



ASX RELEASE

ABN: 45 116 153 514

2 December 2019

ASX: TMX

Farm-in Agreement for the Smokebush Gold Project at Mt Mulgine, 65km West of Paynes Find WA

Terrain Minerals Limited (ASX: TMX) is pleased to announce that it has entered into a farm-in agreement for the Smokebush Gold Exploration Project.

Terrain has 21 days to conduct due diligence over the package from the date of entering into the agreement being; 29 November 2019.

Farm-in Terms:

- Earn 80% by \$250,000 AUD expenditure over 2 years.
- Issue vendor 5,000,000 fully ordinary share in Terrain (12-month escrow).
- Future Payments of up to \$500,000 in cash or shares based on milestone.
- Vendors 20% free carry until completion of feasibility study.
- The vendor's 20% free carried interest will convert to a 1% NSR royalty if the vendor decides not to contribute. Terrain has first right of refusal to purchase the 20%.

The Smokebush Exploration package consists of five tenements that cover approximately 1,732 hectares within the Yalgoo Mineral Field of Western Australia. The mineral tenements are located approximately 65 kilometres West of the town of Paynes Find and adjacent to Mt Mulgine (refer to Diagram 1).

The geology of the area consists predominantly of a complexly folded, regionally metamorphosed Archaean greenstone sequence at the southern end of the Yalgoo Singleton Greenstone Belt that has been subjected to multi-phase granitoid intrusion. Located adjacent to a large tungsten resource at Mt Mulgine (Tungsten Mining NL) and a number of recently developed gold open pit mines (Minjar Gold Pty Ltd).

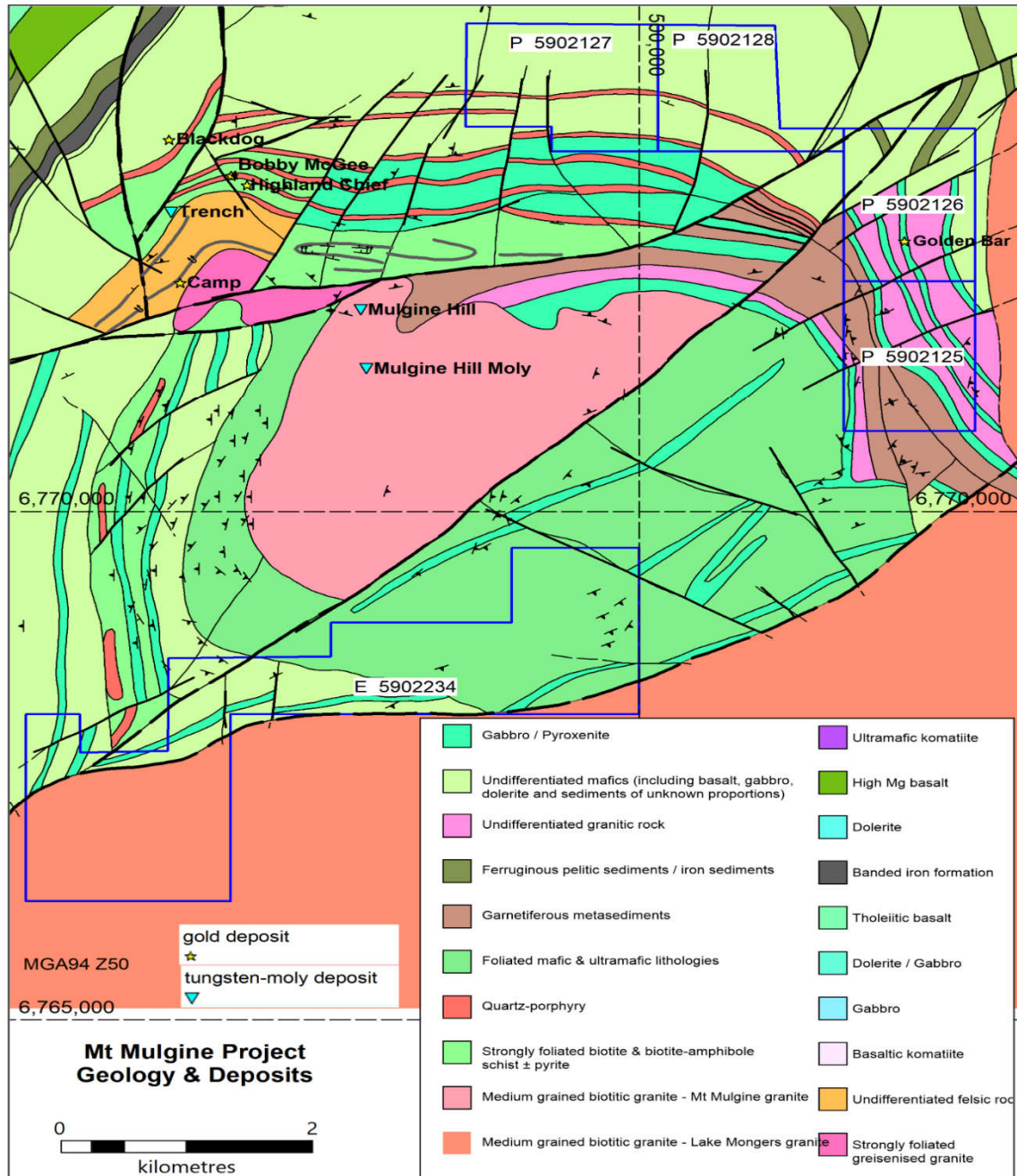


Diagram 1. Tenement locations and Geology of the Smokebush Gold Exploration Project.



Future Considerations & Other Points

First Contingent Payment

- A. Upon Terrain defining an Indicated Resource (as that term is defined in the JORC Code) of gold grading at not less than 2 grams (Applicable Resources) per tonne within the Tenements, Terrain will, at its election:
- pay Watts-Butler the sum of \$1.00 for each ounce of gold contained within the Applicable Resource to a maximum of \$200,000; or
 - issue to Watts-Butler Shares to the value of \$1.00 for each ounce of gold contained within the Applicable Resource to a maximum value of Shares of \$200,000; or
 - pay and issue to Watts-Butler any combination of cash and Shares to the value of \$1.00 for each ounce of gold contained within the Applicable Resource to a maximum of value of \$200,000.
- B. If Terrain defines more than one Applicable Resource within the Tenements, it must make the payments described above for each Applicable Resource, up to an aggregate maximum payment or issue to the value of \$200,000.

Second Contingent Payment

- A. Upon Terrain making a decision to commence mining of a gold resource within the Tenements (Decision to Mine) Terrain will, at its election:
- pay Watts-Butler \$1.50 per ounce of gold which is described in the mine plan as recoverable gold to a maximum of \$300,000; or
 - issue to Watts-Butler Shares to the value of \$1.50 for each ounce of gold which is described in the mine plan as recoverable gold to a maximum value of Shares of \$300,000; or
 - pay and issue to Watts-Butler any combination of cash and Shares to the value of \$1.50 for each ounce of gold which is described in the mine plan as recoverable gold to a maximum of value of \$300,000.
- B. If Terrain makes more than one Decision to Mine within the Tenements, it must make the payments described above with respect to each Decision to Mine, up to an aggregate maximum payment or issue to the value of \$300,000.

Valuation of Shares

All Shares issued in accordance with the clauses noted above will be issued based on a volume weighted average price during the 5 trading days preceding the date Terrain notifies Watts-Butler that it has achieved the milestone giving rise to the issue of the Shares.



Royalty

Royalty Obligation

Should Watts-Butler elect not to maintain its interest at 20% that interest will convert to a royalty and Terrain will grant to Watts-Butler a royalty equal to 1.0% net smelter returns on all minerals produced from the Tenements (Royalty), on the terms of the AMPLA Model Minerals Royalty Deed for use with Sale/Farm in Agreements, Approved Version 1 and incorporating the Model Amendments to that Deed in respect of a Net Smelter Return (NSR) Royalty (AMPLA Form).

Assignment

Neither party may sell, transfer, grant, assign or otherwise dispose of any interest in the Tenements or any of its rights under this agreement to a third party (Proposed Assignee) unless:

- it has offered to sell such interest to the other party (Non-assigning Party) on the same terms and conditions as offered by the Proposed Assignee (Offer);
- it has allowed the Non-assigning Party not less than 30 days to accept or reject the Offer;
- upon rejection of the Offer by the Non-assigning Party, it sells the interest to the Proposed Assignee on the same terms and conditions as the Offer within 30 days of the date of rejection of the Offer by the Non-assigning Party; and
- the Proposed Assignee has covenanted with the Non-assigning Party, to be bound by the terms of this agreement as though named in the place of the transferor.

Tenements

E59/2234, P59/2125, P59/2126, P59/2127 & P59/2128

The agreement includes the normal clauses and warranties and the agreement remains confidential.

Justin Virgin

Executive Director

For further information, please contact:

Justin Virgin - Executive Director
Email: terrain@terrainminerals.com.au
Phone: +61 8 9381 5558



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** – (Sold subject to due diligence). Option Agreement executed with Red5 Limited (ASX:RED) (includes a \$300,000 non-refundable option fee, now received). Option period is for 5 months and allows for Red5 to conduct due diligence drilling. If exercised Terrain will receive \$2,200,000 worth of Red5 shares issued at a 5-day VWAP. If not exercised all expenditure and data will become the property of Terrain. Refer to the first page of this announcement for further details.
- **Smokebush WA Gold Exploration Project**; Refer to above announcement.
- **Wild-Viper** Exploration continues to increase Terrain knowledge of this highly prospective gold exploration property. A six-hole RC drill program and trenching has been recently conducted at different locations and further follow up work on newly identified areas will continue into the next field season.
- **Red Mulga** Red Mulga project is situated ~170km NNE of Geraldton in the Yilgarn Craton, Western Australia's Murchison region located on Yallalong station. An RC drill program as conducted in 2018 which identified the presence of mineralisation.
- **Project Review:** Terrain Minerals is currently searching and has been assessing potential projects: Gold, Copper, Nickel and industrial minerals in Australia, Africa, North & South America and Asia, other regions are also being considered. Several jurisdictions of interest have now been identified. All economic commodities are being considered as indicated in previous Quarterly reports. Currently Terrain is assessing an exciting WA based gold project.

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.



Competent Person Statement:

The information in this report that relates to Geology and Tenements are based on information compiled by Mr. S Nicholls, who is a Member of the Australian Institute of Geoscientists and full time employee of Apex Geoscience Australia Pty Ltd. Mr Nicholls 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. Nicholls consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.