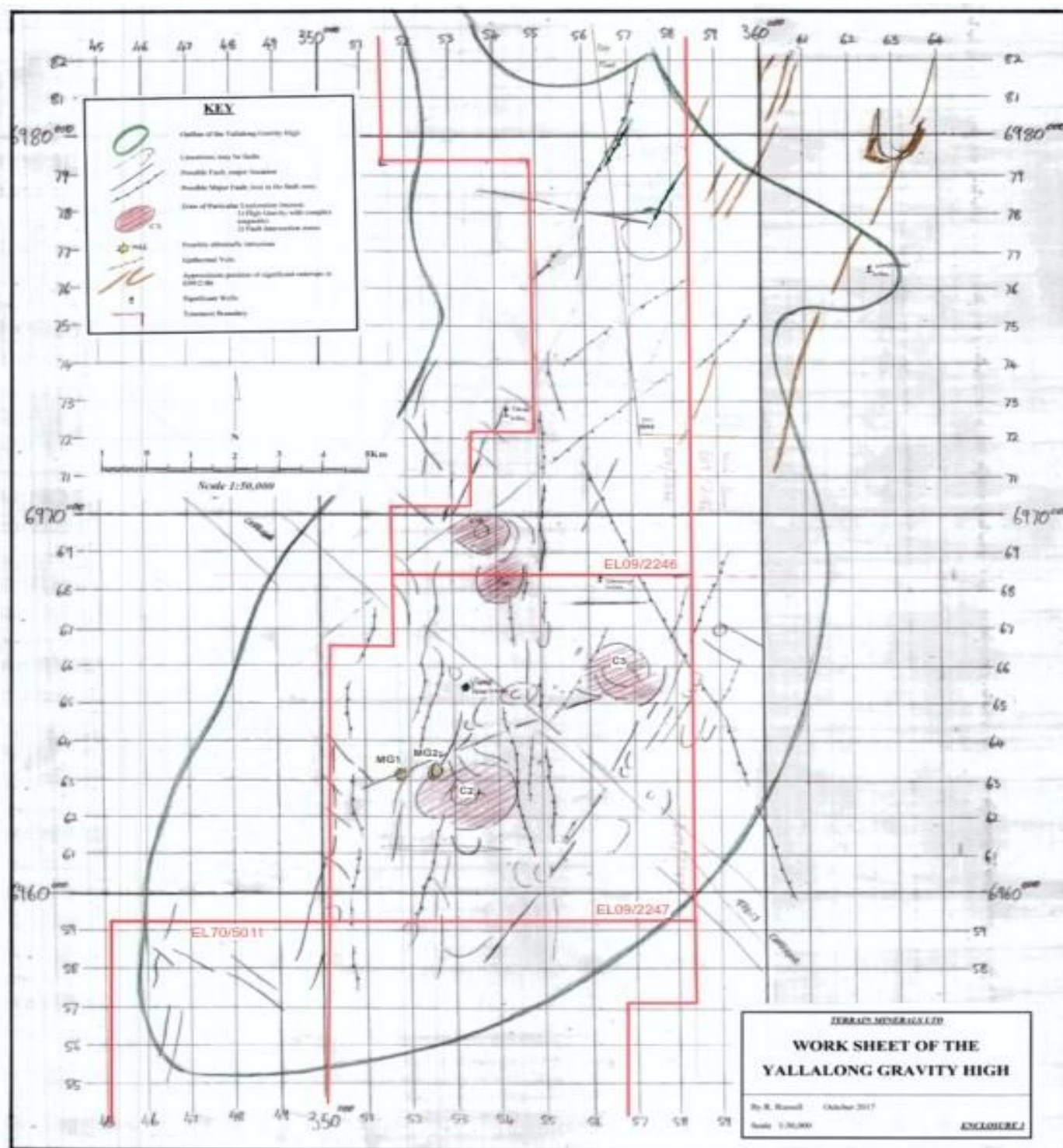


Diagram 1. Red Mulga Field Map - MG1 Located at 52 & 63 Intersections

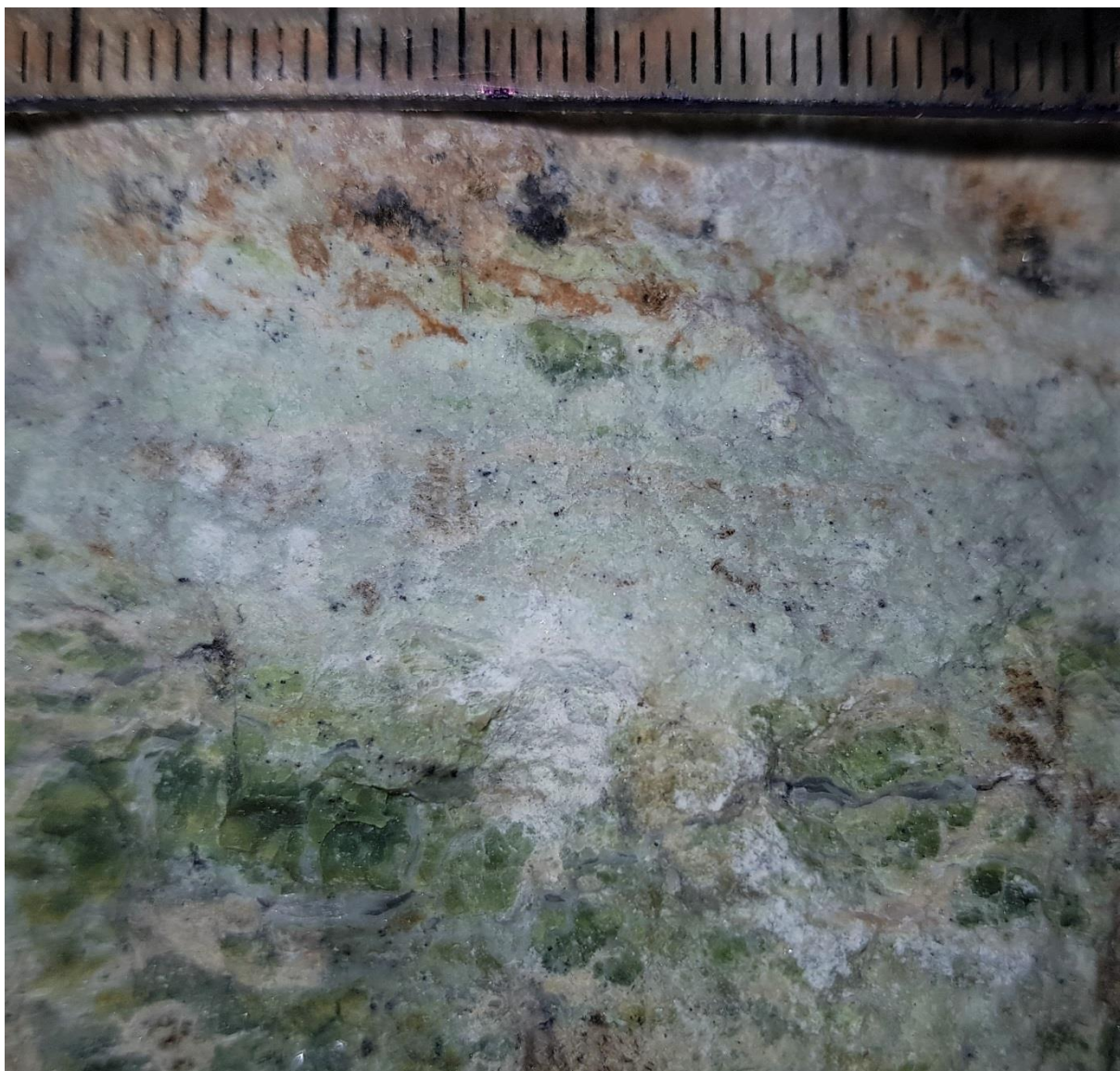


Diagram 2. Calcrete from MG1 Apron, Sample 8 (Scale in mm)



Diagram 3. Silcretised Ultramafic, Sample 7 (Scale mm)



Diagram 4. Silcretised Ultramafic, Sample 7 (Scale mm)

Geophysical Modelling

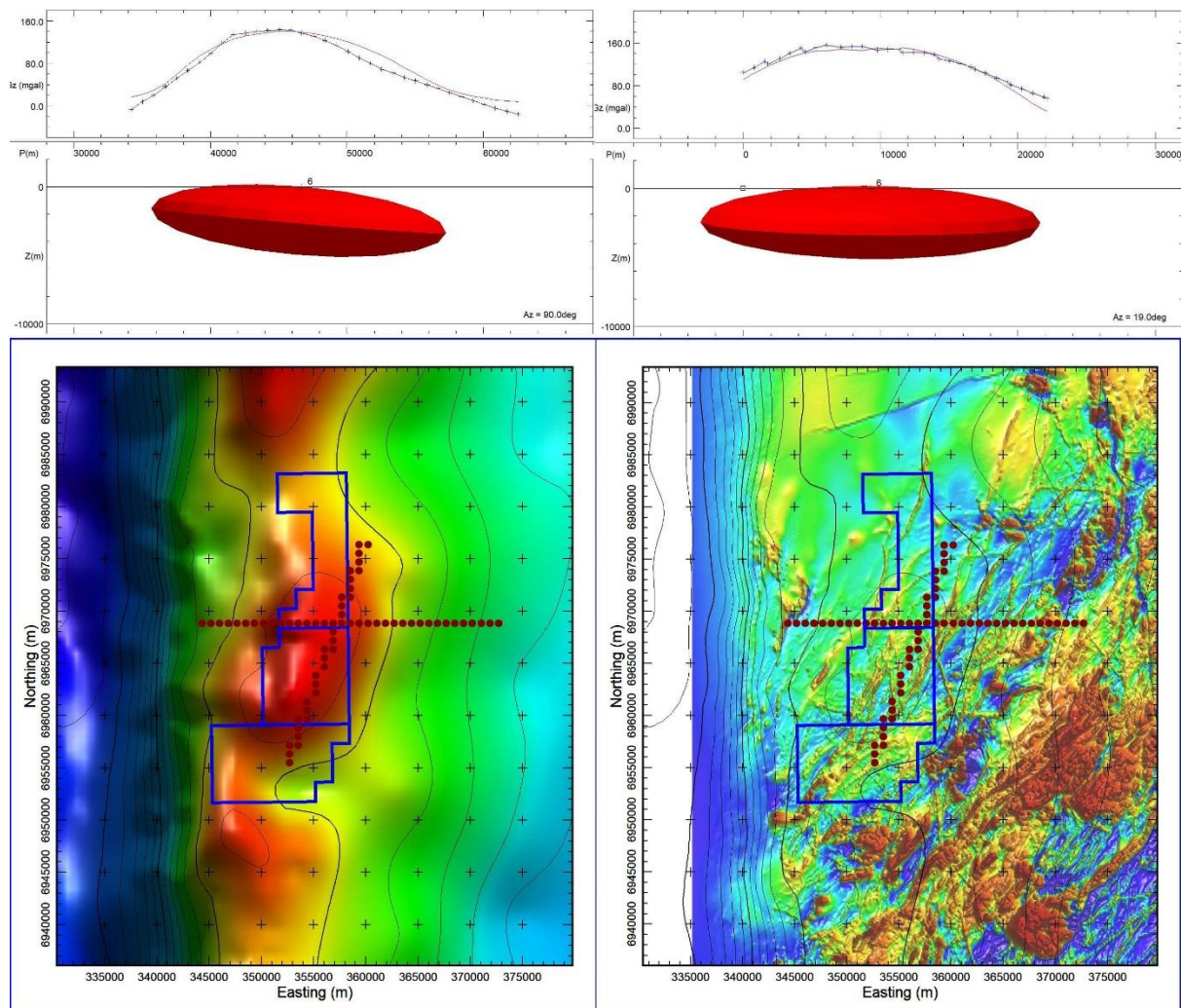


Diagram 5. Geophysical Modelling

Diagram 5 shows the modelled gravity feature which can be modelled as a large high-density intrusion that could represent a mafic-ultramafic complex. As the country rock is said to be felsic, such intrusion, if shallow, would require a density in the upper ultramafic rock density range. The top panels are the results of the modelling of the East-West traverse of gravity data (left), and NNE-SSW traverse (right). Measured data illustrated by black line with '+' markers, and modelled data with a red line. The bottom two panels are plan view maps of gravity (left) and magnetics (right), with the two gravity traverses (data points) used in the modelling in dark red circles. Terrain's Exploration Permit Applications are indicated with blue outlines.

Table 2. Location & Details of Rock Chip Samples S1 to S8

Sample No.	Easting	Northing	Area	Geology	Rock Type	Type
S1	351817	6963035	Rockhole Anomaly MG1	Ultramafic pipe	Iron Silcrete	Rock chip
S2	351810	6963034	"	Calcrete apron	Magnesite, calcrete	"
S3	351821	6963077	"	Ultramafic pipe	Iron Silcrete	"
S4	351801	6963086	"	Dyke	Amphibolite/ quartz	"
S5	351792	6963098	"	Xenolith Raft	Amphibolite	"
S6	351760	6963053	"	Ultramafic pipe	Iron Silcrete	"
S7	351791	6963123	"	Ultramafic pipe	High Mg, Fe, Iron Silcrete	"
S8	351884	6963107	"	Calcrete apron	High Mg & Cr in Calcrete	"

Additional Applications Submitted - Pending Grant

Terrain has applied from an additional adjoining tenement E09/2291 in January 2018. This new area captures the remaining area of interest which features a high magnetic anomaly outlined in Diagram 1. This geological feature is what originally attracted Terrain to peg this tenement package.

Second Recognisance Trip Completed – Red Mulga

During December 2017, Terrain conducted a second 15-day field trip, aimed at followed up the already exciting tenement package, as well as several other priority areas, including the most recent tenement application. The follow up works involved better mapping on both MG1 which had Cobalt & Nickle results from the first filed trip. Additional work along strike and around MG2 were also carried out. Several other magnetic anomalies and geological structures, which appear to have potential for mineralisation have also been assessed.

The information from the first two field trips which totalled 30~ days onsite, using a two-person geological team has produced detailed maps and generated sufficient samples enabling the compilation of the first real data set over the area. Once the outstanding soil & rock chip samples have been analysed and assessed the next phase of works will be designed so to be ready for the next phase of works once tenements are granted, the market will be updated accordingly.

Great Western Gold Project

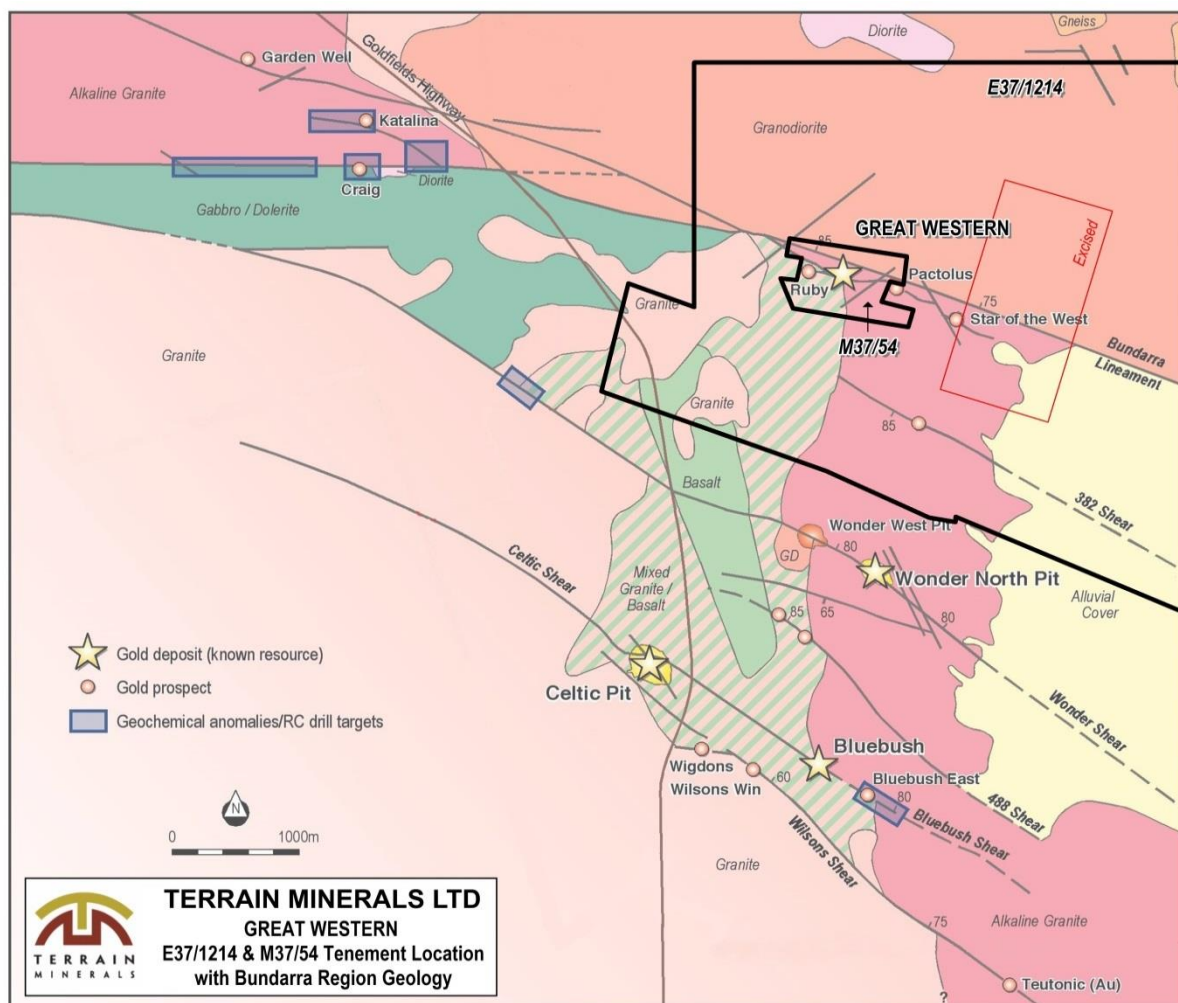


Diagram 6: Great Western Project Location Map Highlighted in Black

12 Months Works Review

Headings of the works undertaken in 2017 at Great Western:

- Key Findings from JORC 2012 and Scoping Study Findings (2015/16)
- Design RC Drill Program Aimed to Lift Inferred Material Categories
- Successful Execution of Drilling Campaign
- JORC 2012 Resource Upgrade at Great Western
- Onsite Processing Study Completed
- Updated Scoping Study Focusing on Site Processing
- Regional Exploration at Great Western
- Great Western Corporate & Development Initiatives

Note: Full details of the above eight heading can be read in the original ASX release on the 14/09/2017 - Great Western - 12 Month Works Review and Update.

Advancement Activities Continue

Terrain is currently working towards lifting the JORC status up at Great Western to mineral Reserve status. These studies are designed to add additional value to the project for divestment or self-mining.

Capital Raising

Terrain successfully raised \$300,000 at an average price 0.007513c per share, after costs.

Funds will be allocated towards;

- Advancing Great Western – Both Desk Top & Field Activities
- Exploration Works at Red Mulga - Cobalt & Nickel
- Project Generation & Assessment Activities
- General Working Capital

The current strategy of maintaining low corporate costs remain in place.

Funds were raised via the Acuity Capital facility and with several private sophisticated 708 investors.

Note: Full details can be read in the original ASX release on the 18/12/2017 - Appendix 3B & Section 708 Notice.

Corporate

Terrain is still in discussion with groups who are interested in acquiring Great Western, as well as joint venture arrangements. Terrain has not ruled out mining Great Western and studies continue to move the project towards mining ready status and a decision point.

This process has taken considerable time, Terrain has continued to advance and add value to Great Western throughout difficult market conditions. These ongoing discussions have highlighted the need for extra work to ensure project value is maximized. To date the additional studies and drilling have been executed successfully and with positive results.

The board and our consultants still consider this project as a valuable and strategic asset which is a near term production opportunity. Our aim is focused on maximising returns from any future transaction and or self-mining.

Other Business

Terrain Minerals is currently searching and has been assessing potential projects: Gold, Cobalt/copper Lithium and base metals in Australia. The Western Australian based Red Mulga tenements applications form part of this strategy.

Terrain has continued to assess opportunities in several off-shore jurisdictions including, Africa, South America and recently Continental Europe, with many opportunities being examined not passing geological scrutiny. All economic commodities and jurisdictions are being considered as indicated in previous quarterly reports, with preference given to advanced and 'real' opportunities aimed at increasing shareholder wealth with limited equity dilution.

For further information, please contact:

Justin Virgin Executive Director

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ABOUT TERRAIN MINERALS LIMITED:

Terrain Minerals Limited (ASX:TMX) is a minerals exploration company with a Western Australian based asset portfolio consisting of:

- **Great Western:** 100% TMX (Au)- near term development opportunity, resource estimation and economic study have shown positive outcomes. Work is now underway to prepare data and work towards getting all mining approval. Advancement process is underway with several groups who have interest in acquiring or Joint venturing the Great Western gold project. The board will consider all proposals and has not ruled out mining Great Western itself and continuing regional exploration to add to its gold inventory.
- **Red Mulga:** 100% TMX – Exploration Cobalt, Nickel & Gold Project. Early Stage Exploration Package with encouraging results so far, this area has seen little to no exploration. The Tenements are located ~170km NNE of the city of Geraldton in Western Australia and is situated on Yallalong Station.
- **Project Review:** Terrain Minerals is currently searching and has been assessing potential projects: Gold, Cobalt/copper Lithium and industrial minerals in Australia, Africa, South America and Asia also including other regions. All economic commodities are being considered as indicated in previous Quarterly reports.

Competent Person Statement:

Dr Richard Russell PhD, MAusIMM. - Principal, R. Russell and Associates Pty Ltd.

This report has been prepared in accordance with the JORC 2012 code which is binding upon Members of the Australasian Institute of Mining and Metallurgy (AusIMM). It has been prepared by J. Richard Russell, principal of R. Russell and Associates who is a Member of the AusIMM and a qualified geologist with over 30 years' experience in mineral exploration.

Mr Russell has sufficient experience that 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.

Neither the writer, nor any of his associates or employees have any interest either direct, indirect or contingent in the Red Mulga Project. The writer has worked on the Red Mulga project for normal professional daily rates plus reimbursement of incidental expenses. These payments are not contingent on the outcome of this report.

Compliance Statement:

The Company notes that within the announcement all the information is referenced directly to the relevant original ASX market releases of that technical data.

Terrain would like to confirm to readers that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and, in the case of the estimates of mineral resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

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 on which such statement is based.

Appendix 5B

Mining exploration entity and oil and gas 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, 01/05/13, 01/09/16

Name of entity

TERRAIN MINERALS LIMITED

ABN

45 116 153 514

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(48)	(70)
(b) staff costs	(52)	(104)
(c) administration and corporate costs	(69)	(119)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (Refund of Tenement Rents)	-	22
1.9 Net cash from / (used in) operating activities	(168)	(269)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	300	300
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	300	300

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	647	748
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(168)	(269)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	300	300
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	779	779

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	779	647
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	779	647

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	52
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
Director fees including superannuation	

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	64
9.2 Development	-
9.3 Production	-
9.4 Staff costs	52
9.5 Administration and corporate costs	48
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	164

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Refer Table On page 5			
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Schedule of Exploration Tenements held as at 31 December 2017 - Listing Rule 5.3.3

Interests in Mining Tenements

Project/Tenements	Location	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
Great Western ML 37/0054 M37/1214	Western Australia	100% 100%	- -	- -
Red Mulga E09/2246 E09/2288 E09/2291 E70/5011	Western Australia	100% 100% 100% 100%	All applications pending grant	- - - -

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

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Company secretary)

29 January 2018
Date:

Print name: Winton Willesee

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.