



ASX Announcement | 29 April 2024

MARCH 2024 QUARTERLY REPORT

Terra Metals Limited (ASX:TM1) ("Terra" or "Company") is pleased to present its quarterly report for the quarter ending 31 March 2024.

Highlights

Highlights during and since the quarter include:

- Commenced the maiden drill program at the Dante copper, gold and platinum group element ("PGE") project ("Dante Project") in the West Musgrave region of Western Australia.
- The drill program is testing four district scale targets, including the Cronus magmatic copper-gold sulphide target and the Crius, Hyperion, and Oceanus copper, gold, PGE reefs.
- Based on initial visual observations at the Crius and Hyperion reefs, the maiden drill program has been expanded to approximately 10,000 metres to test targets over more than 14km of strike.
- The first 31 completed holes have now been despatched to the laboratory for assay, with initial results expected in the coming weeks.
- Completed a rock chip program at the Dante Project which identified multiple mineralised gossans and returned high-grade copper and PGE mineralisation.
- Completed a regional soil sampling program the Southern Cross lithium project ("Southern Cross Project") which identified a large 10km x 2km Li soil anomaly >100ppm Li₂O.
- Completed detailed review and logging of the three diamond core holes drilled at the Onslow copper gold project last year ("Onslow Project"). Assay results are pending.
- Completed a share placement to institutional and sophisticated investors to raise gross proceeds of \$2.1 ("Placement").
- The Company changed its name to 'Terra Metals Limited' following shareholder approval and the Company's ASX code has changed to 'TM1'.

For further information, please contact:

Thomas Line

CEO & Managing Director

Tel: +61 8 9322 6322

Dante Project

The Dante Project contains large-scale magmatic Cu-Au-PGE-Ni targets, as well as extensive outcropping Cu-PGE-Au reefs (refer to Figure 4) and is situated in the same geological complex and in close proximity to one of the world's largest mining development projects, BHP's Nebo-Babel.

The Musgrave block (140,000km²) in central Australia is located at the junction of three major crustal elements: the West Australian, North Australian, and South Australian cratons. It is a Mesoproterozoic, east-west trending orogenic belt and comprises a variety of high grade (amphibolite to granulite facies) basement lithologies overprinted by several major tectonic episodes. The discovery of the Nebo-Babel Ni-Cu-PGE sulphide deposit in the western portion of the Musgrave block (Western Australia), was considered to be the world's largest Ni-Cu-PGE sulphide discovery since Voisey's Bay, prior to the discovery of Julimar/Gonneville in 2018.

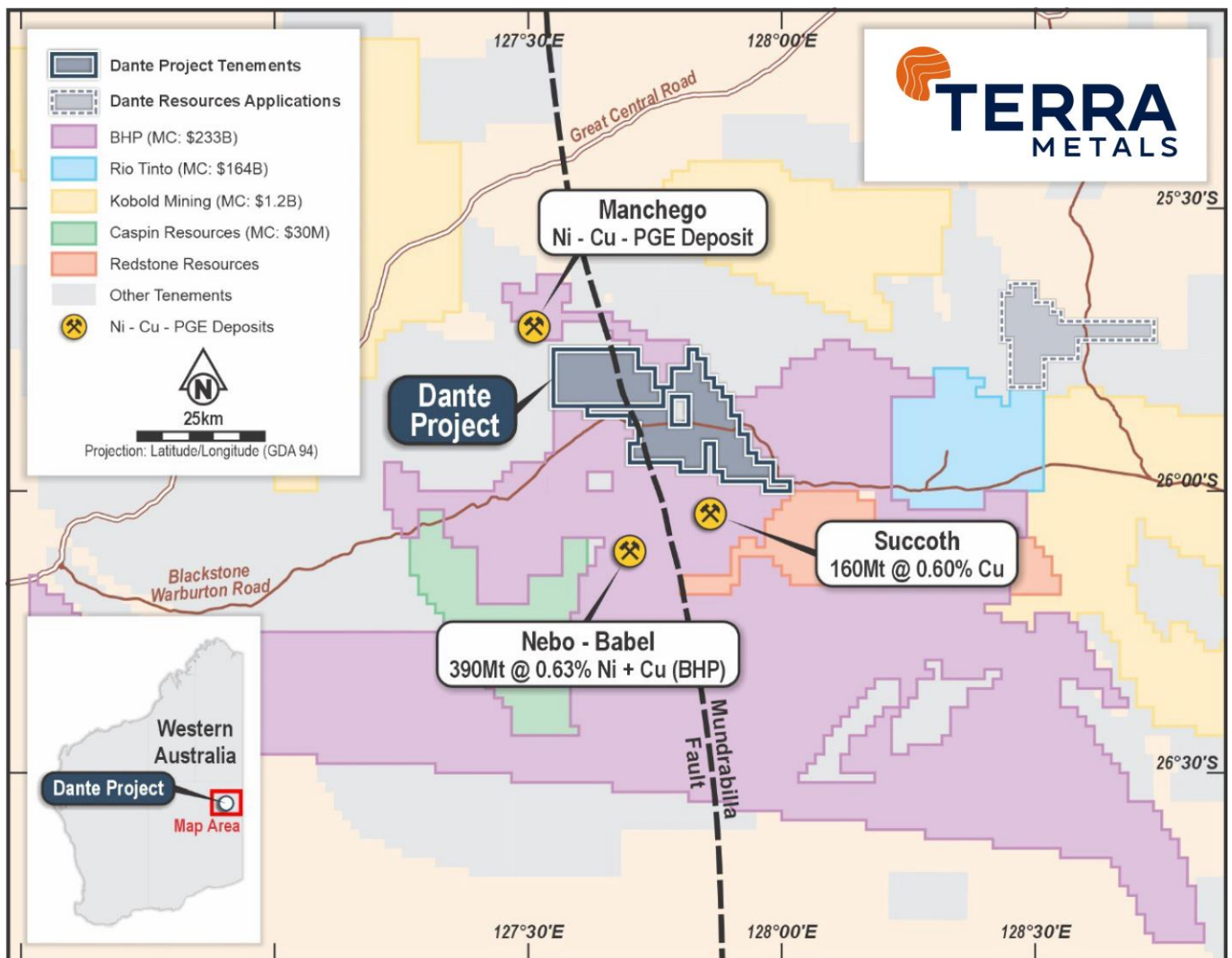


Figure 1. Dante Project location map displaying surrounding companies' tenure and major deposits

Rock Chip Sampling Program

During the quarter, the Company announced results from a rock chip sampling program at the Dante Project that confirmed high-grade Cu and PGEs at the Dante Project reefs. These findings are particularly significant for the Dante Project, due to the absence of previous systematic drill testing in these areas and the substantial strike length of the outcropping reefs which exceeds 23km; these results also represent the highest-grade copper and gold samples identified at the project to date.

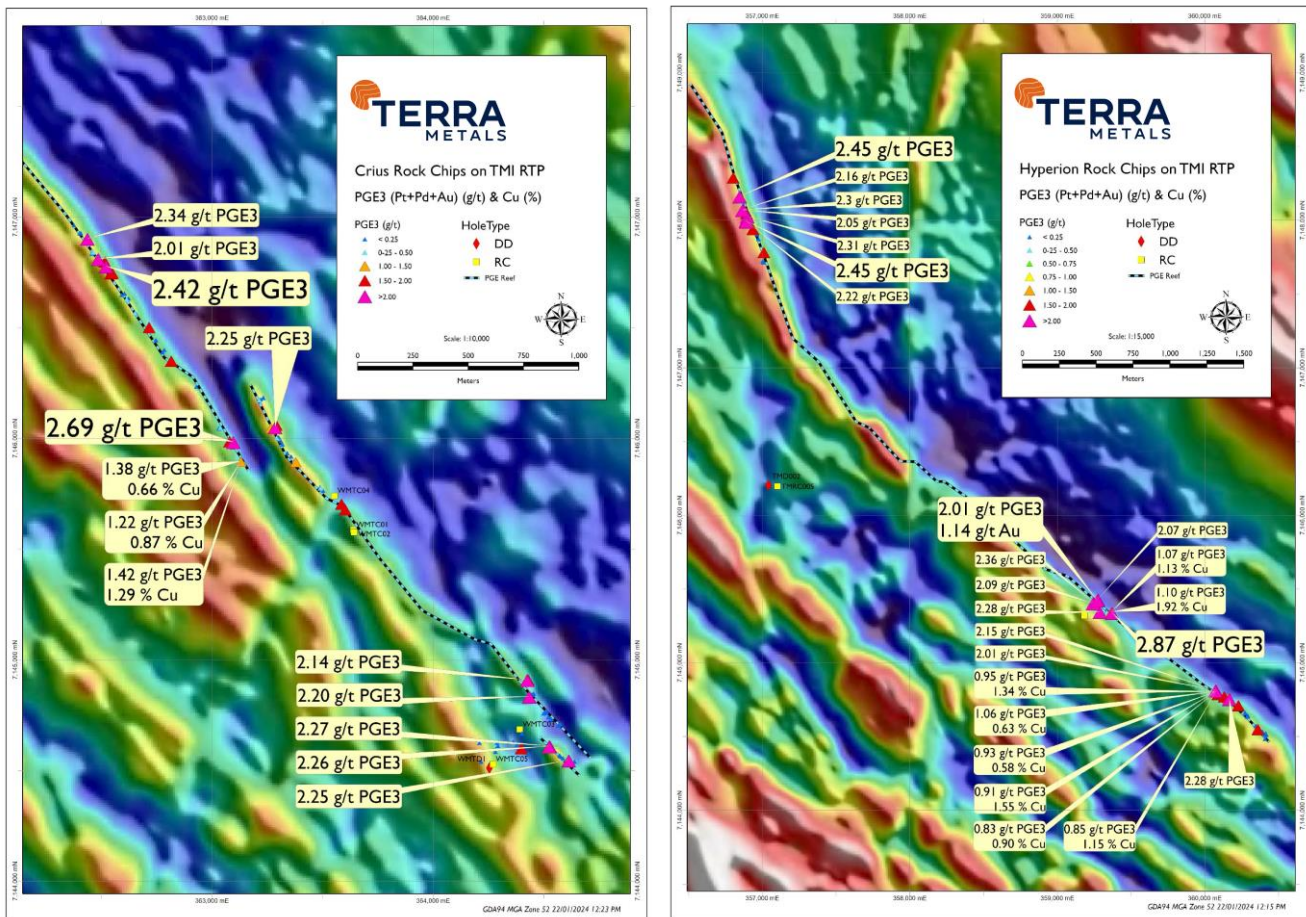


Figure 2. Rock chip sample results from Crius and Hyperion targets on high resolution TMI magnetics

Maiden Drilling Program

During the quarter, the Company commenced its maiden Phase 1 drill program at the Dante Project, which is expected to comprise approximately 10,000m of reverse circulation ("RC") drilling.

The drill program is testing four district scale targets:

1. The Cronus intrusion, a magmatic Cu-Au sulphide target extending for 7km strike;
2. The Hyperion Cu-PGE-Au reef, which outcrops for 8km strike;
3. The Crius Cu-PGE-Au reef, which outcrops for 8km strike; and
4. The Oceanus Cu-PGE-Au reef, which outcrops for 7km strike.

The Dante Project reefs (Crius, Hyperion and Oceanus) returned high grade mineralisation from the recent rock chip program (up to 2.87g/t PGE3, 1.92% Cu, 1.46% V₂O₅, 36.2% TiO₂, 78.2% Fe₂O₃). Reef samples were consistently mineralised, with the average grade across all reef samples of 1.11g/t PGE3, 1.14% V₂O₅, 25.1% TiO₂ and 63.8% Fe₂O₃.

The Cronus prospect is interpreted from magnetics and geochemistry to be an isolated layered intrusion of ~7km long by 1.5km wide. The intrusion is coincident with a large, zoned Cu-Au-Pd-Ni anomaly. Historical drilling intersected 310.5m of disseminated copper sulphides with gold anomalism. All historical holes were mineralised, however the strongest copper, gold and nickel anomalies remain undrilled.

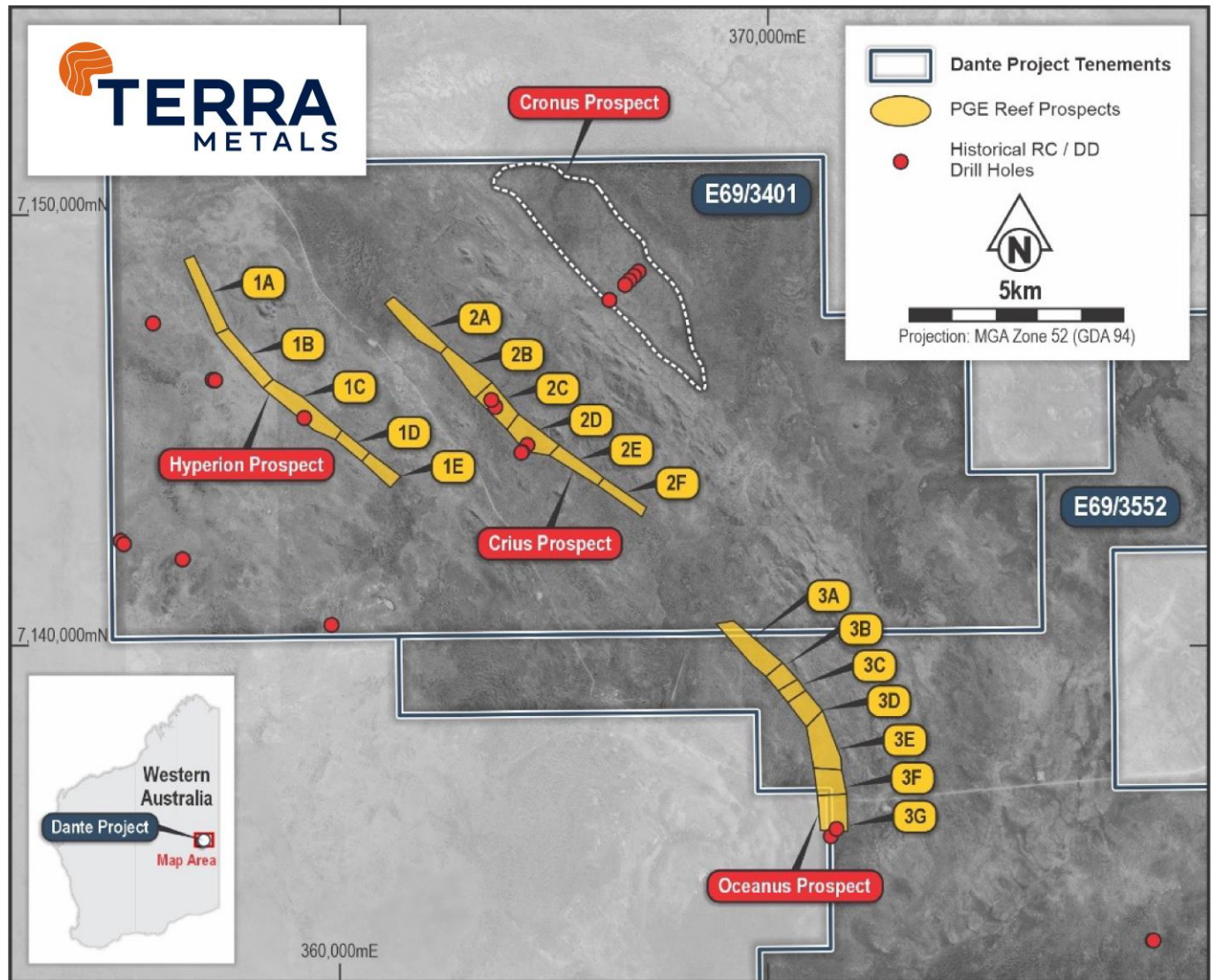


Figure 3. Initial focus area at Dante Project, showing the Cronus Ni-Cu-PGE prospect and high-grade PGE reefs.

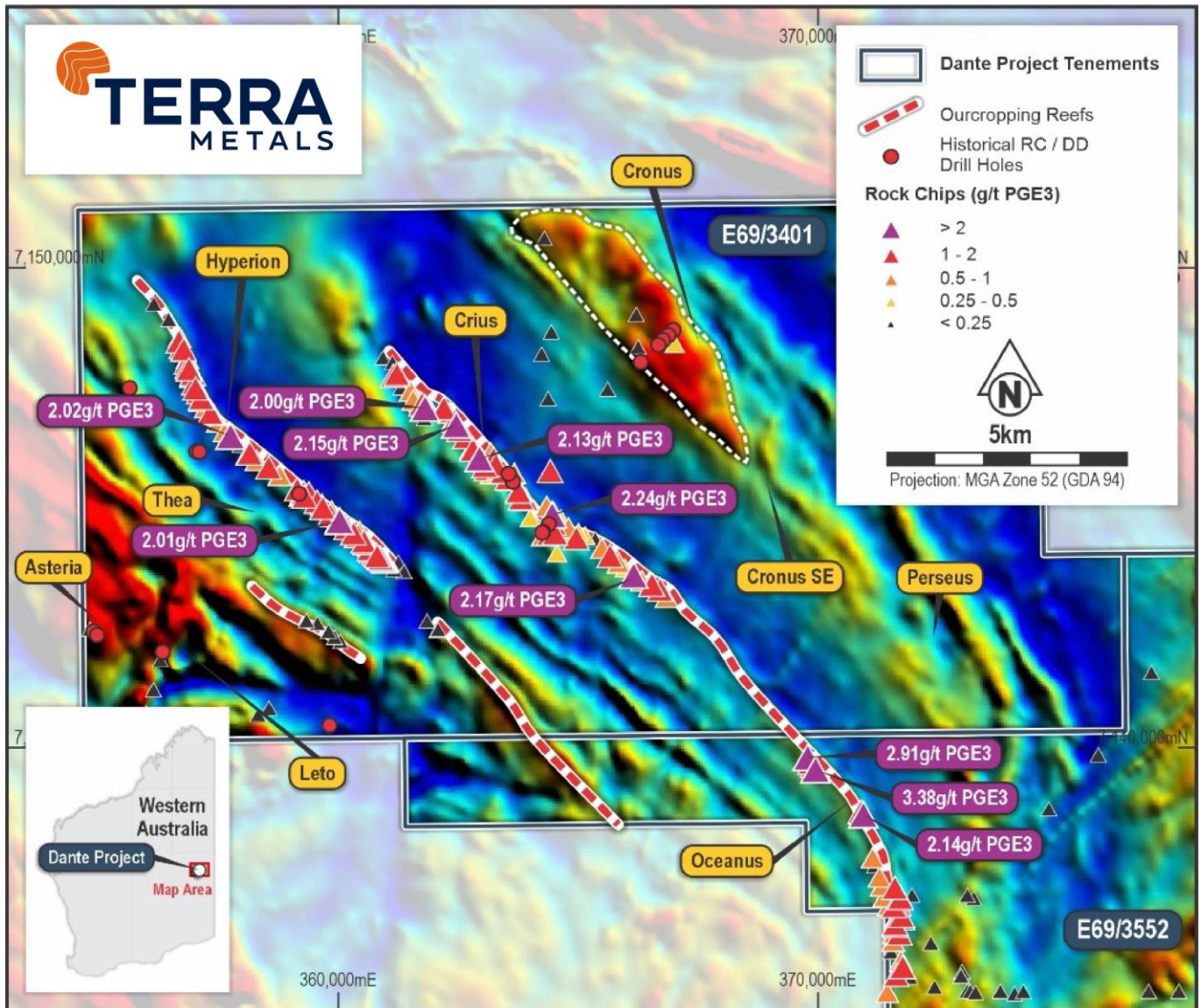


Figure 4. Priority prospects at the Dante Project including the 4 priority drill targets Cronus, Hyperion, Crius and Oceanus.

Southern Cross Project

During the quarter, the Company announced assay results from a soil sampling program over the Southern Cross Project which revealed a large continuous ~10km x ~2km lithium anomaly >100ppm Li₂O (with a maximum soil result of 171ppm Li₂O) coincident with the mapped northwest trending structural features (Figure 5). The Company will follow-up to infill the anomaly down to 250m x 250m spacing.

Encouragingly, several occurrences of lithium and tantalum occur along the greenstone belts to the north and south of the SCP, including two resources of significance: the Mt Holland project (186Mt @ 1.53% Li₂O); and the Split Rocks project (11.9Mt @ 0.72% Li₂O) both within in the southern cross domain.

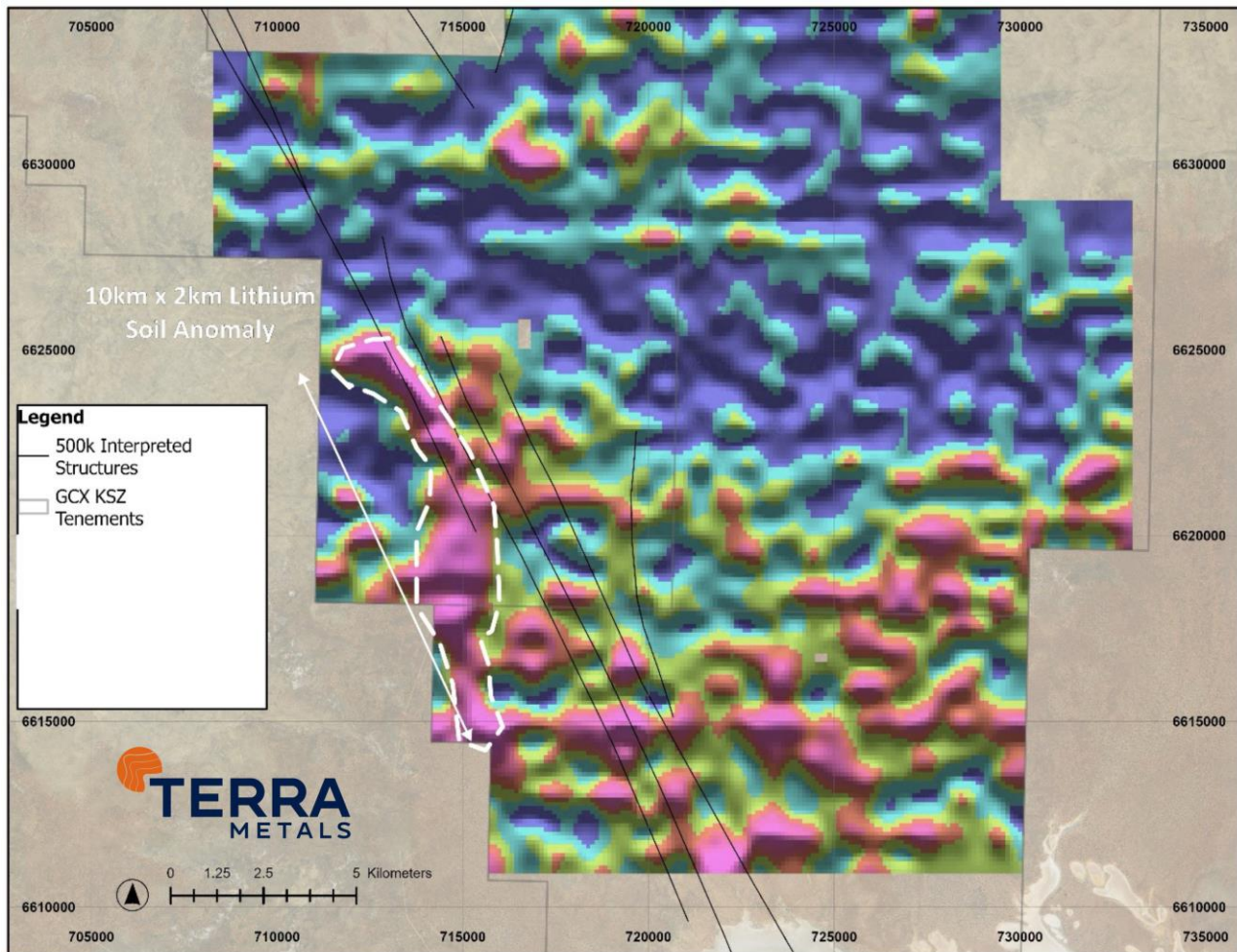


Figure 5. Lithium soil heat map revealing a large 10km anomaly along the large northwest-trending, crustal-scale, Koolyanobbing shear zone.

Onslow Project

During the December 2023 quarter, the Company completed a 1,300m diamond drilling program at the Onslow Project, testing three geophysical-geochemical targets. The drilling program was co-funded by the WA State Government under the Exploration Incentive Scheme (“EIS”). The EIS allowed the Company to apply for a refund of approximately \$200,000.

The Company engaged specialists to undertake a detailed review of the alteration observed in the core. Subsequent to the end of the quarter, the Company completed its detailed review and logging of the three diamond core holes, with selected samples sent for assaying for litho-geochemical purposes (assays pending).

Corporate

Subsequent to the end of the quarter, the Company completed a share placement of 60 million new ordinary shares to institutional and sophisticated investors at an issue price of \$0.035 per share, to raise gross proceeds of \$2.1 million (“Placement”). The Company’s largest shareholder, Tribeca, subscribed for 9.4 million shares under the Placement and Directors of the Company subscribed for 7.9 million shares under the Placement.

Subsequent to the end of the quarter, the Company changed its name to ‘Terra Metals Limited’ following shareholder approval. The Company’s ASX code has changed to ‘TM1’.

ASX Additional Information

Mining exploration tenements

As at 31 March 2024, the Company holds an interest in the following exploration tenements:

Mining exploration project name	Permit Number	Percentage Interest	Status
Dante Ni-Cu-PGE (Western Australia)	E69/3401	100%	Granted
	E69/3552	100%	Granted
	E69/4193	100%	Application
	E69/4199	100%	Application
Bonaparte Zn-Pb-Ag (Western Australia)	E80/5521	100%	Granted
Tarrawarra Zn-Pb-Ag (Western Australia)	E08/3117	100%	Granted
Higginsville Au-Ni (Western Australia)	P15/6029	100%	Granted
	P15/6723	100%	Granted
	P15/6724	100%	Granted
	P15/6725	100%	Granted
	P15/6726	100%	Granted
Onslow Cu-Au (Western Australia)	E08/3311	100%	Granted
	E08/3529	100%	Application
	E08/3197	80%	Granted
Southern Cross Li-REE (Western Australia)	E77/3009	100%	Granted
	E77/3010	100%	Granted
	E77/3011	100%	Granted
	E77/3012	100%	Granted

Mining exploration expenditures

During the quarter, the Company made the following payments in relation to mining exploration activities:

Mining exploration activity	A\$000
Drilling	253
Sample analysis	157
Geological consultants	127
Airborne magnetics survey and geophysical consultants	14
Other consultants	54
Tenement rents, rates and management	58
Native title	16
Field supplies, vehicles, travel and other	312
Total	991

There were no mining or production activities or expenses during the quarter.

Related party payments

During the quarter, the Company made payments of approximately \$137,000 to related parties and their associates, for director's fees, superannuation, company secretarial services and provision of a fully serviced office.

Competent Persons Statement

The information in this report that relates to Exploration Results for the Dante Project is extracted from the Company's ASX announcements dated 24 January 2024, 13 December 2023, 22 November 2023, 28 September 2023, and 28 August 2023 and the information in this report that relates to Exploration Results for the Onslow Project is extracted from the Company's ASX announcements dated 22 June 2023, 20 February 2023, and 27 April 2022, and the information in this report that relates to Exploration Results for the Southern Cross Project is extracted from the Company's ASX announcement dated 30 January 2024 ("Original ASX Announcements"). These announcements are available to view at the Company's website at www.terrametals.com.au. The Company confirms that: a) it is not aware of any new information or data that materially affects the information included in the Original ASX Announcements; b) all material assumptions included in the Original ASX Announcements continue to apply and have not materially changed; and c) the form and context in which the relevant Competent Persons' findings are presented in this report have not been materially changed from the Original ASX Announcements.

Forward Looking Statements

Statements regarding plans with respect to Terra's projects are forward-looking statements. There can be no assurance that the Company's plans for development of its projects will proceed as currently expected. These forward-looking statements are based on the Company's expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of the Company, which could cause actual results to differ materially from such statements. The Company makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of that announcement.

This ASX announcement has been approved in accordance with the Company's published continuous disclosure policy and authorised for release by the Managing Director & CEO.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Terra Metals Limited

ABN

44 155 933 010

Quarter ended ("current quarter")

31 March 2024

Consolidated statement of cash flows	Current quarter A\$000	Year to date (9 months) A\$000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(991)	(1,761)
(b) development	-	-
(c) production	-	-
(d) staff costs	(86)	(174)
(e) administration and corporate costs	(192)	(405)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	12	67
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (business development costs)	(92)	(154)
1.9 Net cash from / (used in) operating activities	(1,349)	(2,427)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	(4)	(351)
(c) property, plant and equipment:	(105)	(140)
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-

Consolidated statement of cash flows	Current quarter A\$000	Year to date (9 months) A\$000
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)		
(a) Loan to Dante Resources Pty Ltd	-	(315)
(a) Cash acquired on asset acquisition	-	13
2.6 Net cash from / (used in) investing activities	(109)	(793)
3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	1,631	1,631
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(94)	(104)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material):	-	-
3.10 Net cash from / (used in) financing activities	1,537	1,527
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,531	3,303
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,349)	(2,427)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(109)	(793)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,537	1,527
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	1,610	1,610

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter A\$000	Previous quarter A\$000
5.1 Bank balances	1,610	1,531
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,610	1,531

6. Payments to related parties of the entity and their associates	Current quarter A\$000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	(137)
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities <i>Note: the term 'facility' includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end A\$000	Amount drawn at quarter end A\$000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify):	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Mining exploration entity and oil and gas exploration entity quarterly report

8. Estimated cash available for future operating activities	A\$000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,349)
8.2 (Payments for exploration & evaluation classified as investment activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,349)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,610
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,610
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.2
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

No. During the March 2024 quarter, the Company paid the balance of costs remaining from the diamond drilling program at the Onslow Project which finished during the December 2023 quarter. The Company is now halfway through a 10,000m reverse circulation drilling program at the Dante Project, after which drilling costs are expected to significantly reduce in the coming quarters.

8.8.2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Yes. Subsequent to the end of the quarter, the Company completed the second tranche of its previously announced share placement to raise additional proceeds of \$469,417. The Company is in the exploration phase and as such its operations remain dependent upon raising additional funding through equity or other financing means. The Company routinely assesses its options to raise additional funding to pursue the exploration of its projects. In the meantime, the Company is managing its expenditures to ensure that it can continue its operations and to meet its business objectives.

8.8.3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Yes. Subsequent to the end of the quarter, the Company completed the second tranche of its previously announced share placement to raise additional proceeds of \$469,417 and expects to raise additional funding as required to pursue the exploration of its projects. In the meantime, the Company is managing its expenditures to ensure that it can continue its operations and to meet its business objectives.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

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

Date: 29 April 2024

Authorised by: Company Secretary

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.