

30 April 2024

## March 2024 Quarterly Activities Report

*"In the March Quarter, the business achieved 2.2Mt of Total ROM production<sup>1</sup> and 1.7Mt in Total coal sales<sup>1</sup>. Blair Athol (BA) continues to be well supported by our long term and established customer base with a strong forward sales program. BA is in good shape and is well underway to returning to its annualised run rate of 1.8Mt throughout the June Quarter and into the new financial year. We are pleased to report two shipments in April have already sailed.*

*In South Africa (SA), both the New Clydesdale Colliery and the North Block Complex delivered improved coal sales during the March Quarter. Domestic coal sales continue to underpin the SA business as the logistics challenges preventing normal flows to the export market continue to be experienced by all producers. Whilst export sales have shown a positive increase compared to the previous quarter, we remain focused on maximising all available opportunities to get our coal to the seaborne market and improve the financial returns from the SA business."*

*Managing Director, Danny McCarthy*

To view the quarterly video presentation please visit – <https://www.youtube.com/channel/UC2Crw8Cb-IaG8Ubq3B3-Fzw>.

### HIGHLIGHTS

- Total coal sales<sup>1</sup> of 1.7Mt.
- Total Equity coal sales<sup>2</sup> of 1.0Mt.
- Blair Athol
  - ROM production of 476kt.
  - Coal sales of 315kt and saleable coal stocks at the end of the reporting period of 92kt.
  - Revised sales guidance for BA is 1.7Mt for the 12 months ending 30 June 2024.
- TerraCom closing cash at bank<sup>3</sup> of \$11.4 million plus restricted cash of \$56.4 million.

### DIVIDEND UPDATE

- The current TerraCom dividend policy remains unchanged.
- The Company has implemented a repayment plan for all historical tax obligations and given these commitments the Board has determined there will be no dividend declared for the three months ended 31 March 2024.
- The Board remains confident in the coal price outlook for thermal coal and the ability of BA to deliver planned volumes.
- On this basis, the Company looks forward to a return of dividends to shareholders at the soonest opportunity.

### SAFETY

- Group safety performance for the March quarter resulted in a lost time injury frequency rate (LTIFR) of 0.4 and a total recordable injury frequency rate (TRIFR) of 0.8, an improvement of 20% quarter on quarter.
- Management remains committed to achieving outstanding safety outcomes with the overall safety performance of the Group consistently performing better than the benchmarked industry average.

### FULL YEAR REPORTING TIMELINE

- The FY2024 full year financial results will be released by end August 2024.



## PRODUCTION AND SALES PERFORMANCE

### TOTAL TONNES<sup>1</sup> (CONTINUING OPERATIONS)

	MARCH QUARTER			DECEMBER QUARTER		
	Export (000's)	Domestic (000's)	Total (000's)	Export (000's)	Domestic (000's)	Total (000's)
Australia	315	-	315	418	-	418
South Africa	203	1,216	1,419	185	932	1,117
<b>Total</b>	<b>518</b>	<b>1,216</b>	<b>1,734</b>	<b>603</b>	<b>932</b>	<b>1,535</b>

### EQUITY TONNES<sup>2</sup> (CONTINUING OPERATIONS)

	MARCH QUARTER			DECEMBER QUARTER		
	Export (000's)	Domestic (000's)	Total (000's)	Export (000's)	Domestic (000's)	Total (000's)
Australia	315	-	315	418	-	418
South Africa	99	596	695	91	456	547
<b>Total</b>	<b>414</b>	<b>596</b>	<b>1,010</b>	<b>509</b>	<b>456</b>	<b>965</b>

## OPERATIONS

### AUSTRALIA BUSINESS UNIT

#### Blair Athol (BA) – 100% EQUITY INTEREST

Thousands of tonnes (kt)	Mar 2024 QTR	Mar 2023 QTR	Change %	Mar 2024 QTR	Dec 2023 QTR	Change %
<b>ROM Coal Production</b>	<b>476</b>	539	(12%)	<b>476</b>	546	(13%)
<b>Saleable Coal</b>	<b>352</b>	407	(13%)	<b>352</b>	385	(9%)
<b>Coal Sales</b>	<b>315</b>	380	(17%)	<b>315</b>	418	(25%)
<b>Inventory (ROM)</b>	<b>18</b>	59	(69%)	<b>18</b>	26	(29%)
<b>Inventory (Saleable)</b>	<b>92</b>	74	25%	<b>92</b>	38	>100%

The BA operation showed good recovery from the extensive wet weather experienced across the Bowen Basin during the December Quarter. Whilst ROM and saleable production supported coal sales for the period, coal sales ultimately fell short of expectations for the quarter and the last shipment scheduled to sail in March was delayed until early April due to network related issues outside of the mine's control. All stocks for the shipment were on hand at the end of the quarter, noting 75Kt was at the port awaiting one train which was caught up in the network delays to allow the shipment to sail with its planned tonnage.



Coals sales during the March Quarter were a combination of index linked and fixed price sales to long-term trading partners. There has been no softening with respect to demand, and we continue to see our thermal coal product strongly supported in the market.

BA's sales performance financial year to date has resulted in a heavy mining, railing, and shipping schedule for the June Quarter. Due to the delay in the last cargo of March into April, the Company wishes to advise shareholders of a revised sales guidance of 1.7Mt for the BA operation for the 12 months ending 30 June 2024.

The June Quarter will see BA return to a coal sales run rate of 1.8Mt per annum and the operation will close the year with healthy ROM and product inventories to support the FY2025 sales performance.

BA mine pictures at end of March 2024.



Blair Athol Train Load Out



Blair Athol Dozer Push



Blair Athol Dozer Push & Blasting Layout



Blair Athol Coal Handling and Preparation Plant



## SOUTH AFRICA BUSINESS UNIT

Thousands of tonnes (kt)	Mar 2024 QTR	Mar 2023 QTR	Change %	Mar 2024 QTR	Dec 2023 QTR	Change %
<b>ROM Coal Production</b>	<b>1,732</b>	1,976	(12%)	<b>1,732</b>	1,776	(2%)
<b>Saleable Coal</b>	<b>1,453</b>	1,554	(7%)	<b>1,453</b>	1,241	17%
<b>Coal Sales</b>	<b>1,419</b>	1,459	(3%)	<b>1,419</b>	1,117	27%
<b>Inventory (ROM)</b>	<b>166</b>	187	(11%)	<b>166</b>	324	(49%)
<b>Inventory (Saleable)</b>	<b>201</b>	175	15%	<b>201</b>	254	(21%)

The SA operations achieved combined coal sales of 1.4Mt with the North Block Complex being the prime contributor to the result.

## New Clydesdale Colliery (NCC) – 49% EQUITY INTEREST

Thousands of tonnes (kt)	Mar 2024 QTR	Mar 2023 QTR	Change %	Mar 2024 QTR	Dec 2023 QTR	Change %
<b>ROM Coal Production</b>	<b>745</b>	733	2%	<b>745</b>	892	(17%)
<b>Saleable Coal</b>	<b>571</b>	548	4%	<b>571</b>	535	7%
<b>Coal Sales</b>	<b>546</b>	531	3%	<b>546</b>	449	22%
<b>Inventory (ROM)</b>	<b>123</b>	43	188%	<b>123</b>	176	(30%)
<b>Inventory (Saleable)</b>	<b>181</b>	118	53%	<b>181</b>	225	(20%)

During the quarter, NCC initially faced a slow start and recovered well achieving total coal sales for the March Quarter of 546kt, representing a 22% increase compared to the December Quarter.

Sales to Eskom accounted for 440kt of this result and export coal sales remained challenging due to logistics network issues. The colliery achieved export sales of 106kt, a result within 10% of the prior corresponding reporting period. Our focus remains on improving export volumes from NCC, which will lead to improved sales revenue and a stronger EBITDA position.

## North Block Complex (NBC) – 49% EQUITY INTEREST

Thousands of tonnes (kt)	Mar 2024 QTR	Mar 2023 QTR	Change %	Mar 2024 QTR	Dec 2023 QTR	Change %
<b>ROM Coal Production</b>	<b>987</b>	1,089	(9%)	<b>987</b>	884	12%
<b>Saleable Coal</b>	<b>882</b>	749	18%	<b>882</b>	705	25%
<b>Coal Sales</b>	<b>872</b>	786	11%	<b>872</b>	668	31%
<b>Inventory (ROM)</b>	<b>43</b>	144	(70%)	<b>43</b>	148	(71%)
<b>Inventory (Saleable)</b>	<b>21</b>	57	(64%)	<b>21</b>	29	(28%)

ROM coal production for NBC was 987kt, a 12% increase on the December Quarter.



Total export coal sales for the March Quarter were 97kt, an increase of 29kt from the December Quarter, or 43% and deliveries to Eskom were 775kt for the March Quarter, a result 29% above the 600kt achieved in the December Quarter.

### Ubuntu Colliery – 48.9% EQUITY INTEREST

Thousands of tonnes (kt)	Mar 2024 QTR	Mar 2023 QTR	Change %	Mar 2024 QTR	Dec 2023 QTR	Change %
ROM Coal Production	-	154	(100%)	-	-	-
Saleable Coal	-	257	(100%)	-	-	-
Coal Sales	-	141	(100%)	-	-	-
Inventory (ROM)	-	-	-	-	-	-
Inventory (Saleable)	-	-	-	-	-	-

Ubuntu remains on care and maintenance since February 2023 following the conclusion of the Eskom Coal Supply Agreement in December 2022. Management continues to explore other domestic coal sales opportunities for the colliery to enable it to return to an operational state.

### THERMAL COAL MARKET INFORMATION AND OUTLOOK

During the third quarter, pricing in thermal coal markets was generally soft on the back of one of the warmest winters on record across the Northern Hemisphere. Power consumption was down in Asian markets, while thermal coal supply from traditional markets remained resilient.

This was reflected in the Newcastle Index (US\$116.08) and other energy market products closing at recent contract lows in February despite coinciding with the peak of winter. The quarter ended with an unexpected late cold spell in March which helped demand recover, leading to the rebound of energy prices in the start of the fourth quarter.

At a macro-level, the thermal coal market remains balanced with increased demand from China offset by reduced European demand. Whilst this has seen Atlantic basin coals (including Colombian and South African coals) flow more heavily into traditionally Pacific coal markets, we anticipate steady demand from our key markets throughout the balance of 2024.

This is supported by a forecast hotter than normal summer across Asian markets which is expected to drive power consumption and a reduction in the supply of high-energy, low-ash, and low sulfur coal from Russia dictated by evolving US sanctions against certain Russian coal producers.

These factors contribute to a positive outlook for thermal coal prices, including the premium thermal product sold from Blair Athol, and reflected in the higher prices currently trading on forward curves.

### FINANCIAL INFORMATION

#### Production costs

Free on Board (FOB) operating costs for Blair Athol on a normalised basis were slightly above expectation at \$106 per tonne for the March Quarter. During the June Quarter we expect costs to improve as Blair Athol delivers on its forecast run rate of 1.8Mt per annum.

#### Foreign exchange

As at 31 March 2024, there were no foreign exchange hedges in place for USD sales.



## References

1. **Total Tonnes** – The data represents total tonnes and assumes 100% ownership of the South African operations, noting TerraCom’s interest in the operating mines ranges from 48.9% to 49.0%.
2. **Equity Tonnes** – The data represents equity tonnes, being the attributable tonnes to the TerraCom’s equity ownership.
3. **Cash at Bank** – amount includes \$7.3 million cash held by TerraCom Limited, as parent entity, cash held by all Australian subsidiaries and cash held by Universal Coal Holdings South Africa (Pty) Ltd (wholly owned subsidiary of TerraCom), plus \$4.1 million cash attributable to TerraCom from other South African subsidiaries based on the equity interest held by TerraCom. This number does not represent the cash amount to be reported in accordance with IFRS from a consolidation point of view.



## MINING TENEMENTS HELD AT THE END OF THE QUARTER

Operation /Project	Tenement	Interest at the start of qtr	Interest at the end of qtr	Location	Commodity
<b>Blair Athol</b>	ML1804	100%	100%	Australia	Coal
<b>New Clydesdale Colliery (NCC)</b>	MP30/5/1/2/2/429MR	49.0%	49.0%	South Africa	Coal
<b>North Block Complex (NBC)</b>	MP30/5/1/2/1/326MR MP30/5/1/1/2/19MR (10068MR) MP30/5/1/2/2/10090MR	49.0%	49.0%	South Africa	Coal
<b>Ubuntu</b>	MP30/5/1/2/2/10027MR	48.9%	48.9%	South Africa	Coal
<b>Eloff</b>	MP30/5/1/2/2/10169MR	49.0%	49.0%	South Africa	Coal
<b>Kangala</b>	MP30/5/1/2/2/429MR MP30/5/1/1/2/641PR Mining Right application MP30/5/1/1/2/10179MR	70.5%	70.5%	South Africa	Coal
<b>Berenice</b>	Prospecting Right (PR) LP30/5/1/1/2/376PR Mining Right: LP30/5/1/1/2/10131MR – underapplication	50%	50%	South Africa	Coal
<b>Cygnus</b>	LP30/5/1/1/2/1276PR Mining Right application LP30/5/1/1/2/10169MR	50%	50%	South Africa	Coal
<b>Northern Galilee (Hughenden)</b>	EPC1300, EPC1394, EPC1477, EPC1478, EPC1641*, EPC2049	100%	100%	Australia	Coal
<b>Northern Galilee (Pentland)</b>	EPC1890, EPC1892, EPC1893, EPC1962*, EPC1964	100%	100%	Australia	Coal
<b>Northern Galilee (Clyde Park)</b>	EPC1260	64.4%	64.4%	Australia	Coal
<b>Springsure (Springsure)</b>	EPC1674, MDL3002	90%	90%	Australia	Coal
<b>Springsure(Fernlee)</b>	EPC1103	100%	100%	Australia	Coal

\* Tenement relinquished following non-renewal on expiry date during the financial year ended 30 June 2023

This announcement has been approved by the board for release.

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## About TerraCom Limited

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TerraCom Limited (ASX: TER) is an Australian based mining resources company with a global footprint, comprising a large portfolio of operating assets in Australia and South Africa within the coal sectors. We are a renowned low-cost producer focused on delivering exceptional outcomes from our high yielding diversified asset portfolio for its investors. To learn more about TerraCom visit [terracomresources.com](http://terracomresources.com).

## FORWARD LOOKING STATEMENT

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All numbers presented with a \$ or A\$ represent the Company's presentation currency, being Australian dollars.

Operating EBITDA results reported, unless stated, represent 100% of the result from the South Africa Business Unit and therefore includes other equity holders. TerraCom's equity interest in the operating mines ranges from 48.9% to 49.0%. The operating EBITDA data presented does not include the TerraCom corporate costs.

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