

29 August 2025

ASX Announcement

FY2025 Appendix 4E and Preliminary Financial Report

TerraCom Limited (ASX: TER) (**TerraCom** or **Company**) is pleased to provide a copy of the Appendix 4E and Preliminary Financial Report in respect of the result for the twelve months ended 30 June 2025.

The results are in the process of being audited, noting the Company's interest in the South African operations is still being confirmed.

Below is a reconciliation of profit / (loss) before tax, adjusted for non-recurring, irregular, or one-off items to reflect a normalised operating performance.

Normalised profit / (loss) reconciliation

	30 June 2025 A\$'000
Statutory operating loss after tax per preliminary financial report	(33,749)
Add:	
ASIC Settlement	8,500
Final legal award pertaining to the Kangala mine in South Africa	1,130
Non cash impairment – exploration and evaluation plus investments in associates	15,324
Foreign exchange adjustments	185
Normalised operating loss after tax	(8,610)

For the purposes of ASX Listing Rule 15.5, this document is authorised for lodgment by the Board.

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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 terracom.au.

2025
APPENDIX 4E AND
PRELIMINARY
FINANCIAL
REPORT



TerraCom



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APPENDIX 4E AND PRELIMINARY FINANCIAL REPORT

Name of entity: **TerraCom Limited**

ABN: **35 143 533 537**

Reporting Period: **For the year ended 30 June 2025**

Previous Period: **For the year ended 30 June 2024**

Results for announcement to the market for the year ended 30 June 2025

			FY2025	A\$'000
Revenue from ordinary activities	down	13%	226,671	259,143
Profit from ordinary activities for the year after income tax	down	>100%	(33,749)	25,039
Profit for the year after income tax attributable to the owners of TerraCom Limited	down	>100%	(33,055)	25,951

Net Tangible Assets

	Reporting Period (cents)	Previous Period (cents)
Net tangible assets per ordinary security	16.16	20.96

Dividends

Paid during the year

Dividends of \$8 million were paid to shareholders during the year ended 30 June 2025 (2024: \$24 million).

	Declaration Date	Paid Date	Amount (cents per share)	Franked Amount (cents per share)
September 2024 Quarterly Dividend	31 October 2024	6 December 2024	\$0.01	\$0.01

Declared after end of year

Nil.

Control gained or lost over entities

There has been no change in control gained or lost over entities since the Previous Period.

Audit qualification or review

This Preliminary Financial Report is based on statutory financial statements that are in the process of being audited.

Attachments and additional information

Additional information can be obtained from the attached Preliminary Financial Report.

2025 Annual General Meeting

The proposed date for the 2025 Annual General Meeting is 27 November 2025. Based on proposed timing, closing date for Director Nominations is no later than 9 October 2025.

OPERATING AND FINANCIAL REVIEW

Review of operations

Full year total coal sales were 6.60 million tonnes and full year equity coal sales were 4.02 million tonnes.

	TOTAL TONNES				EQUITY TONNES			
	ROM Tonnes (kt)		Coal Sales (kt)		ROM Tonnes (kt)		Coal Sales (kt)	
	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024
Australia	2,047	1,991	1,537	1,567	2,047	1,991	1,537	1,567
Blair Athol	2,047	1,991	1,537	1,567	2,047	1,991	1,537	1,567
South Africa	7,689	7,583	5,065	5,663	3,767	3,716	2,482	2,775
NCC ⁽¹⁾	2,733	3,460	1,889	2,305	1,339	1,695	925	1,129
NBC ⁽¹⁾	4,956	4,123	3,176	3,358	2,428	2,020	1,556	1,645
Total	9,736	9,574	6,602	7,230	5,814	5,707	4,019	4,342

(1) 49.0% equity interest owned by TerraCom Limited

Total tonnes disclosed throughout this report assumes 100% ownership of the South African operations, noting the interest held by TerraCom in the operating mines ranges from 48.9% to 49%. Equity tonnes disclosed throughout this report represents the tonnes attributable to the equity ownership of TerraCom.

Dividends

Paid during the year

Dividends of \$8.01 million were paid to shareholders during the year ended 30 June 2025 (2024: \$24.03 million).

Declared after end of year

No dividends were declared after end of year.

Franking Account Balance

Franking account balance as at 30 June 2025 was \$76.026 million (2024: \$37.295 million).

Shares under option

Shares issued on exercise of options

No shares were issued on the exercise of options during the financial year (2024: Nil).

Unissued shares under options

At the date of this report there were no unissued ordinary shares under options of the Company.

Australian Business Unit OPERATIONS



Blair Athol in Clermont, Queensland, is TerraCom's flagship mine and a reliable source of strong financial performance. Producing approximately 1.6 – 1.8 million tonnes per annum of low-impurity thermal coal, the operation supplies a portfolio of long-standing customers across Asia. With established infrastructure and efficient open-cut mining, Blair Athol generates consistent returns while supporting regional jobs and economic activity.

At current production rates, the mine has an estimated seven-year life, providing a solid foundation for near-term stability. Looking ahead, the adjacent Moorlands development project offers significant growth potential, with Blair Athol positioned to evolve into a processing and infrastructure hub for future production. Together, these assets underpin TerraCom's capacity to deliver sustained shareholder value and long-term operational strength.

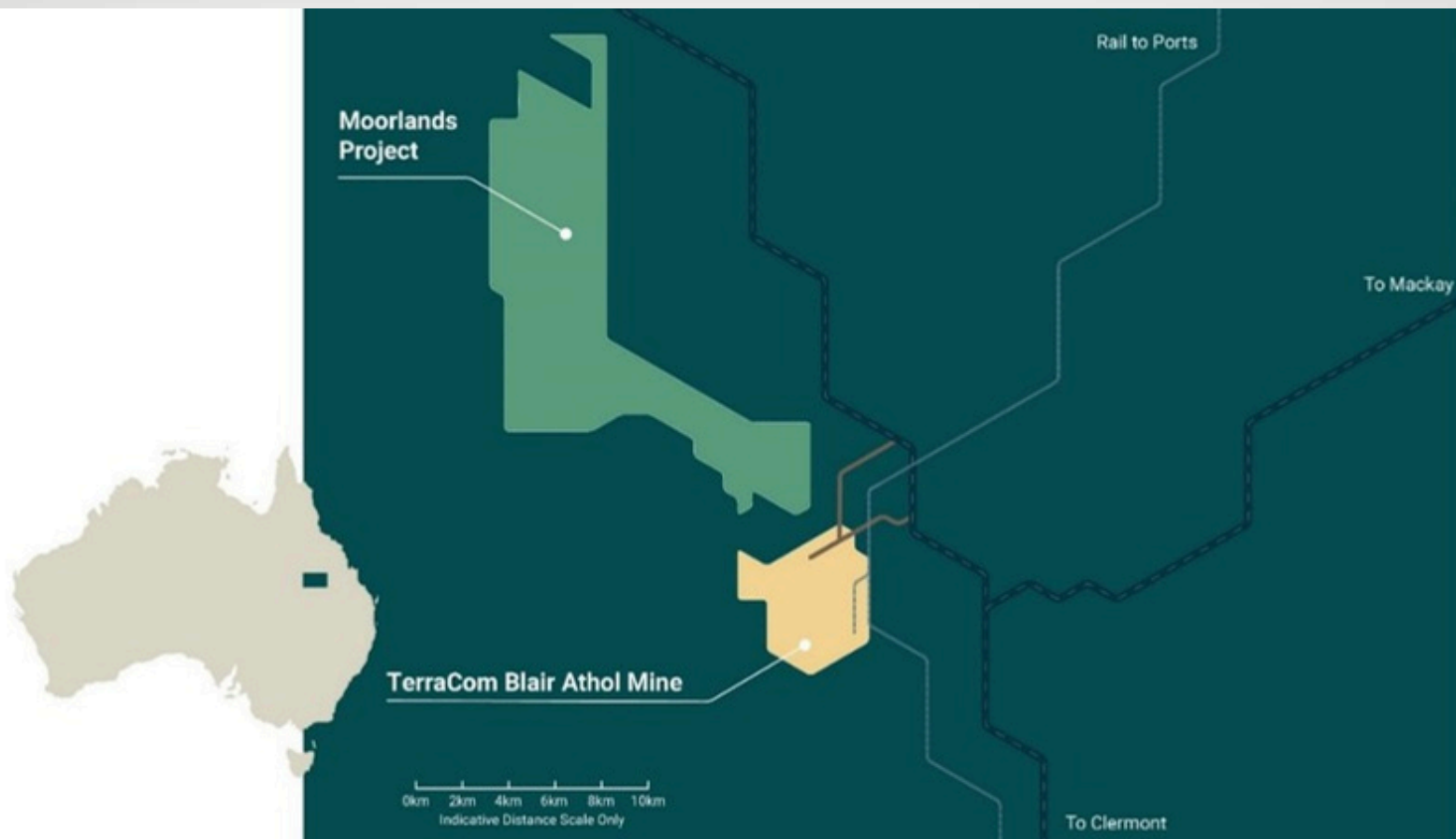
OPERATING AND FINANCIAL REVIEW

As announced on 12 August 2024, TerraCom Limited entered into a Cooperation Agreement with **Wintime** Energy Group Co. Ltd (**Wintime**), a leading Shanghai Stock Exchange-listed energy company, to jointly develop and operate the Moorlands Thermal Coal Project (**Moorlands Project**) in Queensland. The agreement also establishes a framework for the parties to explore additional strategic opportunities in the future, reflecting the strength of the partnership and the complementary capabilities of both companies.

About the Moorlands Project

The Moorlands Project is a significant thermal coal development opportunity located in the Western Bowen Basin of Queensland, approximately 14 kilometres northwest of TerraCom's Blair Athol Mine and 25 kilometres from the township of Clermont. Moorlands is proposed to commence as a 1.9 million tonne per annum run-of-mine (ROM) operation with a 25-year mine life, and with expansion potential to 4 million tonnes per annum ROM. Importantly, the tenements that comprise the Moorlands Project contain a 378 million tonne coal resource (JORC 2012). Initial technical studies confirm support for a robust open-cut thermal coal mining operation capable of providing reliable, long-term supply for Wintime's power generation portfolio in China.

Under the proposed structure, TerraCom will be engaged to deliver development, project management, mining services, logistics and processing through to the mine gate. By leveraging the existing processing and logistics infrastructure at Blair Athol, TerraCom will establish an integrated dual-hub precinct servicing both Blair Athol and Moorlands. This approach not only reduces capital intensity for the Moorlands Project but also extends the life and strategic role of Blair Athol as a regional centre for coal processing and logistics for decades to come.

**Strategic Importance**

The Moorlands Project represents an important stage of growth for TerraCom and provides a long-term pathway to enhance production scale, operational efficiency, and regional impact. With Blair Athol continuing to deliver steady-state ROM production, the addition of Moorlands creates a platform for greater market presence and strengthened customer relationships across Asia.

The partnership with Wintime positions TerraCom to capture value from the development of a world-class coal resource alongside a highly capable and well-capitalised partner. Exclusive negotiations are underway to finalise definitive project documentation, with first coal from Moorlands anticipated in 2026 subject to federal approvals.

OPERATING AND FINANCIAL REVIEW

BLAIR ATHOL

**Thermal Coal**

2.0Mtpa ROM

**Export**

~ 1.6-1.8Mt export, primarily to Japan and South Korea for power generation and Indian sponge iron markets. Exported through Dalrymple Bay Coal Terminal.

**Ownership**

100% ownership, Owner Operator

**Open Pit**

Dragline, truck, excavator and dozers for waste removal. Coal mining by truck and excavator. Life of Mine strip ratio ~10:1.

**Ore Reserve**

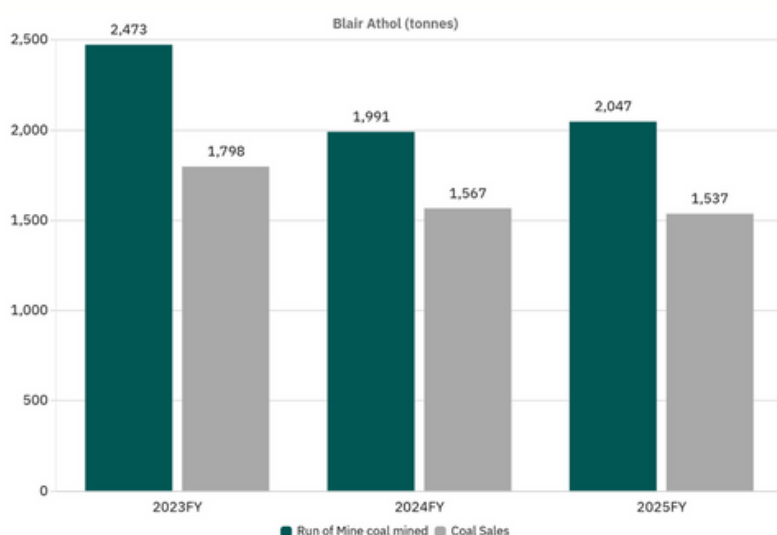
~27Mt

**LOM**

Approx. ~7 years

Total Tonnes

	Quarter 1 Sept-24	Quarter 2 Dec-24	Quarter 3 Mar-25	Quarter 4 Jun-25	2025 Financial Year	2024 Financial Year
Blair Athol						
Run of Mine Coal mined (tonnes)	535	558	428	526	2,047	1,991
Saleable Production (tonnes)	386	402	314	403	1,505	1,502
Coal Sales (tonnes)	404	314	321	498	1,537	1,567
Inventory (tonnes)	32	125	111	46	46	54



Production

In FY25, Blair Athol delivered 2.05 million tonnes of ROM coal with sales of 1.54 million tonnes, despite rainfall and logistics disruptions. Operational efficiency improved with the addition of a Hitachi EX3600-7 excavator and WA500-7 loader. Closing coal stocks at 30 June 2025 were 46kt. Blair Athol remains central to TerraCom's portfolio, supporting export markets and underpinning long-term growth alongside the proposed Moorlands development.

South African Business Unit OPERATIONS



The South African Business Unit comprised two operating mines during the financial year: North Block Complex and New Clydesdale Colliery. Ubuntu remained on care and maintenance following the conclusion of the Eskom Coal Supply Agreement in December 2022, with the site placed into standby in February 2023. Management continues to assess domestic coal sales opportunities that could support a restart. The Kangala/Eloff Project remains shovel-ready, pending finalisation of a commercially viable Coal Sales Agreement with Eskom.

OPERATING AND FINANCIAL REVIEW

South Africa Production Overview: quarter by quarter for 12 months ending 30 June 2025

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	2025	2024
	Sept-24	Dec-24	Mar-25	Jun-25	Financial Year	Financial Year
Run of Mine Coal mined (tonnes)	1,957	2,040	1,900	1,791	7,689	7,583
Saleable Production (tonnes)	1,397	1,083	1,233	1,123	4,836	5,879
Sales (tonnes)	1,393	1,265	1,228	1,178	5,065	5,663
Inventory (tonnes)	235	386	410	414	414	288

South Africa Production: year to date comparison for 12 months ending 30 June 2025

	2025	2024	Change	Change
	Financial Year	Financial Year		%
Run of Mine Coal mined (tonnes)	7,689	7,583	106	1%
Saleable Production (tonnes)	4,836	5,879	(1,043)	(18%)
Sales (tonnes)	5,065	5,663	(598)	(11%)
Inventory (tonnes)	414	288	126	30%

In South Africa, operations were constrained by significant logistics challenges that limited export sales during the reporting period. Nevertheless, strong domestic demand underpinned steady performance at both the North Block Complex and the New Clydesdale Colliery.

The Eloff Project remains shovel-ready, with its advancement dependent on finalising a Coal Supply Agreement with Eskom. Considered a valuable long-term asset, Eloff continues to hold a central place within the South African portfolio.

TerraCom's divestment strategy in the region remains deliberate and value-driven, with a focus on delivering an orderly and responsible outcome for all stakeholders. While a definitive timeframe for completion has not yet been established, the Company continues to progress discussions with Ndalamo and funding partners to achieve the best possible outcome.

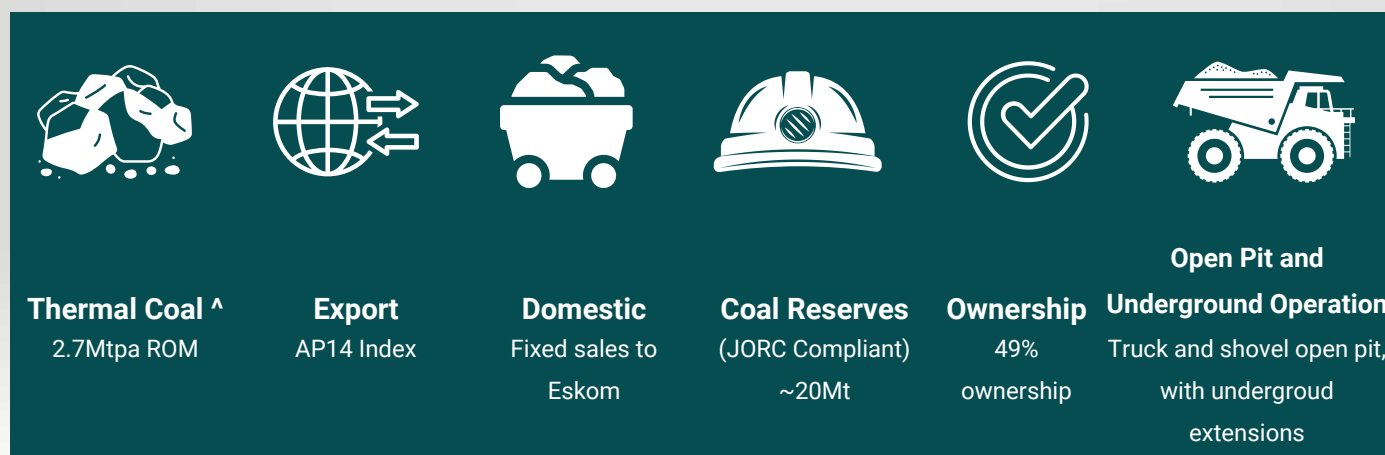


OPERATING AND FINANCIAL REVIEW

NEW CLYDESDALE COLLIERY

The New Clydesdale Colliery (NCC), located in the Kriel district of Mpumalanga province, approximately 149 kilometres from Johannesburg, comprises the Roodekop and Diepspruit West projects.

NCC is a versatile operation, incorporating both open-cut and underground mining, with the capability to produce a range of coal products for domestic consumption and export markets. Strategically situated near Eskom's Kriel Power Station, the colliery is well positioned to support South Africa's energy needs while maintaining access to regional and international demand.



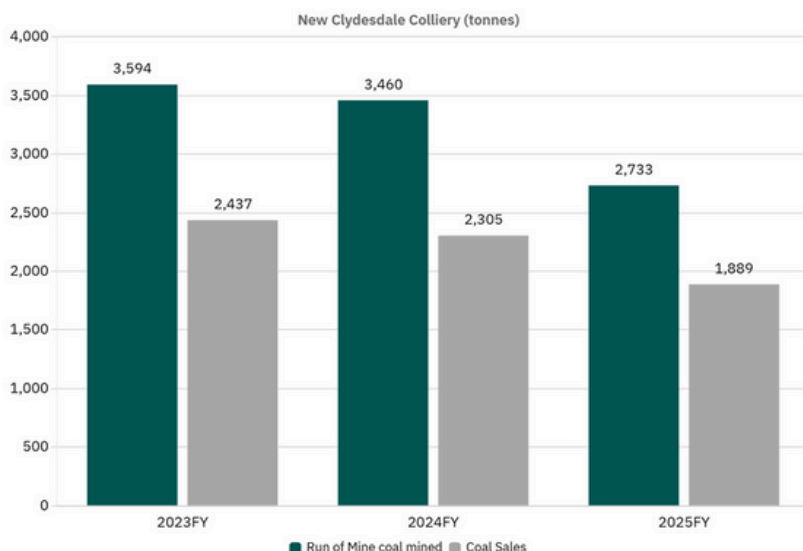
[^] subject to coal sales contract

Total Tonnes

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	2025 Financial	2024 Financial
NCC	Sept-24	Dec-24	Mar-25	Jun-25	Year	Year
Run of Mine Coal mined (tonnes)	805	794	585	549	2,733	3,460
Saleable Production (tonnes)	579	433	439	275	1,726	2,439
Sales (tonnes)	605	464	497	323	1,889	2,305
Inventory (tonnes)	148	266	151	202	202	232

Production

During the financial year, NCC delivered 2.73 million tonnes of run-of-mine (ROM) coal (FY2024: 3.46 million tonnes), and achieved total coal sales of 1.89 million tonnes (FY2024: 2.31 million tonnes). While logistics constraints continued to limit export volumes, strong domestic demand underpinned performance and enabled NCC to maintain a solid operational contribution for the year.

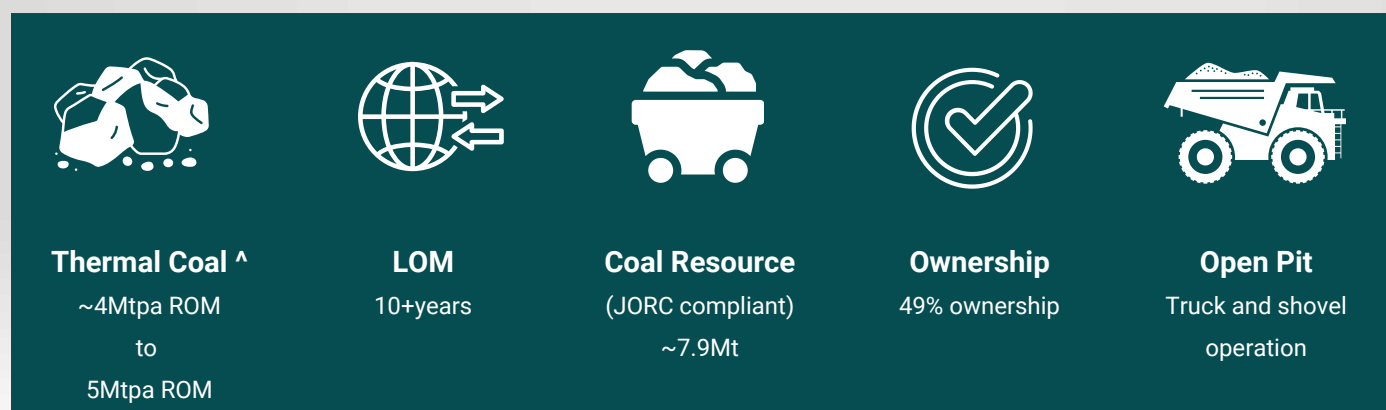


OPERATING AND FINANCIAL REVIEW

NORTH BLOCK COMPLEX

The North Block Complex (NBC), located in Belfast in the Mpumalanga province approximately 200 kilometres north-east of Johannesburg, is a key component of TerraCom's portfolio. Open-cut mining is currently undertaken in the Paardeplaats section, which was developed in FY2020.

NBC is a versatile multi-product open-cut operation that has established a strong reputation as a reliable supplier of coal to Eskom, the country's primary power utility. In addition to its role in supporting national energy generation, NBC contributes meaningfully to the local economy through employment, procurement, and infrastructure development, reinforcing its importance to both TerraCom and the surrounding community.



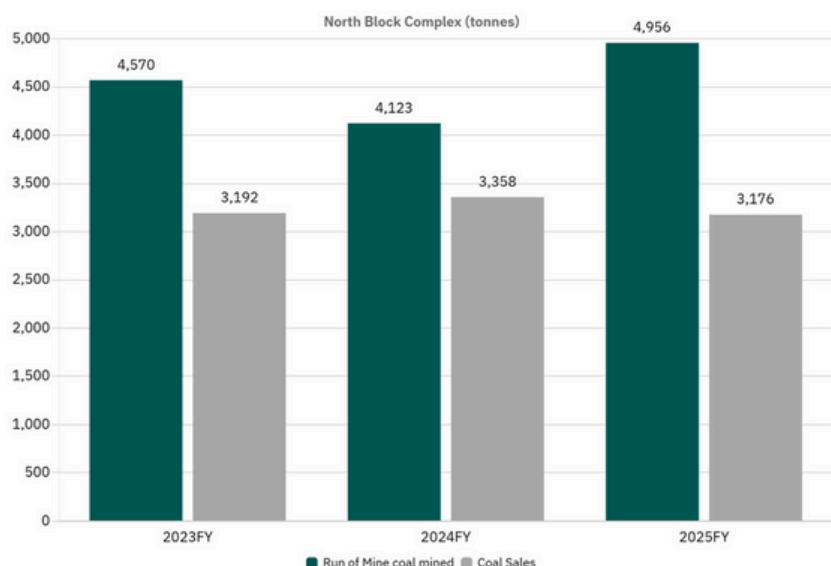
^ subject to coal sales contract

Total Tonnes

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	2025	2024
NBC	Sept-24	Dec-24	Mar-25	Jun-25	Financial Year	Financial Year
Run of Mine Coal mined (tonnes)	1,152	1,246	1,316	1,242	4,956	4,123
Saleable Production (tonnes)	818	650	794	848	3,111	3,440
Sales (tonnes)	788	801	731	856	3,176	3,358
Inventory (tonnes)	87	120	258	211	211	284

Production

In FY2025, a total of 3.18 million tonnes of coal was sold to market (FY2024: 3.36 million tonnes). The colliery successfully met its full offtake commitments to Eskom, with domestic coal sales reaching 2.9 million tonnes for the year. Export sales totalled 0.28 million tonnes, reflecting continued demand despite ongoing logistics constraints. Overall, the operation delivered a solid performance, balancing strong domestic supply with steady export volumes.



UBUNTU

Ubuntu Colliery - 48.9% Equity Interest

Ubuntu has remained on care and maintenance since February 2023, following the conclusion of the Eskom Coal Supply Agreement in December 2022. Management continues to actively evaluate alternative domestic coal sales opportunities with the objective of returning the colliery to an operational state, while also pursuing potential divestment opportunities as part of the Group's broader portfolio strategy.





PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS

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GENERAL INFORMATION

The preliminary consolidated financial statements are presented in Australian dollars (**AUD**), which is the presentation currency of TerraCom Limited.

The functional currency of TerraCom Limited, its Australian exploration subsidiaries and United Kingdom subsidiaries is Australian dollars (**AUD**), the South African subsidiaries and associates functional currency is South African Rand (**ZAR**).

TerraCom Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is at Level 6, 307 Queen Street, Brisbane QLD 4000.





FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

Consolidated Statement of Profit or Loss for the year ended 30 June 2025

	Note(s)	Consolidated	
		2025 \$ '000	2024 \$ '000
Revenue		226,671	259,143
Cost of goods sold		(222,290)	(218,479)
Gross profit		4,381	40,664
Other operating and administration expenses	4	(26,837)	(15,395)
Share of profit / (loss) of associate	34	(5,434)	7,411
Foreign exchange gain / (loss)		185	2,206
Finance income		3,215	3,782
Finance expenses		(6,667)	(4,345)
Depreciation and amortisation expense		(300)	(152)
Impairment of assets	5	(15,324)	(864)
Profit / (loss) on disposal of fixed assets		188	-
Profit / (loss) on deregistration		(206)	-
Profit / (loss) before taxation		(46,799)	33,307
Income tax (expense) / benefit		13,050	(8,268)
Profit / (loss) for the year		(33,749)	25,039
Profit / (loss) attributable to:			
Owners of TerraCom Limited		(33,055)	25,951
Non-controlling interest		(694)	(912)
		(33,749)	25,039
Earnings per share for profit/ (loss) attributable to the owners of TerraCom Limited			
Basic earnings per share (cents)	7	(4.13)	3.24
Diluted earnings per share (cents)		(4.13)	3.24

The above consolidated statement of profit or loss is to be read in conjunction with the notes to the consolidated financial statements.

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**Consolidated Statement of Comprehensive Income for the year ended
30 June 2025**

Note(s)	Consolidated	
	2025	2024
	\$ '000	\$ '000
Profit / (loss) for the year	(33,749)	25,039
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	2,844	(181)
Total comprehensive income / (loss) for the year	(30,905)	24,858
Total comprehensive income / (loss) for the year attributable to:		
Owners of TerraCom Limited	(30,242)	25,785
Non-controlling interest	(663)	(927)
Total comprehensive income / (loss) for the year	(30,905)	24,858

The above consolidated statement of comprehensive income is to be read in conjunction with the notes to the consolidated financial statements.



FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

Consolidated Statement of Financial Position as at 30 June 2025

	Notes(s)	Consolidated 2025 \$ '000	2024 \$ '000
ASSETS			
Current Assets			
Cash and cash equivalents	8	13,382	8,351
Trade and other receivables	9	24,023	33,870
Inventories	10	9,500	9,101
Current tax asset		4,020	-
		50,925	51,322
Non-Current Assets			
Trade and other receivables	9	2,211	2,502
Restricted cash	11	58,221	58,219
Investments accounted for using the equity method	34	82,815	86,811
Other financial assets	12	3,019	2,764
Property, plant and equipment	13	82,049	86,152
Exploration and evaluation assets	14	-	13,524
Deferred tax		4,484	-
Other non-current assets	15	12,171	13,125
		244,970	263,097
Total Assets		295,895	314,419
LIABILITIES			
Current Liabilities			
Trade and other payables	16	49,879	32,593
Current tax liability		-	38,352
Provisions	20	6,544	5,231
Borrowings	17	747	2,891
Deferred Revenue	18	19,499	-
Lease liabilities	19	1,933	377
		78,602	79,444
Non-Current Liabilities			
Borrowings	17	-	722
Lease liabilities	19	8,316	186
Deferred tax		-	7,005
Provisions	20	59,724	59,214
Deferred Revenue	18	19,804	-
		87,845	67,127
Total Liabilities		166,446	146,571
Net Assets		129,449	167,848

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**Consolidated Statement of Financial Position as at 30 June 2025 (continued)**

	Note(s)	Consolidated 2025 \$ '000	2024 \$ '000
EQUITY			
Issued capital	21	376,011	376,011
Reserves	23	24,746	21,933
Accumulated losses	25	(270,749)	(229,684)
Equity Attributable to equity holders of parent		130,007	168,260
Non-controlling interest	26	(558)	(413)
Total equity		129,449	167,847

The above consolidated statement of financial position is to be read in conjunction with the notes to the consolidated financial statements.



TERRACOM LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

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Consolidated Statement of Changes in Equity for the year ended 30 June 2025

	Issued capital \$ '000	Foreign currency translation reserve \$ '000	Share based payments/ options reserve \$ '000	Accumulated losses \$ '000	Total Equity Attributable to the owners of TerraCom Limited \$ '000	Non- controlling interest \$ '000	Total equity \$ '000
Balance at 01 July 2023	376,011	22,099	828	(231,605)	167,333	516	167,849
Profit for the year after income tax	-	-	-	25,951	25,951	(912)	25,039
Other comprehensive income	-	(166)	-	-	(166)	(15)	(181)
Total comprehensive income for the year	-	(166)	-	25,951	25,785	(927)	24,858
Dividends paid to shareholders of TerraCom Limited	-	-	-	(24,030)	(24,030)	-	(24,030)
Share based payments	-	-	(828)	-	(828)	-	(828)
Balance at 30 June 2024	376,011	21,933	-	(229,684)	168,260	(412)	167,848
Balance at 01 July 2025	376,011	21,933	-	(229,684)	168,260	(412)	167,848
Profit for the year after income tax	-	-	-	(33,055)	(33,055)	(694)	(33,749)
Other comprehensive income	-	2,813	-	-	2,813	31	2,844
Total comprehensive income for the year	-	2,813	-	(33,055)	(30,242)	(663)	(30,905)
Deconsolidation of deregistered entities	-	-	-	-	-	517	517
Dividends paid to shareholders of TerraCom Limited	-	-	-	(8,010)	(8,010)	-	(8,010)
Balance at 30 June 2025	376,011	24,746	-	(270,749)	130,007	(558)	129,449

The above consolidated statement of changes in equity should be read in conjunction with the notes to the consolidated financial statements.



FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

Consolidated Statement of Cash Flows for the year ended 30 June 2025

	Note(s)	Consolidated 2025 \$ '000	2024 \$ '000
Operating			
Cash receipts from customers (including GST/VAT)		269,753	263,778
Cash paid to suppliers and employees (including GST/VAT)		(212,750)	(240,690)
		57,003	23,088
Interest received		5,934	1,901
Interest paid		(3,815)	(1,025)
Tax payments made		(40,806)	(39,517)
Net cash (used in) / from operating activities		18,316	(15,553)
Investing			
Payments for property, plant and equipment		(5,130)	(12,520)
Proceeds from sale of property, plant and equipment		193	5
(Increase)/Decrease in secured deposits		980	12,276
Other asset investments		-	(1,200)
Dividends received from associates and joint ventures		-	5,554
Loan to associates and joint ventures		(928)	(107)
Repayment from associates and joint ventures		3,851	2,179
Net cash (used in) / from investing activities		(1,034)	6,187
Financing			
Repayment of borrowings		(3,274)	(2,172)
Repayment of principal component of lease liabilities	19	(1,355)	(489)
Dividends paid to shareholders of TerraCom Limited	28	(8,010)	(24,030)
Net cash (used in) / from financing activities		(12,639)	(26,691)
Movement in cash		4,643	(36,057)
Opening cash at bank		8,351	44,032
Effects of foreign exchange impacting cash		388	376
Total cash and cash equivalents at end of the year		13,382	8,351

The consolidated statement of cash flows is to be read in conjunction with the notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Material accounting policies

The material accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements cover TerraCom Limited as a consolidated entity consisting of TerraCom Limited and the entities it controlled at the end of, or during the year. TerraCom Limited, the Company or the Parent entity, and its subsidiaries together are referred to in these financial statements as the 'Group'.

1.1 New or amended Accounting Standards and Interpretations adopted

The Group has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. The adoption of these new or amended Accounting Standards and Interpretations did not have a material impact on the consolidated financial statements.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The adoption of these new or amended Accounting Standards or Interpretations will not materially impact on the consolidated financial statements on adoption dates, however, adoption of AASB 18 will likely have an impact on presentation of revenue disclosures.

1.2 Basis of preparation

This general purpose consolidated financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the AASB and the Corporations Act 2001 (Cth), as appropriate for for-profit oriented entities. These consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The consolidated financial statements have been prepared on an accrual basis and are based on historical costs.

Going Concern

The consolidated financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As of 30 June 2025, the Group had a net current asset deficiency of \$27.677 million (30 June 2024: \$28.122 million).

During the period, the Group generated a loss after tax of \$33.749 million and cash inflows from operating activities of \$18.316 million. Operating cash flow was supported by a coal prepayment facility with key customers (refer to terms and amounts outstanding in note 18) which partially offset the impact of lower thermal coal prices and reduced sales volumes compared to prior periods.

The Group has prepared a cash flow forecast which indicates it will have sufficient cash to continue its operations and meet its debts as and when they fall due.

The Group is debt free, with the exception of a \$0.747 million loan held by TerraCom Limited's wholly owned South African Subsidiary, Universal Coal Energy Holdings South Africa (UCEHSA), which has on-lent the funds to the now deconsolidated South African operations.

The Group is expected to realise its assets and settle its liabilities in the ordinary course of business for at least 12 months from the date of this financial report, and therefore in the directors' opinion, the going concern basis of preparation remains appropriate.

Notes to the Consolidated Financial Statements

1.3 Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of TerraCom Limited (**Company** or **parent entity**) as of 30 June 2025 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of a business is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

1.4 Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers (**CODM**). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

1.5 Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the **functional currency**). The consolidated financial statements are presented in Australian dollars (**AUD**), which is TerraCom Limited's presentation currency. The functional currency of the Australian exploration and the United Kingdom subsidiaries are Australian dollars (**AUD**), the South African subsidiaries are South African Rand (**ZAR**) and the remaining of the subsidiaries and TerraCom Limited are Australian Dollar (**AUD**).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Notes to the Consolidated Financial Statements

1.6 Associates and Joint ventures

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried out in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate.

Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

1.7 Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the assets' lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For debt instruments at fair value through other comprehensive income, interest income, foreign exchange revaluation, impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

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Notes to the Consolidated Financial Statements

1.8 Property, plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight-line basis with expected useful lives as follows:

Item	Depreciation method	Average useful life
Freehold land	Not depreciated	N/A
Plant and equipment	Straight line and units of production	1-10 years
Mine development	Units of production	
Right of Use of assets	Straight line	Duration of lease

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

The Group's right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

1.9 Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the consolidated statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

1.10 Impairing of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value, less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flow relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

1.11 Restoration and rehabilitation

A provision is recognised in the consolidated statement of financial position when the Group has a present legal or constructive obligation because of a past event, and it is probable that resources will be expended to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are made for the estimated cost of rehabilitation relating to areas disturbed during the mine's operation up to the reporting date but not yet rehabilitated. Provision has been made in full for all disturbed areas at the reporting date based on current estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cashflows. The estimated costs of rehabilitation include the current cost of re-contouring, topsoiling and revegetation based on legislative requirements. Changes in estimates are dealt with on a prospective basis as they arise.

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Notes to the Consolidated Financial Statements

1.12 Restoration and rehabilitation (continued)

The amount of the provision relating to rehabilitation of mine infrastructure and dismantling obligations is recognised at the commencement of the mining project and/or construction of the assets where a legal or constructive obligation exists at that time. The provision is recognised as a liability with a corresponding asset included in mine development assets.

At each reporting date, the rehabilitation liability is re-measured in line with changes in discount rates, and timing or amount of the costs to be incurred. Changes in the liability relating to rehabilitation of mine infrastructure and dismantling obligations are added to or deducted from the related asset, other than the unwinding of the discount which is recognised as a finance expense in the consolidated statement of profit or loss as it occurs.

For closed mines, changes to estimated costs are recognised immediately in the consolidated statement of profit or loss.

The amount of the provision relating to rehabilitation of environmental disturbance caused by on-going production and extraction activities is recognised in the consolidated statement of profit or loss as incurred.

1.13 Goods and Services Tax ('GST'), Value Added Tax ('VAT') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST/VAT, unless the GST/VAT incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST/VAT receivable or payable. The net amount of GST/VAT recoverable from, or payable to, the tax authority is included in other receivables or other payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST/VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST/VAT recoverable from, or payable to, the tax authority.

1.14 Rounding

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

2. Critical accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the consolidated financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Carrying value of mining assets

The Group assesses at the end of each reporting period whether there is any indication that a mining asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the mining assets. The recoverable amount of an individual asset, or cash generating unit is determined based on the higher of fair value less cost of disposal (**FVLCD**) or value in use (**VIU**). These calculations require the use of estimations and assumptions.

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FOR THE YEAR ENDED 30 JUNE 2025

Notes to the Consolidated Financial Statements

2. Critical accounting judgements, estimates and assumptions (continued)

Estimated future cash flows used to determine FVLCD are inherently uncertain and could materially change over time. They are significantly affected by several factors including reserves and production estimates, together with economic factors including future coal prices, discount rates, foreign exchange rates, future costs of production, stripping ratios, and future capital expenditure. These assumptions are likely to change over time, which may then impact the estimated life of mine, and the associated fair value less cost of disposal (FVLCD).

Carrying value of exploration and evaluation assets

Exploration and evaluation costs have been capitalised on the basis that the Group will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technological changes, which could impact on the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made. Refer to Note 15 for further information.

Mineral reserves and resources

The estimated quantities of economically recoverable Reserves and Resources are based upon interpretations of geological and geophysical models and require assumptions to be made requiring factors such as estimates of future operating performance, future capital requirements, and coal prices. The Group is required to determine and report Reserves and Resources under the *Australian Code for Reporting Mineral Resources and Ore Reserves December 2012 (JORC code)*. The JORC code requires the use of reasonable investment assumptions to calculate reserves and resources. Changes in reported reserves and resources can impact the life of mine, which impacts the carrying value of mine development asset, rehabilitation provisioning and amortisation and depreciation.

Rehabilitation provision

A provision has been made for the present value of anticipated costs for future rehabilitation of land explored or mined. The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for assets retirement obligations and site rehabilitation in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

FINANCIAL REPORT
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Notes to the Consolidated Financial Statements

2. Critical accounting judgements, estimates and assumptions (continued)

To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognised in respect of deferred tax assets as well as in the amounts recognised in income in the period in which the change occurs. The most significant assumptions as part of the future probability estimate include; future production profiles, future commodity prices, expected operating costs, future development costs necessary to produce the reserves and value attributable to additional resource.

All available evidence is considered when determined by forecast assumptions, including approved budgets, forecasts and business plans, impact of climate change policy (enacted and future) and, in certain cases, analysis of historical operating results.

The estimates described above require significant management judgement and are subject to risk and uncertainty that maybe beyond the control of the Group; hence, there is a possibility that changes in circumstances will materially alter projections, which may impact the recoverable amount of deferred tax asset at each reporting date.

3. Operating segments

Identification of reportable operating segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (Chief Operating Decision Makers, or CODM) in assessing performance and determining the allocation of resources.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the geographical location of the segment; and
- any external regulatory requirements.

The CODM reviews Adjusted EBITDA (earnings before interest, tax, depreciation and amortisation, impairment of exploration assets, gain on deconsolidation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the consolidated financial statements.

The information reported to the CODM is on a monthly basis.

Types of products and services

The reporting segments are organised according to the nature of the activities undertaken and geographically local of the activities as outlined below:

Australia	Coal exploration and extraction activities within Australia
South Africa	Coal exploration and extraction activities in South Africa
Unallocated	Various business development and support activities that are not allocated to operating segments.

Accounting policies adopted

All amounts reported to the Board of Directors, being the CODM with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual consolidated financial statements of the Group.

A number of inter-segment transactions, receivables, payables, or loans occurred during the period, or existed at reporting date. In addition, corporate re charges were allocated to the reporting segments.

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Notes to the Consolidated Financial Statements

3. Operating segments (continued)

Operating segment information

2025	Australia \$ '000	South Africa \$ '000	Unallocated \$ '000	Total \$ '000
Revenue				
Sales to external customers	226,671	-	-	226,671
Cost of goods sold	(220,904)	(611)	(775)	(222,290)
Gross Profit	5,767	(611)	(775)	4,381
Other operating and administration expenses	(6,068)	(2,767)	(20,039)	(28,874)
Share of profit / (loss) of associate	-	(5,434)	-	(5,434)
Foreign exchange gain / (loss)	788	(215)	(388)	185
Net finance income / (expense)	310	(452)	(1,273)	(1,415)
Depreciation and amortisation expense	(95)	-	(205)	(300)
Impairment of assets	-	(13,524)	(1,800)	(15,324)
Profit / (loss) on disposal of fixed assets	-	188	(206)	(18)
Profit before taxation	702	(22,815)	(24,686)	(46,799)
Profit before taxation	-	-	-	(46,799)
Income tax benefit	-	-	-	13,050
Profit after taxation	-	-	-	(33,749)
Assets				
Segment assets	226,937	68,958	-	295,895
Total assets	226,937	68,958	-	295,895
Total assets include additions and acquisitions of non-current assets				
Property, plant and equipment	15,786	-	-	15,786
	15,786	-	-	15,786
Liabilities				
Segment liabilities	152,369	14,077	-	166,446
Total liabilities	152,369	14,077	-	166,446

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Notes to the Consolidated Financial Statements

3. Operating segments (continued)

2024	Australia \$ '000	South Africa \$ '000	Unallocated \$ '000	Total \$ '000
Revenue				
Sales to external customers	251,499	7,644	-	259,143
Cost of goods sold	(210,047)	(8,432)	-	(218,158)
Gross Profit	41,452	(788)	-	40,664
Other operating and administration expenses	(4,675)	(3,970)	(6,750)	(15,395)
Share of profit / (loss) of associate	-	7,411	-	7,411
Foreign exchange gain/(loss)	3	2,203	-	2,206
Net finance income - (expense)	(75)	(488)	-	(563)
Depreciation and amortisation expense	(40)	(112)	-	(152)
Impairment of assets	-	(864)	-	(864)
Profit before taxation	36,665	3,392	(6,750)	33,307
Profit before taxation				33,307
Income tax expense				(8,268)
Profit after taxation				25,039
Assets				
Segment assets	209,279	105,140	-	314,419
Total assets	209,279	105,140	-	314,419
Total assets include additions and acquisitions of non-current assets				
Property, plant and equipment	12,520	-	-	12,520
	12,520	-	-	12,520
Liabilities				
Segment liabilities	132,160	14,411	-	146,571
Total liabilities	132,160	14,411	-	146,571

FINANCIAL REPORT
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Notes to the Consolidated Financial Statements

3. Operating segments (continued)

Major customers

External revenue for the Group was derived from sales to the following customers:

	2025 \$ '000	2025 %	2024 \$ '000	2024 %
Major customers				
Customer A	28,730	12.7%	55,291	21.3%
Customer B	138,284	61.0%	96,822	37.4%
Customer C	59,067	26.1%	63,043	24.3%
Other customers	590	0.3%	43,987	17.0%
	226,671	100%	259,143	100%

Geographic information

	2025 \$ '000		2024 \$ '000	
	Sales to external customers	Non-current assets	Sales to external customers	Non-current assets
Australia	226,671	178,110	251,498	160,811
South Africa	-	68,468	7,645	102,286
	226,671	246,578	259,143	263,097

4. Other operating and administration expenses

	Consolidated	
	2025 \$ '000	2024 \$ '000
Other operating and administration expenses	5,765	2,291
Consultant and professional fees	5,845	5,108
ASIC Settlement fee	8,500	-
Employee benefits excluding superannuation expense	6,408	7,737
Superannuation expense	319	259
	26,837	15,395

5. Impairment

	Consolidated	
	2025 \$ '000	2024 \$ '000
Exploration and evaluation impairment	13,524	864
Investment in associates impairment	1,800	-
	15,324	864

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Notes to the Consolidated Financial Statements

6. Remuneration of auditors

The following fees were paid or payable for services provided by BDO Audit Pty Ltd (TerraCom Limited Auditor) and BDO South Africa Incorporated (UCEHSA Group auditor), the auditors of the Group:

	Consolidated	
	2025	2024
	\$	\$
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities		
Audit or review of the consolidated financial statements	848,735	882,474
Other services		
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	33,150	19,426
	881,885	901,900
Audit and other services		
BDO (Australia)	779,420	797,345
BDO (South Africa)	102,465	104,555
	881,885	901,900

7. Earnings per share

Basic earnings / (loss) per share

Basic earnings per share are determined by dividing profit (loss) attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

	Consolidated	
	2025	2024
Basic earnings / (loss) per share (cents per share)	(4.13)	3.24

Basic earnings per share were based on loss of \$33.055 million (2024: profit of \$25.951 million) and a weighted average number of ordinary shares of 800,966,235 (2024: 800,966,235).

	Consolidated	
	2025	2024
	\$ '000	\$ '000
Reconciliation of profit / (loss) for the year to basic earnings		
Profit / (loss) for the year attributable to equity holders of the parent	(33,055)	25,951
	(33,055)	25,951

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Notes to the Consolidated Financial Statements

7. Earnings per share (continued)

Diluted earnings / (loss) per share

	Consolidated 2025	2024
Diluted earnings / (loss) per share (cents per share)	(4.13)	3.24

Diluted earnings / (loss) per share was based on a loss of \$33.055 million (2024: profit of \$25.951 million) and a weighted average number of ordinary shares inclusive of unquoted options, total being 800,966,235 (2024: 800,966,235).

No dilutive instruments were present at the yearend 2025 (2024: none).

8. Cash and cash equivalents

Cash and cash equivalents consist of:

	Consolidated 2025 \$ '000	2024 \$ '000
Cash at bank	13,382	8,351

9. Trade and other receivables

Split between current and non-current portions:

	Consolidated 2025 \$ '000	2024 \$ '000
Current		
Trade receivables	16,500	16,796
Loan receivables – related parties	747	2,891
Prepayment	5,925	10,476
Other receivables	851	3,707
Total trade and other receivables - current	24,023	33,870
Non-Current		
Loan receivables – related parties	-	722
Long service leave receivable	2,211	1,780
Total trade and other receivables – non-current	2,211	2,502
Total trade and other receivables	26,234	36,372

The trade receivables balance relates to an outstanding amount with a long-standing customer. Given the well-established history with the customer, there is no credit loss expected.

Decrease in prepayments relates to the utilisation of fee paid to a third-party provider in advance for an assignment of port and rail capacity which covers the period 1 January 2024 to 31 December 2025.

The loan receivables – related parties balance is drawn funds against the loan with The Standard Bank of South Africa. As disclosed in Note 17, UCEHSA is the main borrower, on behalf of the South African entities. Refer to Note 34 for further details on the terms and conditions of this related party receivable.

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FOR THE YEAR ENDED 30 JUNE 2025

Notes to the Consolidated Financial Statements

9. Trade and other receivables (continued)

The other receivables balance includes refundable Goods and Services Tax (GST), Diesel Rebate and Value Added Tax (VAT) receivable (applicable to South African entities only). Due to the short-term nature of these receivables, their carrying value is assumed to be approximate to their fair value. The Group does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

10. Inventories

	Consolidated	
	2025	2024
	\$ '000	\$ '000
Coal Stock	2,432	4,054
Consumables and stores	7,068	5,047
	9,500	9,101

11. Restricted cash

	Consolidated	
	2025	2024
	\$ '000	\$ '000
Bank deposit	30	29
Security deposit	58,191	58,190
	58,221	58,219

The secured deposit relates to the cash pledged as security for the issuance of an insurance bond to satisfy the financial assurance requirements with the Queensland Government Department of Environment and Science for the Blair Athol Coal Mine Environmental Authority EPML00876713. The security deposit is held by Westpac, which at reporting date was bearing an interest rate of 3.7% per annum.

12. Other financial assets

	Consolidated	
	2025	2024
	\$ '000	\$ '000
Mining rehabilitation guarantees	3,019	2,764
	3,019	2,764

Legislation stipulates that all mining operations within South Africa are required to make a provision for environmental rehabilitation during the life of mine and at closure. In line with this requirement, the Group has entered into policies with a reputable insurance broker to set aside funds for aforementioned purposes. On the back of these policies, the insurance broker provides the required mining rehabilitation guarantees which are accepted by the Department of Mineral Resources and Energy in South Africa. The Group makes annual premium payments towards structured products that will allow the matching of the environmental rehabilitation liability against the Group assets over a period of time.

This financial asset comprises the premium paid to the insurer, plus interest, less charges and claims paid by the insurer to the Group and is measured at amortised cost, as the formula includes the effect of the time value of money.



FINANCIAL REPORT
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Notes to the Consolidated Financial Statements

13. Property, plant and equipment

Consolidated	2025			2024		
	Cost \$ '000	Accumulated depreciation \$ '000	Carrying Value \$ '000	Cost \$ '000	Accumulated depreciation \$ '000	Carrying value \$ '000
Land and buildings	6,330	-	6,330	6,330	-	6,330
Plant and machinery	63,811	(37,938)	25,873	57,058	(28,916)	28,142
Mine development	167,832	(130,960)	36,872	167,832	(121,353)	46,479
Right-of-use assets – land and buildings	638	(638)	-	638	(638)	-
Right-of-use assets – plant and equipment	15,062	(4,396)	10,666	4,021	(3,486)	535
Capital – work in progress	2,308	-	2,308	4,666	-	4,666
Total	255,981	(173,932)	82,049	240,545	(154,393)	86,152



CONSOLIDATED FINANCIAL STATEMENTS
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Notes to the Consolidated Financial Statements

13. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment	Opening balance \$ '000	Additions \$ '000	Disposals \$ '000	Transfers \$ '000	Derecognition \$ '000	Change in estimate \$ '000	Exchange differences \$ '000	Depreciation \$ '000	Closing balance \$ '000
Consolidated – 2025									
Land and buildings	6,330	-	-	-	-	-	-	-	6,330
Plant and machinery	28,142	-	-	6,813	(55)	-	(5)	(9,021)	25,873
Mine development	46,479	-	-	-	-	-	-	(9,607)	36,872
Right-of-use assets – plant & equipment	535	11,041	-	-	-	-	-	(910)	10,666
Capital – work in progress	4,666	4,450	-	(6,813)	-	-	5	-	2,308
Total	86,152	15,491	-	-	(55)	-	-	(19,538)	82,049
Consolidated – 2024									
Land and buildings	6,331	-	-	-	-	-	(1)	-	6,330
Plant and machinery	22,491	338	(5)	12,006	-	-	3	(6,691)	28,142
Mine development	56,641	18	-	-	-	-	2	(10,182)	46,479
Right-of-use assets – land & buildings	1	-	-	-	-	-	1	(2)	-
Right-of-use assets – plant & equipment	1,006	-	-	-	-	-	-	(471)	535
Capital – work in progress	4,502	12,164	-	(12,006)	-	-	6	-	4,666
Total	90,972	12,520	(5)	-	-	-	11	(17,346)	86,152

Right-of-use assets

Right-of-use assets consist of mining plant and equipment and an office lease.

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Notes to the Consolidated Financial Statements

13. Property, plant and equipment (continued)

Impairment

At each reporting period, the Company assesses whether there are indicators of impairment or impairment reversal with respect to its mining assets. When indicators of impairment or impairment reversal are identified, impairment testing is performed to determine their recoverable amount. If the carrying value of the assets exceeds this recoverable amount, an impairment loss is charged to the consolidated statement of profit or loss with a corresponding reduction in the asset value. If the recoverable amount exceeds the carrying value for an asset which was previously impaired a partial or full reversal is recorded.

No indicators of impairment were identified for the period ended 30 June 2025 (2024: nil).

In the event that impairment testing is required for mining assets, the expected future cash flows are based on several factors, variables and assumptions. In most cases, the present value of future cash flows is most sensitive to estimates of future commodity price, foreign exchange and discount rates. The future cash flows for the FVLCD calculation are based on estimates, the most significant of which are coal reserves, future production profiles, commodity prices, operating costs, any future development costs necessary to produce the reserves and value attributable to additional resource and exploration opportunities beyond reserves based on production plans. The FVLCD calculation is categorised within level 3 of the fair value hierarchy.

Future commodity prices are based on the Group's best estimate of future market prices with reference to external market analysts' forecasts, current spot prices and forward curves. The Group's coal price forecasts include the expected impact of climate change and potential policy responses as one of the many factors that can affect long term scenarios. The Group's independent research into forecast coal consumption suggests that the global demand for the Group's products will continue over the life of the respective assets. Future commodity prices are reviewed at least annually. Where volumes are contracted, future prices are based on the contracted price.

If future circumstances vary from these assumptions, the recoverable amount of the Group's CGUs could change materially and result in impairment losses or the reversal of previous impairment losses.

The recoverable value of the Company's Coal Resources and Reserves (including its plant and equipment) is most sensitive to the following items:

1. Domestic thermal coal demand. In determining this the Company considers the contracted volumes it has contracted with domestic power producers, as well as the South African forecasted electricity demand over the mine life.
2. Export coal demand. In determining this the Company considers its export contracted volumes, as well as the forecasted coal demand over the mine life.
3. USD coal prices. In determining this the Company considers the futures pricing on or around period end.
4. ZAR:USD foreign exchange rate. In determining this the Company considers the futures pricing on or around period end.
5. The discount rate derived using the weighted average cost of capital methodology adjusted for any risks that are not reflected in the underlying cash flows.
6. The estimated quantities of economically recoverable reserves and resources are based on interpretations of geological and geophysical models, which require assumptions to be made on factors, including future operating performance, capital requirements, and economic assumptions (coal price and foreign exchange). Any change in the recoverable reserves and resources may result in an amendment to the life of the mine.

Any material change in these assumptions or circumstances may result in a future impairment being recognised in future reporting periods.

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Notes to the Consolidated Financial Statements

14. Exploration and evaluation assets

	2025			2024		
	Cost \$ '000	Impairment/ Deconsolid- ation \$ '000	Carrying value \$ '000	Cost \$ '000	Impairment/ Deconsolid- ation \$ '000	Carrying value \$ '000
Consolidated						
Exploration and evaluation	13,524	(13,524)	-	14,388	(864)	13,524

Reconciliation of exploration and evaluation assets

	Opening balance \$ '000	Additions \$ '000	Exchange differences \$ '000	Impairment loss \$ '000	Closing balance \$ '000
Consolidated – 2025					
Exploration and evaluation	13,524	-	-	(13,524)	-
Consolidated – 2024					
Exploration and evaluation	14,366	-	22	(864)	13,524

Exploration and evaluation

The recoverability of the carrying amounts of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

During the year ending 30 June 2025, it was determined to impair \$13.524 million relating to a mine development area at Universal Coal Development I Pty Ltd. This area was reported as an exploration and evaluation asset on acquisition of Universal Coal Plc back in FY2021 and after thorough assessment of current prospects, management has determined that the area is no longer economical to pursue.

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Notes to the Consolidated Financial Statements

14. Exploration and evaluation assets

Australian mining and exploration tenements

Tenement No.	Operation/Project	Location	2025	2024
EPC 1260	Northern Galilee (Clyde Park)	Charters Towers, Queensland, Australia	64%	64%
EPC 1300	Northern Galilee (Hughenden)	Charters Towers, Queensland, Australia	100%	100%
EPC 1394	Northern Galilee (Hughenden)	Charters Towers, Queensland, Australia	100%	100%
EPC 1477	Northern Galilee (Hughenden)	Charters Towers, Queensland, Australia	100%	100%
EPC 1478	Northern Galilee (Hughenden)	Charters Towers, Queensland, Australia	100%	100%
EPC 2049	Northern Galilee (Hughenden)	Charters Towers, Queensland, Australia	100%	100%
EPC 1890	Northern Galilee (Pentland)	Rockhampton, Queensland, Australia	100%	100%
EPC 1892	Northern Galilee (Pentland)	Rockhampton, Queensland, Australia	100%	100%
EPC 1893	Northern Galilee (Pentland)	Rockhampton, Queensland, Australia	100%	100%
EPC 1964	Northern Galilee (Pentland)	Rockhampton, Queensland, Australia	100%	100%
EPC 1674	Springsure (Springsure)	Emerald, Queensland, Australia	90%	90%
MDL 3002	Springsure (Springsure)	Emerald, Queensland, Australia	90%	90%
EPC 1103	Springsure (Fernlee)	Emerald, Queensland, Australia	100%	100%
ML 1804	Blair Athol	Blair Athol, Queensland, Australia	100%	100%

South African mining and prospecting rights

Tenement No.	Operation/Project	Location	2025	2024
MP30/5/1/2/2/429MR	Kangala Colliery	Delmas, Mpumalanga Province, South Africa	70.5%	70.5%
LP30/5/1/2/3/2/1 (10131) MR	Berenice Project ⁽¹⁾	Waterpoort, Limpopo Province, South Africa	50%	50%
LP30/5/1/1/2/376PR	Berenice Project ⁽¹⁾	Waterpoort, Limpopo Province, South Africa	50%	50%
MP30/5/1/2/2/10027MR	Ubuntu Colliery ⁽¹⁾	Delmas, Mpumalanga Province, South Africa	49%	49%
MP30/5/1/1/2/492MR	New Clydesdale Colliery ⁽¹⁾	Kriel, Mpumalanga Province, South Africa	49%	49%
MP30/5/1/2/2/10169MR	Eloff Project ⁽¹⁾	Delmas, Mpumalanga Province, South Africa	49%	49%
MP30/5/1/2/1/326MR	North Block Complex (Glisa) ⁽¹⁾	Belfast, Mpumalanga Province, South Africa	49%	49%
MP30/5/1/1/2/19MR (10068MR)	North Block Complex (Eerstelingsfontein) ⁽¹⁾	Belfast, Mpumalanga Province, South Africa	49%	49%
MP30/5/1/2/2/10090MR	North Block Complex (Paardeplaats) ⁽¹⁾	Belfast, Mpumalanga Province, South Africa	49%	49%
LP 30/5/1/2/2/10169MR	Cygnus Project ⁽¹⁾	All Days (Waterpoort), Limpopo Province, South Africa	50%	50%

⁽¹⁾ held through equity accounted investment

FINANCIAL REPORT
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Notes to the Consolidated Financial Statements

15. Other non-current assets

	Consolidated 2025 \$ '000	2024 \$ '000
Other deposits	12,171	13,125

Other deposits comprise mainly of refundable security deposits paid to Dalrymple Bay Coal Terminal and Aurizon Network for port and below rail contract security for the Blair Athol supply chain. The established history with these parties indicates an expected loss will be immaterial (less than 1%).

16. Trade and other payables

	Consolidated 2025 \$ '000	2024 \$ '000
Trade and other payables	49,879	32,592

Fair value of trade and other payables

Due to the short-term nature, the current trade and other payables have a carrying value which approximates their fair value.

17. Borrowings

	Consolidated 2025 \$ '000	2024 \$ '000
Current borrowings		
Standard Bank of South Africa facilities	747	2,891
Non-current borrowings		
Standard Bank of South Africa facilities	-	722

Standard Bank of South Africa facilities

On 10 September 2020, UCEHSA entered into a financing agreement with The Standard Bank of South Africa (**SBSA**), wherein UCEHSA and its operating partners would have access to a financing facility of up to ZAR 600 million.

Drawn funds from the facility bear interest at three-month JIBAR plus 3.9% per annum and following drawdown this is serviced quarterly. Repayments of capital commenced on 30 September 2021 and are scheduled to occur on a quarterly basis over 16 equal payments, ending 30 September 2025.

Security for the debt facilities includes first-ranking security over assets such as bonds on movable and immovable property, mining and surface rights in South Africa. Additionally, the equity holders of the operating subsidiaries have pledged their shares in the operating subsidiaries to SBSA as security. The facility requires the Group to comply with leverage, debt service cover ratio, and interest coverage financial covenants. The Group met all these covenants during the financial year.

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Notes to the Consolidated Financial Statements

18. Deferred Revenue

	Consolidated	
	2025	2024
	\$ '000	\$ '000
Current deferred revenue	19,499	-
Non-current deferred revenue	19,804	-
	39,303	-

During the year, the Group entered coal prepayment contracts with two major customers, under which it received advance consideration totalling USD \$40.00 million, to be satisfied through the future delivery of coal shipments. Each shipment constitutes a separate performance obligation under AASB 15, and revenue will be recognised at the point in time when control of the goods is transferred to the customer.

As of 30 June 2025, the remaining obligation still to be delivered is equivalent to AUD \$39.303 million and has been recognised as deferred revenue in the statement of financial position. Revenue will be recognised progressively as performance obligations are satisfied through the delivery of individual shipments.

One of the contracts is expected to be completed by December 2025, while the other is anticipated to be fulfilled by June 2027. The prepayment arrangements incur interest at market rates typical for these facilities.

19. Lease liabilities

Lease liabilities are secured over the leased assets to which they relate. Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Consolidated	
	2025	2024
	\$ '000	\$ '000
As at 1 July	563	1,017
Additions	10,761	-
Accretion of interest	280	35
Payments	(1,355)	(489)
Closing as at 30 June 2025	10,249	563
Current liabilities	1,933	377
Non-current liabilities	8,316	186
	10,249	563

The following are the amounts recognised in profit or loss:

Depreciation expense	910	473
Interest expenses on lease liabilities	280	35
	1,190	508

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Notes to the Consolidated Financial Statements

20. Provisions

Environmental

The rehabilitation provision represents the present value of rehabilitation costs relating to mine sites, which are expected to be incurred over the life of the estimated life of the mine (up to 25 years), which is when the producing mine properties are expected to cease operations. These provisions have been created based on the Group's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to consider any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation work required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates.

Reconciliation of provisions – 2025	Opening balance \$ '000	Change in Estimate \$ '000	Unwinding of discount \$ '000	Rehabilitation \$ '000	Exchange differences \$ '000	Closing balance \$ '000
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Mine rehabilitation and closure

Blair Athol	54,315	(111)	2,037	(2,037)	-	54,204
Australian exploration assets	864	-	-	-	-	864
Kangala	4,035	621	-	-	-	4,656
	59,214	510	2,037	(2,037)	-	59,724

Reconciliation of provisions – 2024	Opening balance \$ '000	Change in Estimate \$ '000	Unwinding of discount \$ '000	Rehabilitation \$ '000	Exchange differences \$ '000	Closing balance \$ '000
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Mine rehabilitation and closure

Blair Athol	57,247	(2,347)	-	(585)	-	54,315
Kangala	3,669	-	-	-	366	4,035
Australian exploration assets	864	-	-	-	-	864
	61,780	(2,347)	-	(585)	366	59,214

Other (Current)

Consolidated	
2025	2024
\$ '000	\$ '000

Current Provision

Annual leave	4,333	3,451
Long service leave	2,211	1,780
	6,544	5,231

Non-current Provision

Rehabilitation	59,724	59,214
	59,724	59,214

The movement in the rehabilitation provision relates to the change in macro assumptions relating to inflation and discount rate specific to the Blair Athol mine rehabilitation provision.

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Notes to the Consolidated Financial Statements

21. Issued capital

	2025 Shares	2024 Shares	2025 \$ '000	2024 \$ '000
Issued				
Ordinary shares – fully paid	800,966,235	800,966,235	376,011	376,011

Movement in ordinary share capital

	Date	Shares	Issue price	\$ '000
2024				
Opening Balance	1 July 2023	800,966,235	-	376,011
Closing Balance	30 June 2024	800,966,235	-	376,011
2025				
Opening Balance	1 July 2024	800,966,235	-	376,011
Closing Balance	30 June 2025	800,966,235	-	376,011

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the consolidated statement of financial position, plus net debt. Net debt is calculated as total borrowings, less cash and cash equivalents.

To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or Company was seen as value adding relative to the current Company's share price at the time of the investment.

The capital risk management policy remains unchanged from the 2024 Annual Report.

22. Share-based payments

Directors and Executive KMP

There were no share-based payments during the year (2024: \$828 thousand) and no performance rights were granted during the year (2024: nil).

FINANCIAL REPORT
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Notes to the Consolidated Financial Statements

23. Foreign currency translation reserve

The reserve is used to recognise exchange differences arising from the translation of the consolidated financial statements of foreign operations to Australian dollars.

Movements in the Foreign currency translation reserve during the current and previous financial year are set out below:

	Consolidated	
	2025	2024
	\$ '000	\$ '000
At the beginning of the financial year	21,933	22,099
Foreign currency translation through other comprehensive income	2,813	(166)
	24,746	21,933

24. Share-based payments reserve and other reserves

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in the share-based payments reserve during the current and previous financial year are set out below:

	Consolidated	
	2025	2024
	\$ '000	\$ '000
At the beginning of the financial year	-	828
Share-based payments made during the year	-	(828)
Share based payments reserve and other reserves at the end of the financial year	-	-

25. Accumulated losses

	Consolidated	
	2025	2024
	\$ '000	\$ '000
Accumulated losses at the beginning of the financial year	(229,684)	(231,605)
Profit / (Loss) after income tax for the year	(33,055)	25,951
Dividends paid	(8,010)	(24,030)
Accumulated losses at the end of the financial year	(270,749)	(229,684)

26. Non-controlling interest

	Consolidated	
	2025	2024
	\$ '000	\$ '000
Non-controlling interest	(558)	(412)
Opening balance	(412)	515
Loss attributable to non-controlling interest	(694)	(912)
NCI attributed to deconsolidation of deregistered entities	517	-
Other comprehensive income / (loss)	31	(15)
	(558)	(412)

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Notes to the Consolidated Financial Statements

27. Cash flow information

	Consolidated 2025 \$ '000	2024 \$ '000
Profit / (loss) after income tax for the year	(33,749)	25,039
Adjustments for non-cash items:		
Depreciation and amortisation	19,539	17,346
Bad debts	-	(35)
Impairment expense	15,324	864
Share-based payments	-	(828)
Foreign exchange differences	2,844	(2,816)
Share of profit of investments accounted for using the equity method	5,434	(7,411)
Profit / (loss) on disposal of fixed assets	188	-
Profit / (loss) on deregistration / deconsolidation	(206)	-
Changes in assets and liabilities:		
Movement in tax balances	(36,853)	(31,250)
(Increase) / decrease in inventories	(399)	6,466
(Increase) / decrease in trade and other receivables	6,079	(19,671)
(Increase) / decrease in other assets	4,950	10
Increase / (decrease) in trade and other payables	10,701	193
Increase / (decrease) in provisions	24,464	(3,460)
Net Cash (used in) / from operating activities	18,316	(15,553)

Changes in liabilities arising from financing activities

2025	Opening \$ '000	Cash flows \$ '000	FX and other movements \$ '000	Closing \$ '000
Interest bearing loans and borrowings (excluding items listed below)	3,613	(3,274)	408	747
Lease liabilities	563	(1,355)	11,041	10,249
Total liabilities from financing activities	4,176	(4,629)	11,449	10,996
2024	Opening \$ '000	Cash flows \$ '000	FX and other movements \$ '000	Closing \$ '000
Interest bearing loans and borrowings (excluding items listed below)	6,255	(2,172)	(470)	3,613
Lease liabilities	1,017	(489)	35	563
Total liabilities from financing activities	7,272	(2,661)	(435)	4,176



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Notes to the Consolidated Financial Statements

28. Dividends paid

TerraCom declared and distributed a dividend of \$8.010 million to shareholders for the year ended 30 June 2025 (2024: \$24.030 million), as detailed below:

Period	Declaration Date	Amount (cents per share)	Franked Amount (cents per share)	Date of Payment
30 September 2024	31 October 2024	\$0.01	\$0.01	6 December 2024

29. Capital and leasing commitments

Exploration and evaluation commitments

Consolidated	
2025	2024
\$ '000	\$ '000

Committed at the reporting date but not recognised as liabilities, payable:

Within one year	1,532	910
One to five years	3,551	5,320
	5,084	6,230

30. Contingent liabilities

The Group had no contingent liabilities at 30 June 2025.

31. Related parties

Relationships

Parent entity	TerraCom Limited is the parent entity
Subsidiaries	Interests in subsidiaries are set out in Note 37
Associates and Joint Ventures	Interests in associates and joint ventures include Universal Coal Development VI (Pty) Ltd and Universal Coal Logistics (Pty) Ltd

Related party balances

Consolidated	
2025	2024
\$	\$

Receivables

North Block Complex (Pty) Ltd loan payable to UCEHSA	174,039	841,778
Universal Coal Development IV (Pty) Ltd loan payable to UCEHSA	572,827	2,770,613

Payables

Lewis Mining Consulting – Glen Lewis (director fees)	14,667	13,333
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Consolidated	
2025	2024
\$	\$

BEE/minority shareholder related parties in South Africa

Interest earned from North Block Complex (Pty) Ltd	555,816	152,157
Interest earned from Universal Coal Development IV (Pty) Ltd	1,829,403	501,993
Distribution revenue received from Universal Coal Development IV (Pty) Ltd	-	7,632,333

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Notes to the Consolidated Financial Statements

31. Related parties (continued)

Directors with TerraCom or controlled subsidiaries of the Group

	Consolidated	
	2025	2024
	\$	\$
Services from Lewis Mining Consulting – Glen Lewis	167,500	161,333
Services from Craig Lyons	-	97,500

Loans to/from related parties

Loan Receivable

The loan receivable amounts owing from NBC and NCC consist of an amount relating to the Standard Bank borrowings in the name of UCEHSA, which has been on-lent to the associates. The facility is secured against the assets of the associates.

Lewis Mining Consulting (Lewis Mining)

The payments made by the Company to Lewis Mining are for the services of Mr. Glen Lewis acting as Non-Executive Director (appointed 23 December 2019) and for additional advisory services. The amount payable to Lewis Mining on 30 June 2025 is \$14,667 (30 June 2024: \$13,333).

Craig Lyons

The payments made by the Company to Mr. Craig Lyons are for his services acting as Non-Executive Director (appointed 14 July 2020 and resigned 01 February 2024) and for additional advisory services.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates

32. Events after the reporting period

In the interval between the end of the financial year and the date of this report there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years, other than the following:

On 4 July 2025 the Federal Court of Australia dismissed the case against TerraCom's Managing Director, Danny McCarthy and three former directors and officers of TerraCom brought by the Australian Securities and Investments Commission (ASIC) (File number NSD176/2023).

On 28 February 2023, ASIC commenced proceedings against TerraCom and four current and former directors and officers of TerraCom, including Mr McCarthy. On 27 May 2025, TerraCom announced it had reached agreement with ASIC to resolve the case against the Company. On 25 August 2025, Justice Jackman handed down orders confirming the settlement agreed between TerraCom and ASIC, which has been reflected in the current financial statements.

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Notes to the Consolidated Financial Statements

33. Interest in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of a number of subsidiaries.

The Group's remaining interest in subsidiaries remains unchanged from the consolidated annual financial report for the year ended 30 June with the exception of some dormant entities deregistered during the year.

As noted elsewhere in this report, there has been no economic or equity interest change for the equity holders of the Company.

Name	Principal place of business / Country of incorporation	% holding 2025	% holding 2024
FTB (QLD) Pty Ltd	Australia	100.00%	100.00%
Sierra Coal Pty Ltd	Australia	100.00%	100.00%
Orion Mining Pty Ltd ⁽¹⁾	Australia	100.00%	100.00%
Clermont Logistics Pty Ltd ⁽¹⁾	Australia	100.00%	100.00%
Terra Energy Pty Ltd ⁽²⁾	Australia	-	100.00%
Clyde Park Coal Pty Ltd ⁽¹⁾	Australia	64.00%	64.00%
Guildford Coal (Mongolia) Pty Ltd ⁽²⁾	Australia	-	84.00%
Guildford Infrastructure Pty Ltd	Australia	100.00%	100.00%
Guildford Infrastructure (Mongolia) Pty Ltd ⁽²⁾	Australia	-	100.00%
Terra Mining Services Pty Ltd ⁽¹⁾	Australia	100.00%	100.00%
Springsure Mining Pty Ltd ⁽¹⁾	Australia	90.00%	90.00%
Springsure Centre of Excellence Pty Ltd ⁽¹⁾	Australia	90.00%	90.00%
TCIG Resources Pte Limited	Singapore	100.00%	100.00%
Universal Coal Limited	United Kingdom	100.00%	100.00%
Universal Coal and Energy Holdings South Africa (Pty) Ltd	South Africa	100.00%	100.00%
Universal Coal Development I (Pty) Ltd	South Africa	70.00%	70.00%
Universal Coal Development VII (Pty) Ltd	South Africa	50.00%	50.00%
Twin Cities Trading 374 (Pty) Ltd ⁽³⁾	South Africa	74.00%	74.00%
Episolve (Pty) Ltd ⁽³⁾	South Africa	74.00%	74.00%
Epsimax (Pty) Ltd	South Africa	74.00%	74.00%
Bold Moves 1756 (Pty) Ltd	South Africa	74.00%	74.00%
Universal Coal Logistics (Pty) Ltd	South Africa	49.00%	49.00%
Universal Coal Power Generation (Pty) Ltd	South Africa	100.00%	100.00%
TerraCom Resources DMCC	United Arab Emirates	100.00%	100.00%

(1) Percentage of voting power is in proportion to ownership

(1) These subsidiaries entered into a Class Instrument 2016/785 dated 27 June 2023 and related deed of cross guarantee with TerraCom Limited

(2) Terra Energy Pty Ltd, Guildford Coal (Mongolia) Pty Ltd and Guildford Infrastructure (Mongolia) Pty Ltd have been deregistered effective 8 January 2025.

(3) Twin Cities Trading 374 (Pty) Ltd and Episolve (Pty) Ltd have been deregistered effective 30 June 2025.

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Notes to the Consolidated Financial Statements

33. Interest in subsidiaries (continued)

Control considerations where 50% or less of share capital held.

The Group's wholly owned subsidiary Universal Coal and Energy Holdings South Africa (Pty) Ltd (**UCEHSA**) holds the interest in the subsidiaries noted below.

Universal Coal Development VII (Pty) Limited (UCDVII)

Although the Group owns 50% of UCDVII, the Company has determined that the Group controls the entity because the chairman of the Board of UCDVII, who has the casting vote at Directors meetings, is a Director of and appointed by UCEHSA. The Board is responsible for the management of UCDVII.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries with non-controlling interests in accordance with the accounting policy described in Note 1:

	Principal place of business/ Country of incorporation	Principal activities	Parent		Non-controlling interest	
			Ownership interest 2025 %	Ownership interest 2024 %	Ownership interest 2025 %	Ownership interest 2024 %
Clyde Park Coal Pty Ltd	Australia	Exploration	64.00%	64.00%	36.00%	36.00%
Guildford Coal (Mongolia) Pty Ltd ⁽¹⁾	Australia	Holding Company	-	84.00%	-	16.00%
Springsure Mining Pty Ltd	Australia	Exploration	90.00%	90.00%	10.00%	10.00%
Springsure Centre of Excellence Pty Ltd	Australia	Holding Company	90.00%	90.00%	10.00%	10.00%
Universal Coal Development I (Pty) Ltd	South Africa	Care & Maintenance	70.00%	70.00%	30.00%	30.00%
Universal Coal Development VII (Pty) Ltd	South Africa	Exploration	50.00%	50.00%	50.00%	50.00%
Twin Cities Trading 374 (Pty) Ltd	South Africa	Holding Company	74.00%	74.00%	26.00%	26.00%
Episolve (Pty) Ltd	South Africa	Holding Company	74.00%	74.00%	26.00%	26.00%
Epsimax (Pty) Ltd	South Africa	Company Holding	74.00%	74.00%	26.00%	26.00%
Bold Moves 1756 (Pty) Ltd	South Africa	Holding Company	74.00%	74.00%	26.00%	26.00%
Universal Coal Logistics (Pty) Ltd	South Africa	Holding Company	49.00%	49.00%	51.00%	51.00%

(1) Guildford Coal (Mongolia) Pty Ltd has been deregistered effective 8 January 2025.

FINANCIAL REPORT
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Notes to the Consolidated Financial Statements

33. Interest in subsidiaries (continued)

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Universal Coal Development I
(Pty) Ltd
\$'000

30 June 2025

Summarised statement of financial position

Current assets	232
Non-current assets	3,236
Current liabilities	(5,960)
Non-current liabilities	(14,605)

Summarised statement of profit or loss and other comprehensive income

Revenue	-
Profit / (Loss)	(2,336)

30 June 2024

Summarised statement of financial position

Current assets	521
Non-current assets	2,985
Current liabilities	(4,927)
Non-current liabilities	(12,365)

Summarised statement of profit or loss and other comprehensive income

Revenue	(7,644)
Profit / (Loss)	(3,080)

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Notes to the Consolidated Financial Statements

34. Investment in associates and joint ventures

The tables below provide summarised financial information for those associates and joint ventures that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures and not the Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

Investments accounted for using the equity method

	Consolidated	
	2025	2024
	\$ '000	\$ '000
<i>Non-current assets</i>		
Investment in Associates and joint ventures	82,815	86,811
<i>Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:</i>		
South Africa operation		
Carrying amount at beginning of financial year	85,011	79,934
Share of profit/(loss) ⁽¹⁾	(5,434)	7,411
Effect of foreign exchange	3,238	3,220
Dividends received	-	(5,554)
Closing carrying amount	82,815	85,011
Australian operation		
Carrying amount at beginning of financial year	1,800	-
Transfer of investments previously held as FVTPL ⁽²⁾	-	1,800
Impairment	(1,800)	-
Closing carrying amount	-	1,800
	82,815	86,811

(1) Share of (profit/loss) for the year ended 30 June 2024 was \$7.411 million. The reduction to a loss of \$5.434 million during the year ended 30 June 2025 is attributable to reduction in coal tonnage and average coal price achieved.

(2) The transfer of investment previously held as fair value through profit & loss (FVTPL) relates to an impairment of investment from 37.5% to Nil during the year.

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

Notes to the Consolidated Financial Statements

34. Investment in associates and joint ventures (continued)

Summarised statement of financial position as at 30 June 2025 for South African operations ⁽¹⁾

	NBC	Berenice	Cygnus	Eloff & NCC	Ubuntu ⁽²⁾	UCD8	Total
	30 June 2025	30 June 2025	30 June 2025	30 June 2025	30 June 2025	30 June 2025	30 June 2025
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Current assets							
Cash and cash equivalents	23,940	-	-	7,129	83	6	31,158
Other current assets	36,781	20	-	25,761	15,506	30	78,098
Total current assets	60,721	20	-	32,890	15,589	36	109,256
Non-current assets	85,322	4,515	852	82,452	8,282	103	181,617
Current liabilities							
Financial liabilities (excluding trade payables)	174	-	-	25,392	-	-	25,566
Other current liabilities	45,918	150	83	78	15,679	31	61,939
Total current liabilities	46,092	150	83	25,470	15,679	31	87,505
Non-current liabilities							
Other non-current liabilities	51,417	-	-	47,410	44,354	-	143,181
Total non-current liabilities	51,417	-	-	47,410	44,354	-	143,181
Net assets	48,534	4,385	769	42,553	(36,162)	108	60,187
Group interest %	49%	50%	50%	49%	49%	49%	49%
Group interest \$	23,781	2,192	377	20,855	-	53	47,259
Goodwill	2,352	2,653	590	29,962	-	-	35,556
Carrying amount	26,133	4,846	967	50,817	-	53	82,815

(1) Statement of financial position amounts are converted from ZAR to AUD using the spot rate as at the reporting date.

(2) Losses recorded for Ubuntu are nil as the losses exceed the Company's interest and there is no legal or constructive obligation to make payments on the associates behalf.

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

Notes to the Consolidated Financial Statements

34. Investment in associates and joint ventures (continued)

Summarised statement of profit or loss and other comprehensive income for the year ended 30 June 2025 for South African operations ⁽¹⁾

	NBC	Berenice	Cygnus	Eloff & NCC	Ubuntu ⁽²⁾	UCD8	Total
	30 June 2025	30 June 2025	30 June 2025	30 June 2025	30 June 2025	30 June 2025	30 June 2025
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Revenue	224,925	-	-	132,399	74	-	357,398
Cost of goods sold	(189,447)	-	-	(132,294)	(81)	-	(321,822)
Other operating and administrative expense	(14,383)	(9)	(6)	(15,353)	489	(2)	(29,264)
Profit after income tax expense	21,095	(9)	(6)	(15,247)	482	(2)	6,312
Depreciation and amortisation expense	(14,668)	-	-	(15)	(23)	-	(14,705)
Net finance expenses	(2,829)	-	-	(3,957)	(2,144)	-	(8,931)
Net profit before income tax expense	3,597	(9)	(6)	(19,219)	(1,685)	(2)	(17,324)
Income tax expense	(511)	-	-	5,063	(10)	-	4,543
Profit after income tax expense	3,087	(9)	(6)	(14,156)	(1,695)	(2)	(12,781)
Statutory and underlying result for the year	3,087	(9)	(6)	(14,156)	(1,695)	-	(12,781)
Statutory total comprehensive income	3,087	(9)	(6)	(14,156)	(1,695)	-	(12,781)
	-	-	-	-	-	-	-
Group interest %	49%	50%	50%	49%	49%	49%	
Group interest \$	1,512	(5)	(3)	(6,938)	-	(1)	(5,434)
Dividends received from associates & joint ventures	-	-	-	-	-	-	-

(1) Income statement amounts are converted from ZAR to AUD using the average rate prevailing for the relevant period.

(2) Losses recorded for Ubuntu are nil as the losses exceed the Company's interest and therefore there is no legal or constructive obligations to make payments on the associates' behalf.

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

Notes to the Consolidated Financial Statements

34. Investment in associates and joint ventures (continued)

Summarised statement of financial position as at 30 June 2024 for South African operations ⁽¹⁾

	NBC	Berenice	Cygnus	Eloff & NCC	Ubuntu ^	UCD8	Total
	30 June 2024	30 June 2024	30 June 2024	30 June 2024	30 June 2024	30 June 2024	30 June 2024
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Current assets							
Cash and cash equivalents	4,886	-	-	5,983	21	8	10,898
Other current assets	30,872	18	-	34,973	14,825	29	80,717
Total current assets	35,758	18	-	40,956	14,846	37	91,615
Non-current assets	85,607	4,365	824	85,694	8,075	99	184,664
Current liabilities							
Financial liabilities (excluding trade payables)	674	-	-	2,217	-	-	2,891
Other current liabilities	25,138	135	75	25,234	15,151	30	65,763
Total current liabilities	25,812	135	75	27,451	15,151	30	68,654
Non-current liabilities	-	-	-	-	-	-	-
Financial liabilities (excluding trade payables)	168	-	-	554	-	-	722
Other non-current liabilities	51,734	-	-	44,387	41,075	-	137,196
Total non-current liabilities	51,902	-	-	44,941	41,075	-	137,918
Net assets	43,651	4,248	749	54,258	(33,305)	106	69,707
Group interest %	49%	50%	50%	49%	49%	49%	
Group interest \$	21,389	2,124	375	26,586	-	52	50,526
Goodwill	2,547	2,874	639	28,425	-	-	34,485
Carrying amount	23,936	4,998	1,014	55,011	-	52	85,011

(1) Statement of financial position amounts are converted from ZAR to AUD using the spot rate as at the reporting date.

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

Notes to the Consolidated Financial Statements

34. Investment in associates and joint ventures (continued)

Summarised statement of profit or loss and other comprehensive income for the year ended 30 June 2024 for South African operations ⁽¹⁾

	NBC	Berenice	Cygnus	Eloff & NCC	Ubuntu ^	UCD8	Total
	30 June 2024	30 June 2024	30 June 2024	30 June 2024	30 June 2024	30 June 2024	30 June 2024
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Revenue	224,092	-	-	178,932	193	-	403,217
Cost of goods sold	(173,698)	-	-	(172,248)	(590)	-	(346,536)
Other operating and administrative expense	(19,907)	(14)	(1)	3,234	99	-	(16,589)
Profit after income tax expense	30,487	(14)	(1)	9,918	(298)	-	40,092
Depreciation and amortisation expense	(9,078)	-	-	(3,240)	(35)	-	(12,353)
Net finance expenses	(3,679)	-	-	(2,758)	(1,950)	-	(8,387)
Net profit before income tax expense	17,730	(14)	(1)	3,920	(2,283)	-	19,352
Income tax expense	(5,815)	-	-	(695)	-	-	(6,510)
Profit after income tax expense	11,915	(14)	(1)	3,225	(2,283)	-	12,842
Statutory and underlying result for the year	11,915	(14)	(1)	3,225	(2,283)	-	12,842
Other comprehensive income	-	-	-	-	-	-	-
Statutory total comprehensive income	11,915	(14)	(1)	3,225	(2,283)	-	12,842
Group interest %	49%	50%	50%	49%	49%	49%	
Group interest \$	5,838	(7)	(1)	1,580	-	-	7,411
Dividends received from associates & joint ventures	-	-	-	-	-	-	-

(1) Income statement amounts are converted from ZAR to AUD using the average rate prevailing for the relevant period.

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Consolidated Entity Disclosure Statement

Basis of Preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the Corporations Act 2001 (Cth), reflecting the amendments to section 295(3A)(vi) and (vii) which clarify the definition of foreign resident as being an entity that is treated as a resident of a foreign country under the tax laws of that foreign country. These amendments apply for financial years beginning on or after 1 July 2024. The CEDS includes certain information for each entity that was part of the consolidated entity at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determination of Tax Residency

Section 295(3B)(a) of the Corporations Act 2001 (Cth) defines Australian resident as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency. Section 295(3A)(a)(vii) requires the determination of tax residency in a foreign jurisdiction to be based on the law of the foreign jurisdiction relating to foreign income tax.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency

Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in determining tax residency in those foreign jurisdictions and ensure compliance with applicable foreign tax legislation.

Partnerships and Trusts

Section 295(3B)(b) and (c) of the Corporations Act 2001 (Cth) have been introduced to clarify that an Australian resident for the purposes of these disclosures includes a partnership with at least one member of which is an Australian resident within the meaning of the Income Tax Assessment Act 1997 and a resident trust estate under the meaning in Division 6 of the Income Tax Assessment Act 1936.



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Consolidated Entity Disclosure Statement

Name of Entity	Type of Entity	Trustee, partner or participant in joint venture	% of share capital held	Country of incorporation	Australian resident	Foreign jurisdiction in which the entity is a resident for tax purposes (in accordance with tax law for foreign residents)
TerraCom Limited	Body Corporate	N/A	100.00%	Australia	Yes	N/A
FTB (QLD) Pty Ltd	Body Corporate	N/A	100.00%	Australia	Yes	N/A
Sierra Coal Pty Ltd	Body Corporate	N/A	100.00%	Australia	Yes	N/A
Orion Mining Pty Ltd ⁽¹⁾	Body Corporate	N/A	100.00%	Australia	Yes	N/A
Clermont Logistics Pty Ltd ⁽¹⁾	Body Corporate	N/A	100.00%	Australia	Yes	N/A
Clyde Park Coal Pty Ltd ⁽²⁾	Body Corporate	N/A	64.40%	Australia	Yes	N/A
Guildford Infrastructure Pty Ltd	Body Corporate	N/A	100.00%	Australia	Yes	N/A
Terra Mining Services Pty Ltd ⁽¹⁾	Body Corporate	N/A	100.00%	Australia	Yes	N/A
Springsure Mining Pty Ltd ⁽²⁾	Body Corporate	N/A	90.07%	Australia	Yes	N/A
Springsure Centre of Excellence Pty Ltd ⁽²⁾	Body Corporate	N/A	90.07%	Australia	Yes	N/A
TCIG Resources Pte Limited	Body Corporate	N/A	100.00%	Singapore	Yes	Singapore
Universal Coal Limited	Body Corporate	N/A	100.00%	United Kingdom	Yes	United Kingdom
Universal Coal and Energy Holdings South Africa (Pty) Ltd	Body Corporate	N/A	100.00%	South Africa	No	South Africa
Universal Coal Development I (Pty) Ltd	Body Corporate	N/A	70.50%	South Africa	No	South Africa
Universal Coal Development VII (Pty) Ltd	Body Corporate	N/A	50.00%	South Africa	No	South Africa
Epsimax (Pty) Ltd	Body Corporate	N/A	74.00%	South Africa	No	South Africa
Bold Moves 1756 (Pty) Ltd	Body Corporate	N/A	74.00%	South Africa	No	South Africa
Universal Coal Logistics (Pty) Ltd	Body Corporate	N/A	49.00%	South Africa	No	South Africa
Universal Coal Power Generation (Pty) Ltd	Body Corporate	N/A	100.00%	South Africa	No	South Africa
TerraCom Resources DMCC	Body Corporate	N/A	100.00%	United Arab Emirates	Yes	United Arab Emirates

(1) These subsidiaries entered into a Class Instrument 2016/785 dated 27 June 2023 and related deed of cross guarantee with TerraCom Limited

(2) Percentage of voting power is in proportion to ownership