

31 July 2024

June 2024 Quarterly Activities Report

"In the June Quarter, the business achieved 2.6Mt of Total ROM production¹ and 1.9Mt in Total coal sales¹.

Blair Athol (BA) delivered total coal sales of 408kt for the June Quarter, bringing total coal sales for the financial year ended 30 June 2024 to 1.57Mt, a result below our expectation. Reflecting on the full year result, the geological challenges at BA in September and the substantial regional and coastal rainfall throughout the December and March quarters significantly impacted our operation, as it did for all producers, the rail network and port operations. Annual coal sales guidance at BA for the upcoming 12-month reporting period (FY2025) is set at 1.8 million tonnes, this is in line with our allocated port and rail capacity.

In South Africa (SA), both the New Clydesdale Colliery and the North Block Complex delivered improved coal sales during the June Quarter, up 8% on the March Quarter on a combined basis. The improved result was driven by higher domestic sales to Eskom despite logistic challenges which have initially hampered our ability to achieve normal flows to the export market. Rail and network performance remain prevalent for all producers with the exports from Richards Bay significantly lower than rated capacity as a result. For our business, we have confidence on seeing an improvement in trains coming to our mines over the coming months which is expected to see export sales performance increase."

Managing Director, Danny McCarthy

To view the quarterly video presentation please visit – <https://www.youtube.com/channel/UC2Crw8Cb-laG8Ubq3B3-Fzw>.

HIGHLIGHTS

JUNE QUARTER

- In the June Quarter the Company achieved:
 - Total coal sales¹ of 1.9Mt.
 - Total Equity coal sales² of 1.2Mt.
- Blair Athol
 - ROM production of 487kt.
 - Coal sales of 408kt and saleable coal stocks at the end of the reporting period of 39kt.
- TerraCom closing cash at bank³ at 30 June 2024 was \$12.8 million plus restricted cash of \$56.4 million.

DIVIDEND UPDATE

- The current TerraCom dividend policy remains unchanged.
- The Board has determined there will be no dividend declared for the three months ended 30 June 2024.
- The Company recently finalised a US\$20 million prepayment agreement with a long-standing customer which has enabled the Company to substantially repay the historic tax debt. If coal pricing remains stable, the Company expects to be in a position to recommence payment of dividends to shareholders earlier than previously anticipated.

SAFETY

- Group safety performance for the June quarter resulted in 0.5 lost time injury frequency rate (LTIFR). The group safety outcome for the full year ending 30 June 2024 was a total recordable injury frequency rate (TRIFR) of 1.0 for employees and contractors.
- 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 in August 2024.



PRODUCTION AND SALES PERFORMANCE

TOTAL TONNES¹ (CONTINUING OPERATIONS)

	JUNE QUARTER			MARCH QUARTER		
	Export (000's)	Domestic (000's)	Total (000's)	Export (000's)	Domestic (000's)	Total (000's)
Australia	408	-	408	315	-	315
South Africa	202	1,328	1,530	203	1,216	1,419
Total	610	1,328	1,938	518	1,216	1,734

EQUITY TONNES² (CONTINUING OPERATIONS)

	JUNE QUARTER			MARCH QUARTER		
	Export (000's)	Domestic (000's)	Total (000's)	Export (000's)	Domestic (000's)	Total (000's)
Australia	408	-	408	315	-	315
South Africa	99	651	750	99	596	695
Total	507	651	1,158	414	596	1,010

YEAR TO DATE OPERATIONAL RESULTS

	TOTAL TONNES ¹			EQUITY TONNES ²		
	Export (000's)	Domestic (000's)	Total (000's)	Export (000's)	Domestic (000's)	Total (000's)
Australia	1,567	-	1,567	1,567	-	1,567
South Africa	826	4,836	5,662	405	2,370	2,775
Total	2,393	4,836	7,229	1,972	2,370	4,342



OPERATIONS

AUSTRALIA BUSINESS UNIT

Blair Athol (BA) – 100% EQUITY INTEREST

Thousands of tonnes (kt)	Jun 2024 QTR	Jun 2023 QTR	Change %	Jun 2024 QTR	Mar 2024 QTR	Change %
ROM Coal Production	487	671	(27%)	487	476	2%
Saleable Coal	366	488	(25%)	366	352	4%
Coal Sales	408	466	(12%)	408	315	29%
Inventory (ROM)	15	76	(80%)	15	18	(17%)
Inventory (Saleable)	39	95	(59%)	39	92	(58%)

BA sold 408kt for the June Quarter resulting in total coal sales for the financial year ended 30 June 2024 of 1.57Mt.

BA was set to deliver within its revised full year guidance range of 1.7Mt and had planned three shipments for the month of June to achieve this. In mid-June, a significant unscheduled downtime event occurred on the dragline, resulting in unforeseen delays to production ultimately impacting railing to achieve all three shipments.

Despite the genuine commitment of our team and the encouraging recovery, the unplanned downtime event with the dragline in June was one too many setbacks for BA and ultimately, we fell short of our revised full year guidance of forecast coal sales of 1.7Mt. Closing stocks (ROM + Saleable) at the end of June 2024 were 54kt.

Coal sales during the June 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.

Annual coal sales guidance at Blair Athol for the financial year ending 30 June 2025 is set at 1.8Mt, in line with our allocated port and rail capacity.

BA mine pictures at end of June 2024.



Blair Athol Train Load Out



Blair Athol Aerial Image



Blair Athol Dozer Push



Blair Athol Coal Handling and Preparation Plant

SOUTH AFRICA BUSINESS UNIT

Thousands of tonnes (kt)	Jun 2024 QTR	Jun 2023 QTR	Change %	Jun 2024 QTR	Mar 2024 QTR	Change %
ROM Coal Production	2,102	2,159	(3%)	2,102	1,732	21%
Saleable Coal	1,628	1,339	22%	1,628	1,453	12%
Coal Sales	1,530	1,300	18%	1,530	1,419	8%
Inventory (ROM)	210	328	(36%)	210	166	27%
Inventory (Saleable)	78	229	(66%)	78	201	(61%)

The SA operations achieved combined coal sales of 1.5Mt with the North Block Complex being the prime contributor to the result.

New Clydesdale Colliery (NCC) – 49% EQUITY INTEREST

Thousands of tonnes (kt)	Jun 2024 QTR	Jun 2023 QTR	Change %	Jun 2024 QTR	Mar 2024 QTR	Change %
ROM Coal Production	970	938	3%	970	745	30%
Saleable Coal	731	578	26%	731	571	28%
Coal Sales	646	569	14%	646	546	18%
Inventory (ROM)	167	128	31%	167	123	36%
Inventory (Saleable)	65	145	(55%)	65	181	(64%)

NCC achieved total coal sales for the June Quarter of 646kt, representing an 18% increase compared to the March Quarter. Sales to Eskom accounted for 520kt of this result and export coal sales were 19% improved on the prior corresponding reporting period. We remain confident on seeing an improvement in trains over coming periods which will lead to improved sales revenue and an improved EBITDA position.



North Block Complex (NBC) – 49% EQUITY INTEREST

Thousands of tonnes (kt)	Jun 2024 QTR	Jun 2023 QTR	Change %	Jun 2024 QTR	Mar 2024 QTR	Change %
ROM Coal Production	1,132	1,221	(7%)	1,132	987	15%
Saleable Coal	897	761	18%	897	882	2%
Coal Sales	884	731	21%	884	872	1%
Inventory (ROM)	43	200	(78%)	43	43	0%
Inventory (Saleable)	13	84	(84%)	13	21	(38%)

ROM coal production for NBC was 1,132kt, a 15% increase on the March Quarter.

Total export coal sales for the June Quarter were 76kt, a decrease of 21kt (or 22%) from the March Quarter and deliveries to Eskom were 808kt for the June Quarter, a result 4% above the 775kt achieved in the March Quarter.

Ubuntu Colliery – 48.9% EQUITY INTEREST

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 fourth quarter, pricing in thermal coal markets improved with the Newcastle Index closing at US\$134.04. Forecast thermal coal pricing remains relatively stable, however economists are noting potential upside risk in the near-term as supply disruptions and higher power demand for cooling purposes could add to an already volatile market.

We anticipate steady demand from our key markets and long-term customers in Japan, South Korea and India throughout the balance of 2024.

FINANCIAL INFORMATION

Production costs

Free on Board (FOB) operating costs, excluding royalty, for BA were above expectation at \$123 per tonne for the June Quarter. Reduced coal sales on a year-to-date basis continue to reflect a higher cost per tonne than forecast.

Whilst we have seen industry wide cost increases on diesel, electricity, equipment spare parts and specialised skills we remain cost conscious as a business, consistently assessing opportunities to reduce costs including the implementation of structured cost improvement programs to ensure we maintain the lowest possible cost.

Foreign exchange

As at 30 June 2024, there were no foreign exchange hedges in place for USD sales.

DIVIDEND UPDATE

The Company recently finalised a US\$20 million prepayment agreement with a long-standing customer which has enabled the Company to substantially repay the historic tax debt.

The terms of the agreement remain confidential, however key terms include a repayment profile of one year across eight shipments of BA coal with all revenues reported within the 30 June 2025 financial year.

The key considerations of entering into the prepayment agreement were to enable the accelerated payment of the historic tax debt, to provide immediate working capital and to return to regular dividend payments ahead of when we otherwise would have.



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 \$7.9 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 \$4.9 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. The movement in cash from the June Quarter is receipts of revenue less costs of sales, other expenses and other regulatory payments including tax.



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
Blair Athol	ML1804	100%	100%	Australia	Coal
New Clydesdale Colliery (NCC)	MP30/5/1/2/2/429MR	49.0%	49.0%	South Africa	Coal
North Block Complex (NBC)	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
Ubuntu	MP30/5/1/2/2/10027MR	48.9%	48.9%	South Africa	Coal
Eloff	MP30/5/1/2/2/10169MR	49.0%	49.0%	South Africa	Coal
Kangala	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
Berenice	Prospecting Right (PR) LP30/5/1/1/2/376PR Mining Right: LP30/5/1/1/2/10131MR – underapplication	50%	50%	South Africa	Coal
Cygnus	LP30/5/1/1/2/1276PR Mining Right application LP30/5/1/1/2/10169MR	50%	50%	South Africa	Coal
Northern Galilee (Hughenden)	EPC1300, EPC1394, EPC1477, EPC1478, EPC1641*, EPC2049	100%	100%	Australia	Coal
Northern Galilee (Pentland)	EPC1890, EPC1892, EPC1893, EPC1962*, EPC1964	100%	100%	Australia	Coal
Northern Galilee (Clyde Park)	EPC1260	64.4%	64.4%	Australia	Coal
Springsure (Springsure)	EPC1674, MDL3002	90%	90%	Australia	Coal
Springsure (Fernlee)	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

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.

FORWARD LOOKING STATEMENT

This document contains summary information about, TerraCom, its subsidiaries, and its activities which are current as at the date of this document. The information in this document is general in nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in TerraCom or that would be required in a prospectus or product disclosure statement prepared in accordance with the Corporations Act 2001 (Cth). Information in this document should therefore be read in conjunction with other announcements made by TerraCom to the ASX.

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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