

November 2024

TerraCom Limited

Powering growth through global mining excellence

ASX:TER

only



TerraCom



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This document has been authorised for release by the Managing Director.

Date of Document: 12 November 2024

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About TerraCom

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:
www.terra.comresources.com





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Company Overview



Company at a glance



Portfolio & Geographic Diversification

Portfolio of producing, development, and exploration assets in Australia and South Africa



Three Producing Mining Operations

1 in Australia
2 in South Africa

(+ Ubuntu and Kangala Collieries on care & maintenance)



South Africa

A stable fixed margin business

75% of coal is sold domestically



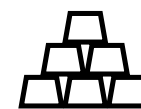
Cash Generating

Capitalising on strong demand for low impurity thermal coal



Blair Athol

Underpins the business as the bedrock of the Group



Markets

Export Sales (45%)

Sold mainly to Japan and Korea (energy markets), and India (Corex, DRI)

Domestic Sales (55%)

All domestic is sold in South Africa

Board and Executive



Mark Lichtenberg
Non-Executive
Chairman

- Over 25 years in the coal industry, with a Law (Hons) degree from Liverpool University, UK.
- Founding MD and Executive Chairman of ASX-listed Cockatoo Coal Limited.
- Former Co-Head of Glencore's global coal division, establishing Xstrata Coal's project portfolio.
- Developed a coal "swaps" market at Bain Refco (Deutsche Bank).
- Currently Chairman of Evolve Power Ltd and Non-Executive Director of Helios Energy (ASX:HE8).



Danny McCarthy
Managing Director

- 28 years in mining, with senior roles at Thiess, Wesfarmers (ASX:WES), QCoal, and Mineral Resources (ASX:MIN).
- As COO at Mineral Resources, honed his competencies whilst overseeing the successful implementation of MIN's strategic growth initiatives.
- Transformed TerraCom's Blair Athol mine to owner-operated, reducing costs.
- Led TerraCom's South African operations to sustainable profitability in 2021.
- Expertise in mining operations, development and implementation of business strategy to deliver shareholder value.



Glen Lewis
Non-Executive
Director

- Qualified Coal Mine Manager with over 40 years in the coal industry, holding various senior management roles.
- Led management teams at United Colliery and Dartbrook Coal, involved in project construction.
- Served as Operations Manager at Oceanic Coal, overseeing multiple underground and openpit mines.
- Promoted to General Manager for Xstrata Coal NSW, managing six operating mines and several construction projects.
- Joined NuCoal Resources (ASX:NCR) in 2010 as Managing Director, now serves as a Non-Executive Director.



Mark Ludski
Non-Executive
Director

- Finance professional with over 30 years' experience in ASX-listed companies and accounting firms.
- Expertise in capital management, governance, audit, taxation, and business advisory services.
- Chartered Accountant and member of the Australian Institute of Company Directors.
- CFO and Company Secretary at Ainsworth Game Technology (ASX:AGI) for 22 years.
- Non-Executive Director of Angel Action Pty Ltd, Trustee for The Ainsworth Foundation since 2013.



David Norris
Non-Executive
Director

- Financial professional with over 20 years' experience in board-level decision-making and investment strategies.
- Former Director at Deloitte, currently CEO at the John Singleton Group.
- Skilled in financial data analysis, providing insights for strategic decision-making and compliance.
- Manages investment opportunities, due diligence, and investment strategies; serves on multiple boards and private equity funds.
- Holds a Bachelor's Degree in Commerce and is a Chartered Accountant and member of the Australian Institute of Company Directors.



Megan Etcell
Chief Financial Officer &
Company Secretary

- Holds a Bachelor of Commerce and is a qualified Chartered Accountant and member of the Australian Institute of Company Directors.
- Joined TerraCom in 2019 as Company Secretary and later became Executive GM Corporate Affairs.
- Appointed CFO at TerraCom in 2022, overseeing finance, governance, and stakeholder relations.
- Extensive coal mining industry experience, including roles as CFO and Company Secretary at NuCoal Resources (ASX:NCR).
- Involved in corporate transactions, including capital raisings, acquisitions, and joint ventures.

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Corporate Snapshot

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Market Cap (A\$)
176M



Share Price (A\$)
0.22

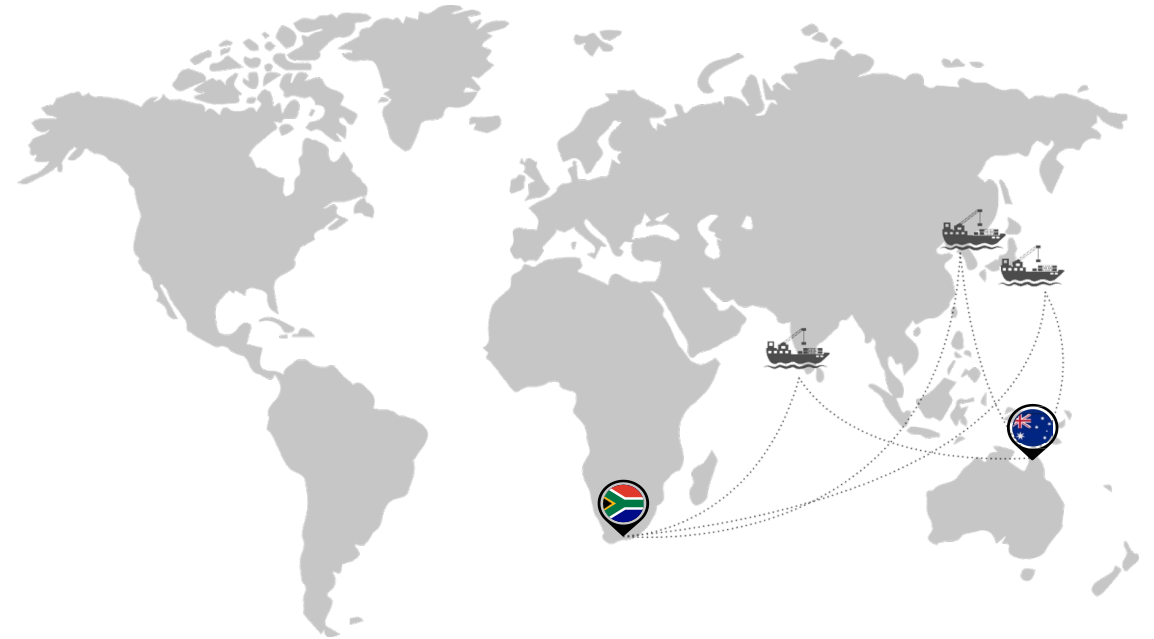


Shares on Issue (million)
801.0

Shareholders	% ISC
Regal	14.3
Bonython	9.8
Thorney	7.2
Fred Bart	5.1
TER Directors and Management	2.7
Others	60.9

Global Shipping to Customers Worldwide

Delivering exception value from a diversified, high-yielding asset portfolio across Australia and South Africa's coal sectors



Note: all figures as at 11 November 2024

FY2024 Highlights

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Employees & Contractors

~3,600



BA Total Sales Revenue¹

A\$251M



Total² ROM Production

9.6Mt



Total² Coal Sales

7.2Mt



BA Average Coal Price per sold tonne³

A\$159



Low-Cost Producer
Proven Track
Record

1. Based on FY24 Financial Statements released to the market 30 August 2024.
2. The data represents total tonnes and assumes 100% ownership of the South African operations, noting TerraCom's interest in the operating mines ranges from 48.9% to 49.0%. ROM Production attributable to TerraCom is 5.7Mt. Coal sales attributable to TerraCom is 4.3Mt.
3. 12 months ended 30 June 2024.

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Q1 FY2025 Performance



Q1 FY2025 ROM Production and Coal Sales Achieved

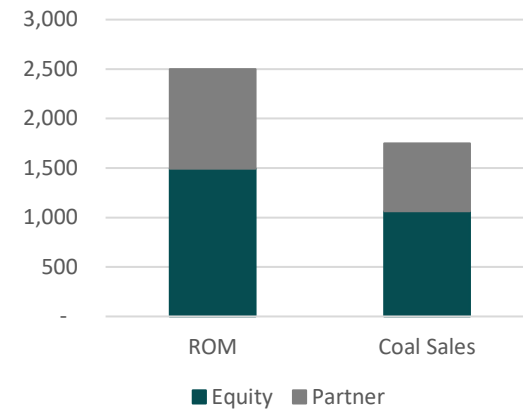
2.5Mt

ROM Production

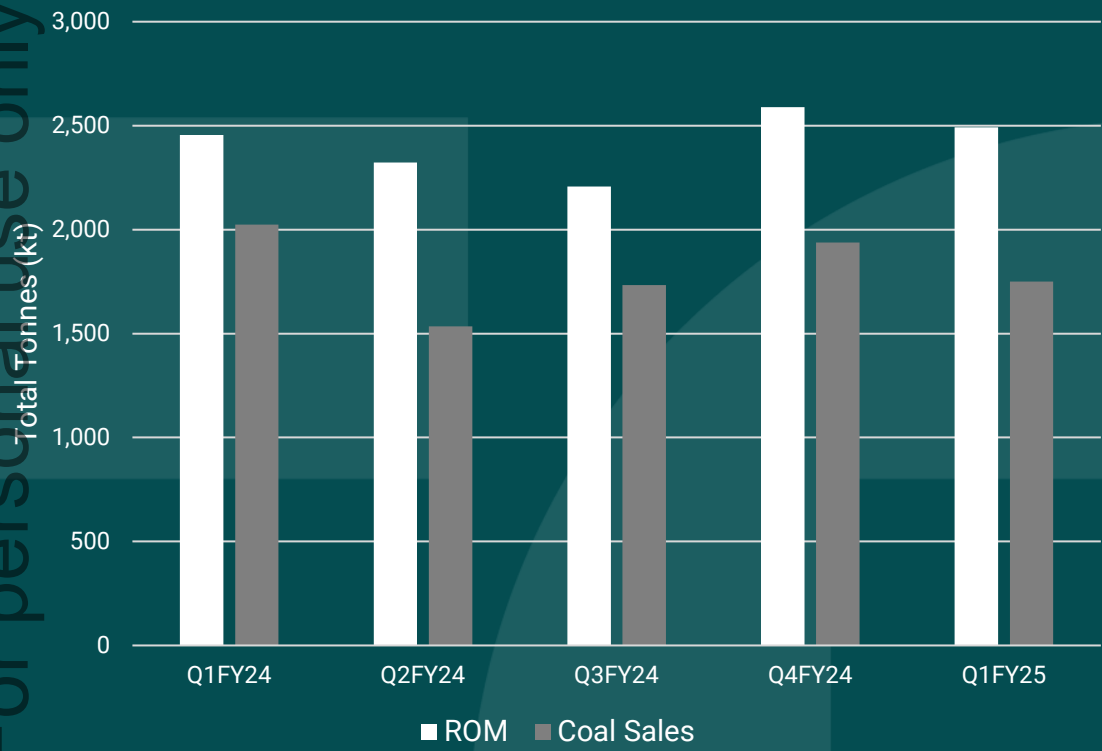
1.8Mt

Coal Sales

Q1 FY2025



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Q1 FY2025 Highlights

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BA Coal Sales

404kt



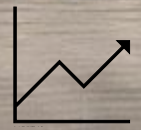
BA ROM Production

535kt



BA FY25 Coal Sales
Guidance

1.8Mt



Dividend Declaration

1 cent per ordinary
fully paid share



BA Average Coal Price per
sold tonne

A\$149.5

Market and Capital Management



Capital Management Framework

Reliable and consistent operations

Capital productivity

Net operating cashflow

Maintain and optimise operations

Working and sustaining capital

Resilient balance sheet

Dividend policy payout ratio of 60–90% NPAT¹

Surplus cashflow

External Growth investments

Internal Growth investments

Additional shareholder returns

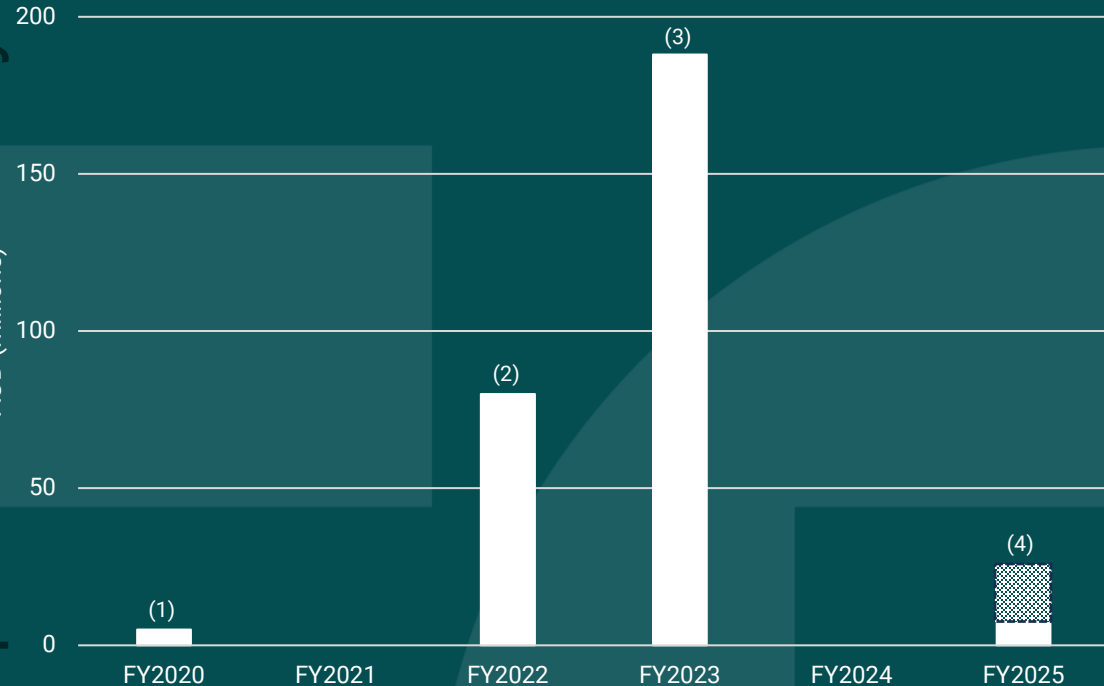


(1) Attributable to TerraCom

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Capital Allocation

Capital returned to shareholders



(1) Maiden dividend of 1c per share in FY2020.

(2) Ordinary and Special Dividend (unfranked) totalling 10c per share declared in August 2022 and paid in September 2022 related to the year ended 30 June 2022.

(3) Ordinary and Special Dividend (franked) totalling 10c per share declared in November 2022 and paid in December 2022. Ordinary Dividend (franked) of 7.5c per share declared in February 2023 and paid in March 2023. Ordinary Dividend (franked) of 3c per share declared in May 2023 and paid in June 2023. Ordinary Dividend (franked) of 3c per share declared in August 2023 and paid in September 2023. All dividends related to the year ended 30 June 2023.

(4) Ordinary Dividend (franked) totalling 1c per share declared in October 2024 and to be paid in December 2024. Area shown in highlight is prospective in nature and depicts potential dividend based on continued operational performance and forecast export coal pricing being achieved.

- The Company remains committed to the payment of dividends to shareholders.
- Dividend payout ratio between 60% to 90% of net profit after tax (attributable to TerraCom).

A\$276 million

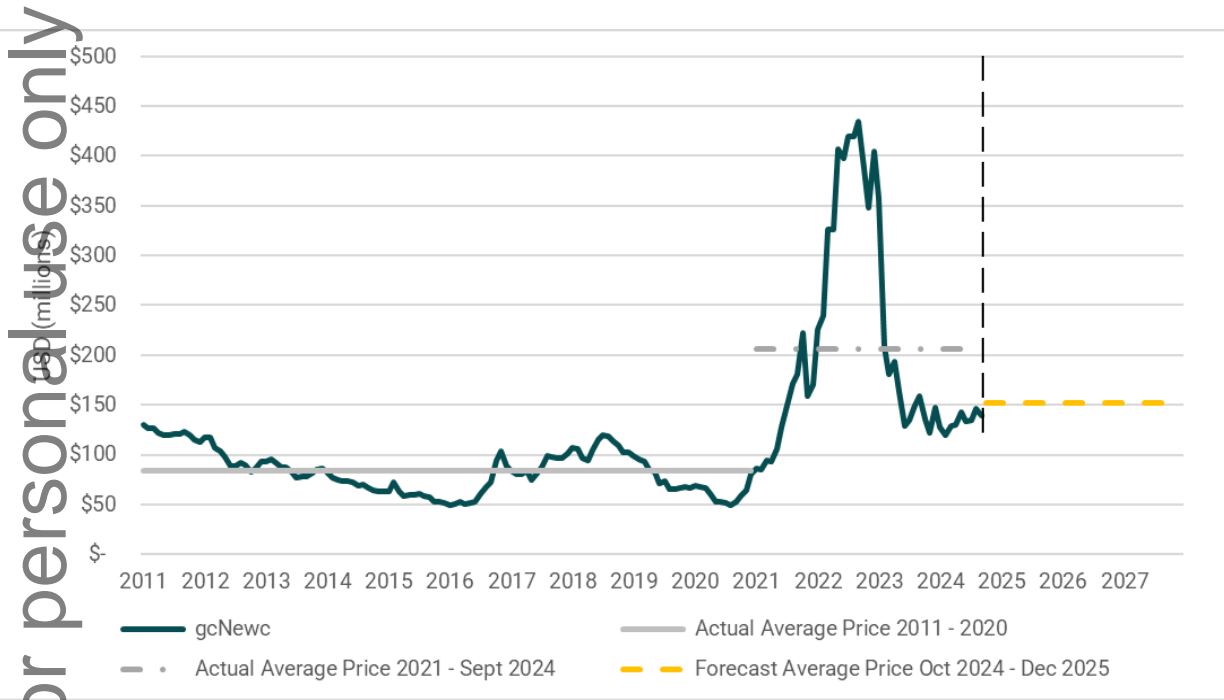
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34.5 cents per share

returned to shareholders from August 2022 and up to and including the recent dividend for Q1 FY2025



Forecast Thermal Coal Pricing



Source: Historical from globalCOAL, Forecast from GFI Group (28 October 2024)

- Pricing seems to have stabilised and is supported into the near future.
 - The average price for 2011 – 2020 was US\$83 per tonne.
 - The average price for 2021 – Sept 2024 was US\$206 per tonne.
 - The forecast average price Oct 2024– December 2027 is US\$152 per tonne.
- TerraCom primary markets (Japan, Korea and India) have consistent demand to 2030 and beyond.
- Blair Athol NEWC index linked pricing for 50% of production with remaining on competitive fixed price basis.
- Strategy to push more production to Japan direct index linked.

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Operations



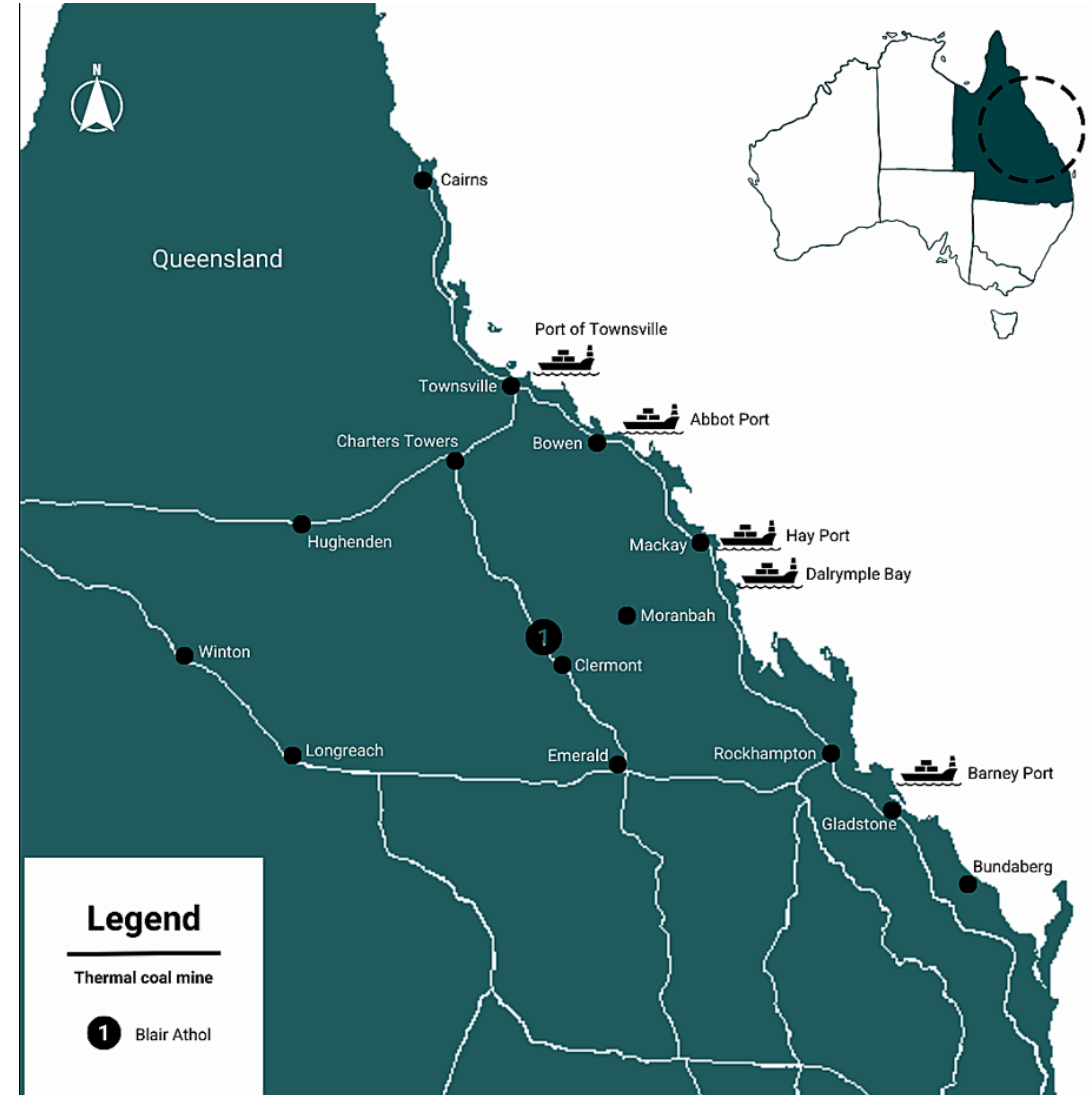
Australia



TerraCom acquired its flagship Blair Athol Coal Mine, located in Clermont Queensland, in 2017.

The Company now exports approximately 1.8 million tonnes per annum of high-quality thermal coal.

Rehabilitation at the site is progressive and forms part of the ongoing mining operations.



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Blair Athol – Bedrock of the Group

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Thermal coal
2.25Mtpa ROM



Export
1.8Mt export, primarily to Japan and South Korea for power generation and Indian sponge iron markets



Ownership
100% ownership, Owner Operator



Open Pit
Dragline, truck, excavator and dozers for waste removal.
LOM strip ratio ~9:1



Ore Reserves
~ 20Mt Proved/Probable
~ 14Mt Marketable



Life of Mine (LOM)
~ 8 years

Moorlands Project



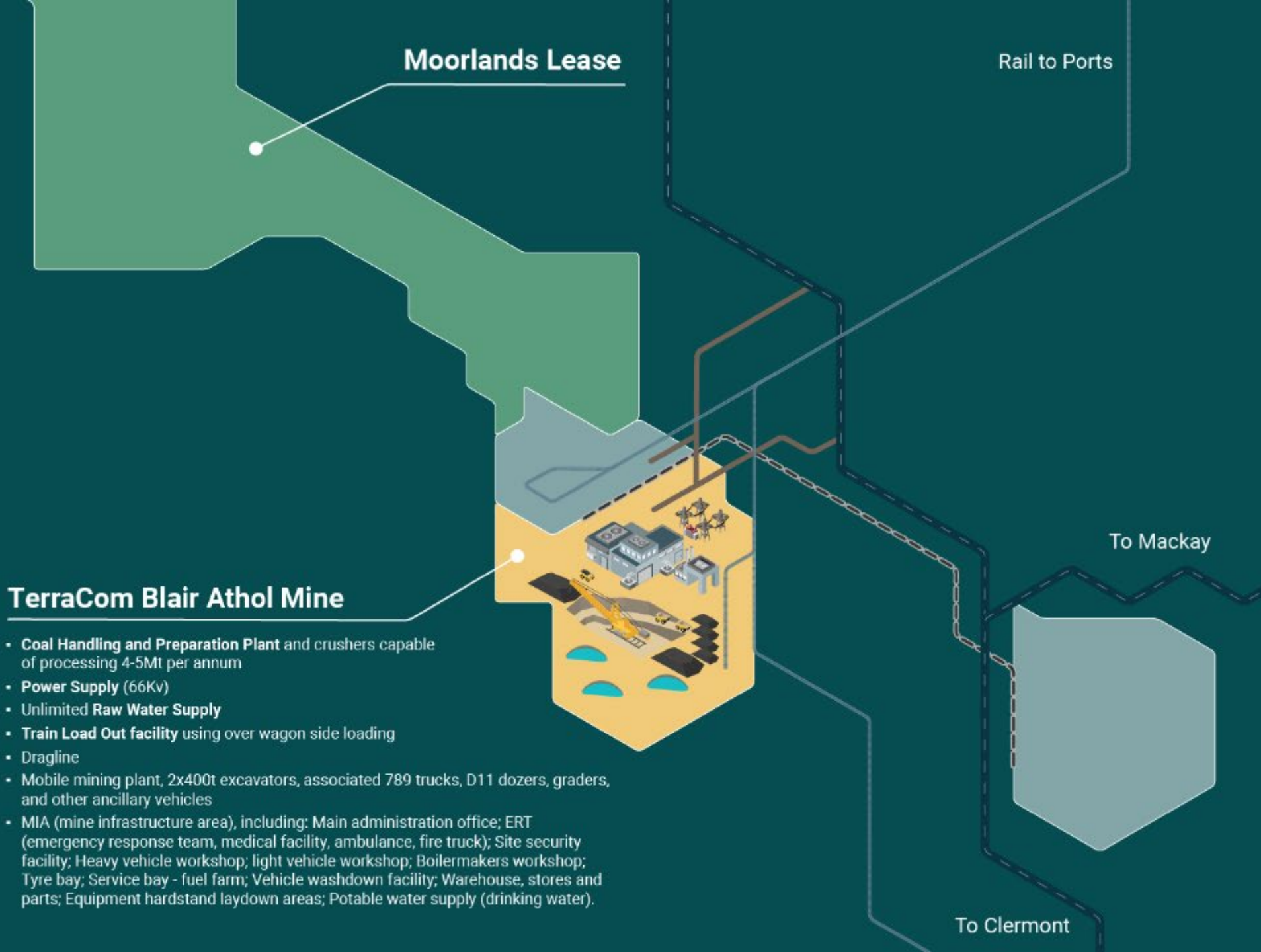
Moorlands is initially proposed as a 1.9mtpa run-of-mine operation with a 25 year mine life and expansion potential to 4mtpa run-of-mine. Moorlands is subject to grant of mining leases and receipt of other relevant approvals.

- TerraCom intends to act as a full-service development and mining services partner for Wintime to expedite the approval and commercial operation of the Moorlands Project.
- Blair Athol to be used as an infrastructure, processing and logistics precinct generating a long-term revenue stream alongside steady state ROM production from Blair Athol.
- TerraCom and Wintime are working exclusively to agree definitive project documents by end December 2024.
- TerraCom and Wintime plan to work collaboratively to investigate joint global development and operation opportunities in complementary markets and industries, including in mineral resources, renewable resources and related areas.

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TerraCom Infrastructure

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Project Development Concept

Stage 1A

Initial Development to
0.5mtpa

Key Features

Grant of approvals +
12months.

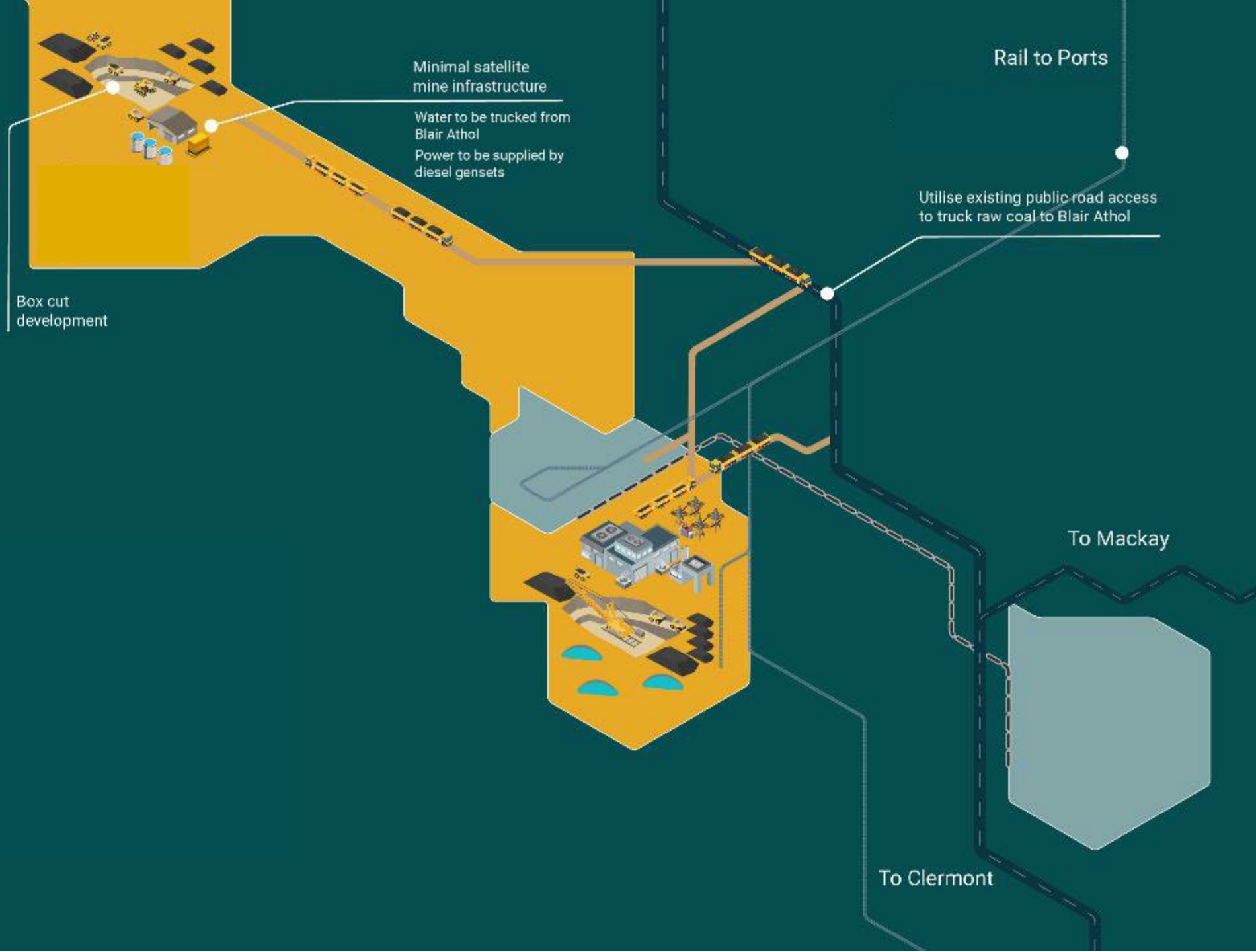
✓ Low capital intensity start-up with target coal of 500kt in year 1.

✓ Boxcut development commences from Southern end of Moorlands South Pit.

✓ Single 400t excavator fleet with 4 x 190t (3 + 1 spare) rear dump trucks and ancillary plant and equipment.

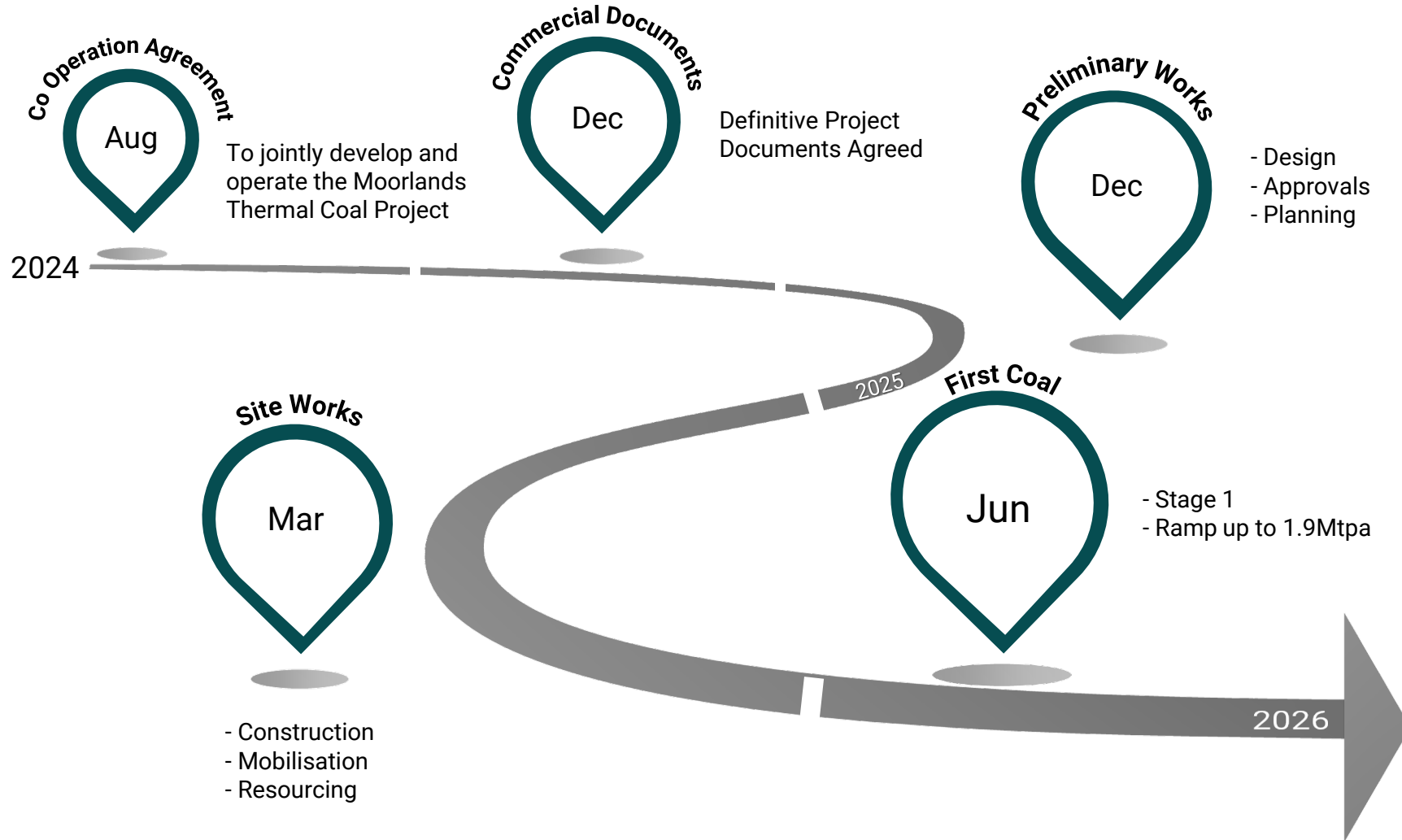
✓ Road haulage of coal (subject to notifiable road usage).

✓ Fit for purpose, scalable ROM and MIA constructed at Moorlands.



Moorlands Proposed Project Timeline

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For personal use only Strategy



Management Focus



Maximising Value

- Blair Athol JORC Reserve confidence with current Life of Mine remaining at ~8 years



Realising Value

- Divestment of our interest in the South African Operations to achieve appropriate economic return with potential for special dividend once sale concludes



Creating Value

- Blair Athol processing precinct leveraging off well established water, power and other infrastructure to provide a shared precinct for greenfield coal opportunities in the region (including direct neighbouring and other regional)
- Actively looking at other opportunities in coal / bulk commodities



Our Mantra

- Be better than our peers
- Be a reliable, consistent producer
- Be a cost conscious business

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Sustainability



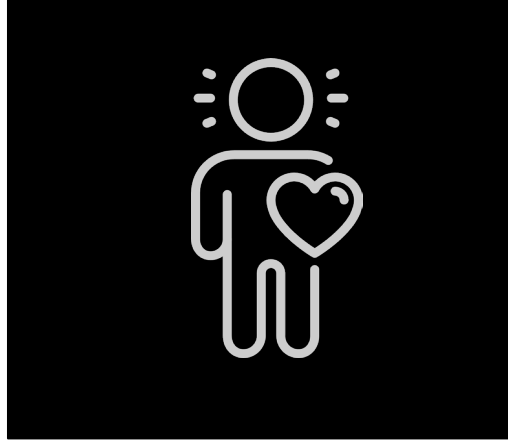
Environmental, Social and Governance (ESG) Policy



Environmental

Responsible coal mining and progressive rehabilitation to minimise the impact from our operations.

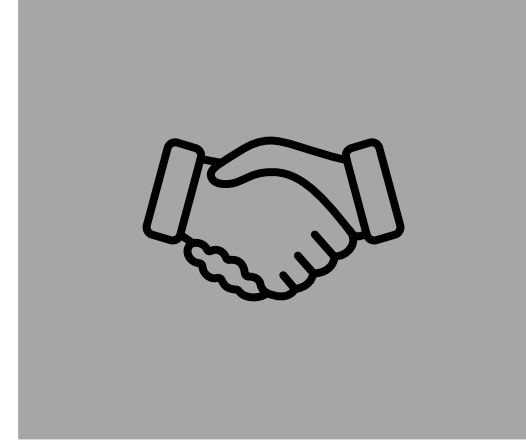
Collaboration with key stakeholders to identify projects aimed at reducing carbon emissions and create future carbon offsets we aim to minimise our impact on the environment and undertake rehabilitation as we go.



Social

Safety is a core value that underpins our culture.

We contribute significantly to the regions and communities in which we operate through taxes, donations, fees and royalties.



Governance

Strong focus on corporate governance principles and management with integrity to provide transparency to stakeholders.

Independent Board Chair and committees.

Safety is a Core Value

The safety and wellbeing of our people is fundamental to our success. Our evolving safety culture is consistent with the Company's core values, and through strong safety leadership, we create and maintain a safe workplace for all our people.

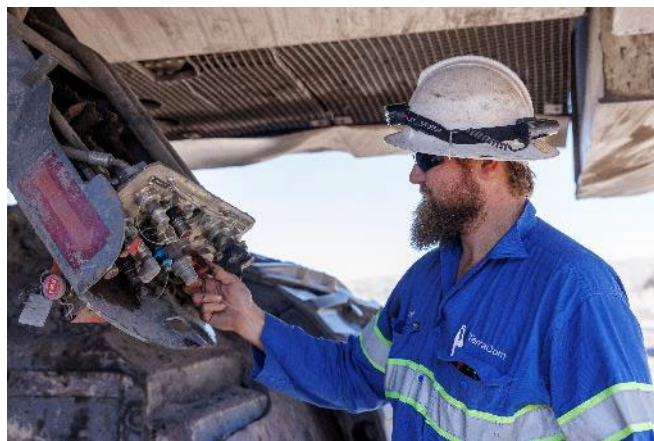
As at 30 September 2024

1.0 TRIFR

As at 30 September 2024

0.5 LTIFR

Safety Matters
Everybody safe every day



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Outlook



Powering Growth Through Excellence

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Strong diversified portfolio of producing, development and exploration assets in Australia and South Africa



High quality operating performance –
BA on track to meet FY2025F sales guidance of 1.8Mt



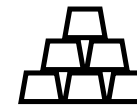
South African assets anticipated to deliver improving export sales performance across FY2025



Focused on maintaining lowest cost structures through ongoing financial discipline and a cost-conscious outlook



Blair Athol (BA) provides considerable strength, diversity and sustainability to the Group



Demand expected to remain strong for the foreseeable future and leveraged to any improvement in the coal price

TerraCom

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