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06 October 2026

FY2026 Annual Report and Audited Financial Results

TerraCom Limited (ASX: TER) (**TerraCom** or **Company**) today releases its audited Annual Financial Report for the year ended 30 June 2026 and advises of material adjustments identified to the previously lodged Appendix 4E: Preliminary Final Report on 31 August 2026.

The audit process has now been completed and the adjustments that have been reflected in the Annual Financial Report relate to:

- A non-cash impairment of $53.0 million on the Blair Athol mine (property, plant and equipment), reflecting the production and cost levels achieved in FY2026. This reduces the carrying amount of the mine to $10.0 million.
- Non-cash impairments of $50.5 million on the Group's South African associates: North Block Complex $31.0 million, New Clydesdale Colliery $13.4 million, and Berenice and Cygnus $6.1 million.
- Finalisation of equity accounted results for the South African operations, increasing the reported share of associate loss by $6.3 million and reducing foreign currency translation gains in other comprehensive income by $0.1 million.
- Reclassification of $1.1 million from trade and other payables to other financial liabilities, with no impact on profit or net assets.

The tables below reconcile the differences between the Preliminary Final Report and the audited Annual Financial Report:

Impact on the consolidated statement of profit or loss and other comprehensive income

Statement of profit or loss and other comprehensive income	Final A$'000	Preliminary A$'000	Change A$'000
Share of profit/(loss) of associates and joint ventures	(6,184)	141	(6,325)
Depreciation and amortisation	(574)	(573)	(1)
Impairment of assets	(103,547)	–	(103,547)
Profit/(loss) before taxation	(156,987)	(47,114)	(109,873)
Profit/(loss) for the year	**(155,503)**	**(45,630)**	**(109,873)**
Exchange differences on translating foreign operations	2,388	2,482	(94)
Total comprehensive income/(loss)	**(153,115)**	**(43,148)**	**(109,967)**
Basic earnings/(loss) per share (cents)	(12.60)	(3.69)	(8.91)
Diluted earnings/(loss) per share (cents)	(12.60)	(3.69)	(8.91)

Impact on the consolidated statement of financial position

Statement of financial position	Final A$'000	Preliminary A$'000	Change A$'000
Property, plant and equipment	10,438	63,469	(53,031)
Investments accounted for using the equity method	23,620	80,556	(56,936)

Statement of financial position	Final A$'000	Preliminary A$'000	Change A$'000
Trade and other payables	34,843	35,898	(1,055)
Other financial liabilities	1,054	–	1,054
Reserves	27,152	27,246	(94)
Accumulated losses	(435,791)	(325,919)	(109,872)
Non-controlling interest	(860)	(859)	(1)
Total equity	**23,908**	**133,875**	**(109,967)**

Other additional disclosures have been reflected in the Financial Report which are not considered material in the context of information previously reported.

Going concern

The financial statements have been prepared on a going concern basis. As disclosed in Note 1.2 of the Financial Report, a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. This disclosure was not included in the unaudited Appendix 4E released on 31 August 2026. The additional disclosure reflects developments since that release. Production at Blair Athol in the early months of FY2027 has not yet consistently achieved the annualised production levels assumed in the going concern assessment, which has increased the Group's reliance on new funding arrangements. The disclosure also reflects the impairments recognised on completion of the audit.

The Group has signed term sheets to enter into a US$20 million coal prepayment agreement with an international coal trader, with the first US$10 million payable on 6 October 2026 subject to final execution, and is pursuing additional liquidity through cargo prepayments and a formal debt financing process. Further detail is set out in Note 1.2 of the Financial Report.

The independent auditor's report includes a Material Uncertainty Related to Going Concern paragraph. The auditor's opinion is not modified in respect of this matter.

For the purposes of ASX Listing Rule 15.5, this announcement was authorised for lodgement by the Board.

This announcement has been approved by the Board for release.

For further enquiries please contact:

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TerraCom Profile

TerraCom Limited (ASX: TER) is an Australian based mining and resources company with a global footprint, comprising a large portfolio of operating assets in Australia and South Africa within the coal sector. TerraCom is a low-cost producer focused on delivering strong performance and returns from its diversified asset base. The Company continues to expand through strategic partnerships and the provision of integrated mining and infrastructure services. To learn more about TerraCom visit **terracom.au**

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TerraCom

Annual Report FY2026

For the year ended 30 June 2026

ASX: TER | terracom.au

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An Australian coal producer positioned for growth.

TerraCom Limited (ASX: TER) is an Australian based mining and resources company with coal production assets in Australia and South Africa. The Company is focused on improving the performance of its operations and pursuing growth opportunities through strategic partnerships and the provision of integrated mining and infrastructure services.

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CORPORATE DIRECTORY

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Board of Directors

Andrew Coles (Non-Executive Chairman)
Glenn Splatt (Non-Executive Director)
Stephen Barber (Non-Executive Director)
Gerard Hutchinson (Non-Executive Director)

Executive Management

Chris Bourke (Interim Chief Executive Officer)
Richard Clarke (Chief Financial Officer & Company Secretary)

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Auditor

BDO Audit Pty Limited
Level 18, 360 Queen Street,
Brisbane, Queensland, 4000, Australia

Securities Exchange Listing

Australian Securities Exchange Ltd
ASX Code: TER

ABN

35 143 533 537

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APPENDIX 4E AND ANNUAL FINANCIAL REPORT

Name of Entity: TerraCom Limited
ABN: 35 143 533 537
Reporting Period: For the year ended 30 June 2026
Previous Period: For the year ended 30 June 2025

Results for announcement to the market for the year ended 30 June 2026

Revenue from ordinary activities

	A$'000	
FY2026	A$178,918	Down 21.1%
FY2025	A$226,671	

Loss from ordinary activities for the year after income tax

	A$'000	
FY2026	(A$155,503)	Down 258.2%
FY2025	(A$43,418)	

Loss for the year after income tax attributable to the owners of TerraCom Limited

	A$'000	
FY2026	(A$155,373)	Down 263.7%
FY2025	(A$42,724)	

Net tangible assets per ordinary security

FY2026	1.31c	Down 91.2%
FY2025	14.94c	

Dividends
No dividends were paid to shareholders during the year ended 30 June 2026 (2025: A$8.010 million)

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
The Financial Report is based on statutory financial statements that have been audited.

Attachments and additional information
Additional information can be obtained from the attached Financial Report.

2026 Annual General Meeting
The proposed date for the 2026 Annual General Meeting is 26 November 2026. Based on proposed timing, the closing date for Director Nominations is no later than 8 October 2026.

CHAIRMAN'S LETTER

Andrew Coles
Non-Executive Chairman

"Our immediate priority is clear: restore Blair Athol to consistent operating performance, protect the Company's financial position and rebuild a platform capable of delivering sustainable shareholder returns."

Dear Shareholders,

The 2026 financial year, and the opening months of FY2027, have presented TerraCom with many challenges.

Performance at our Blair Athol Mine has not been at the level the Board, management or our shareholders expect. Operational challenges experienced during the June quarter continued into the early part of FY2027, affecting production, sales volumes and the Company's near-term working capital position.

Against that backdrop, the Board's priorities are straightforward: restore Blair Athol to consistent operating performance, maintain appropriate financial flexibility and ensure capital is directed towards opportunities capable of generating sustainable returns.

During the year, the Board appointed Chris Bourke as Interim Chief Executive Officer. Chris brings extensive operational and leadership experience to TerraCom and has undertaken a detailed review of the business, with a particular focus on productivity, cost control, operating performance and capital allocation.

Recent performance has been affected by workforce availability, equipment reliability, water management and lower-than-expected coal preparation plant yields. Additional mining equipment has now been delivered, operations commenced in a new pit during July 2026 and a range of initiatives are being implemented to improve productivity and operating efficiency.

At the time of writing, TerraCom continues to maintain FY2027 coal sales guidance of between 2.0 and 2.2Mt. Achieving this will require improved operating performance as the year progresses, and the Board and management are closely monitoring delivery against that objective.

The consequences of lower production have extended beyond mine performance. Deferred coal deliveries and reduced sales volumes have placed pressure on the Company's near-term working capital position. TerraCom fully repaid its previous coal prepayment arrangement in July 2026 and currently has no financial debt other than lease commitments.

The Company is therefore progressing a number of capital management initiatives, including a potential new coal prepayment arrangement, further cost reductions and additional funding solutions designed to provide greater balance sheet flexibility while production recovers.

In its FY2026 financial statements, TerraCom has also recognised substantial non-cash impairments against the carrying value of Blair Athol and its South African assets. These assessments reflect demonstrated production and costs through to the date of this report, in accordance with Australian Accounting Standards.
While the scale of the impairments is significant, they are non-cash and do not themselves affect the Company's operations or cash flows. Importantly, the impairments do not change Blair Athol's JORC resources and reserves, its

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approved mine plan remains in place and the additional fleet and workforce required to support higher production have been mobilised.

The impairments nevertheless reinforce an important principle for the Board; the value of TerraCom's assets must ultimately be demonstrated through operating performance and cash generation.

That same discipline applies to capital allocation across the broader portfolio. TerraCom will invest where the Board believes capital can generate an appropriate return, manage expenditure carefully elsewhere and remain selective in assessing potential growth opportunities. Growth for its own sake is not our objective.

This approach is particularly important as the Company considers the future of its portfolio and the most appropriate deployment of capital. Any investment or transaction must be assessed against the strength of its returns, the demands it places on the balance sheet and its capacity to create value for shareholders.
It would be premature to characterise the beginning of FY2027 as business as usual. There is work to do.

"Blair Athol retains an established resource and reserve base, additional mining capacity has been mobilised and management has a clear set of operational priorities against which progress can be measured."

However, Blair Athol retains an established resource and reserve base, additional mining capacity has been mobilised and management has a clear set of operational priorities against which progress can be measured. The task now is to convert those foundations into more reliable production and improved financial performance.

We will continue to operate safely, exercise financial discipline and communicate openly with shareholders as this work progresses.

On behalf of the Board, I thank our employees and contractors for their efforts during what has been a demanding period, and our shareholders for their continued support.

FY2027 must be a year in which TerraCom demonstrates progress through delivery. The Board and management understand the task ahead and are focused on restoring consistency, improving cash generation and rebuilding sustainable value for shareholders.

Yours sincerely,

Andrew Coles
Non-Executive Chairman
TerraCom Limited

INTERIM CHIEF EXECUTIVE OFFICER'S REPORT

Chris Bourke
Interim Chief Executive Officer

Dear Shareholders,

Although I stepped into the role of Interim Chief Executive Officer in April 2026, my first months in the role have provided a clear view of both the strengths of the business and the challenges we need to address.

My immediate priority has been Blair Athol.

The mine remains TerraCom's cornerstone asset, but recent performance has not been where it needs to be. Operational challenges experienced during the June quarter continued into the early part of FY2027, with workforce availability, equipment performance, water management and lower-than-expected coal preparation plant yields contributing to production below plan.

From an operational perspective, the most effective response is to produce more consistently, control costs and convert production into sales and cash. To that end, we are challenging established practices, tightening accountabilities and looking closely at the points in the mining and processing chain where performance can be improved.

Operations commenced in a new pit during July, additional mining capacity has been mobilised and recruitment for the third mining fleet is substantially complete. We have also committed to the purchase of a new Hitachi EX3600-7 excavator, which is expected to commence work during FY2027. Once commissioned, it will replace hired equipment and should provide us with greater control over equipment availability, productivity and operating costs.

"We are challenging established practices, tightening accountabilities and looking closely at the points in the mining and processing chain where performance can be improved."

These initiatives support TerraCom's FY2027 coal sales guidance of between 2.0 and 2.2Mt. Achieving that guidance will require improved performance as the year progresses, and management remains firmly focused on delivering it.

Equipment alone will not determine our success. I have been encouraged by the commitment and professionalism demonstrated by our operational teams and their willingness to embrace the changes required to deliver more consistent performance.

We are also reviewing our coal product mix to increase saleable production and improve the value we generate from the resource. The first two trial shipments of the revised product mix have been completed in the first quarter of FY2027, providing useful information as we assess how this approach can contribute to higher output and improved operating performance.

The Moorlands Project, a proposed thermal coal development 15km north-west of Blair Athol, remains a potentially valuable longer-term opportunity. We continue to work with development partner Wintime Energy Group on regulatory approvals and commercial arrangements required to advance the project. The ability to potentially process Moorlands coal through existing Blair Athol infrastructure could reduce the need for duplicated infrastructure while creating additional value from TerraCom's existing asset base.

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We are applying this same disciplined approach to acquisitions as a core element of TerraCom's growth strategy. During the year, the Company reviewed a number of mining assets that came to market and undertook detailed due diligence on several opportunities. While some were considered attractive, none ultimately met our investment criteria at a valuation we believed would create sufficient value for shareholders. We will continue to assess opportunities to acquire complementary assets where there is a clear strategic fit and a compelling return on investment.

The Company has also completed a strategic review of its South African operations, considering the value of the existing asset base, the capital required to sustain operations and the merits of retaining versus divesting the business. Following this review, the Board and Management have concluded that continuing to pursue the divestment of TerraCom's South African assets represents the preferred path for shareholders. Our focus is now on progressing this process in a disciplined manner and seeking to maximise the value realised from any transaction.

Safety remains fundamental to everything we do. No production or financial outcome takes priority over ensuring our people return home safely, and I thank our employees and contractors for their commitment during what has been a demanding period.

"The task for management in FY2027 is now very tangible: improve equipment availability, lift plant performance, increase saleable production, control unit costs and convert those improvements into stronger cash generation."

The task for management in FY2027 is now very tangible: improve equipment availability, lift plant performance, increase saleable production, control unit costs and convert those improvements into stronger cash generation.

Those outcomes, rather than words, will demonstrate our progress.

I look forward to updating you throughout the year.

Yours sincerely

Signature

Chris Bourke
Interim Chief Executive Officer
TerraCom Limited

REVIEW OF OPERATIONS

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Blair Athol Project

Queensland, Australia

Located in Clermont within the Bowen Basin, Queensland, TerraCom's flagship Blair Athol Coal Mine is an open-pit operation producing high-quality, low-impurity thermal coal for export primarily to Japan and South Korea for their power generation markets and to India's sponge iron market.

At current production rates, the mine has an estimated life of six to seven years. The adjacent Moorlands development project remains at an early stage. If developed, Blair Athol is intended to serve as the processing and infrastructure hub for that production.

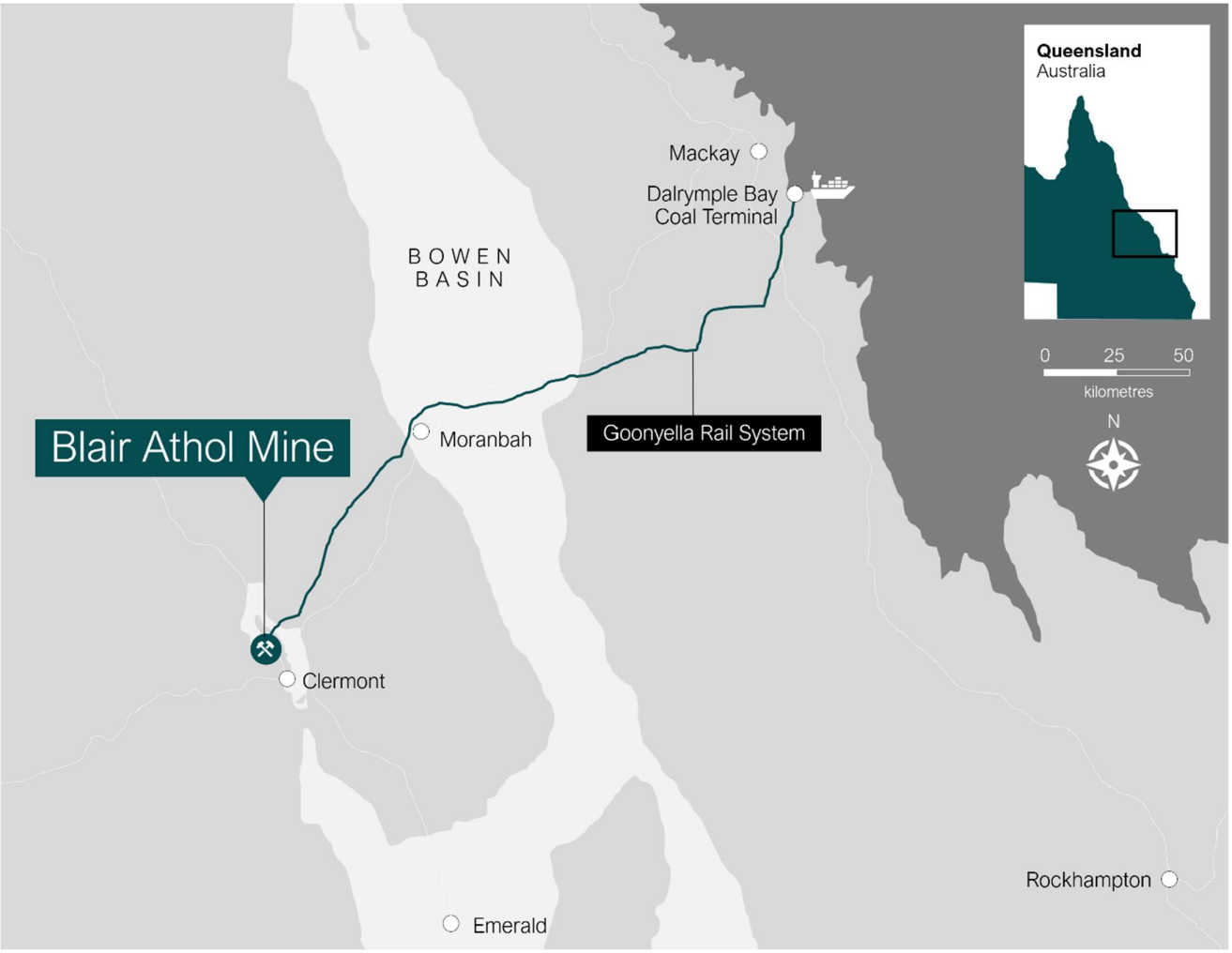

Figure 1. *Blair Athol Project is located in Queensland's Bowen Basin and delivers coal to export markets via the Dalrymple Bay Coal Terminal near Mackay.*

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Blair Athol Mine

The Blair Athol Mine remained TerraCom's principal operating asset during FY2026. The operating environment was challenging, with periods of weaker international thermal coal pricing, adverse weather across Central Queensland, mine sequencing impacts and interruptions associated with equipment and workforce availability.

Coal sales for the year were approximately 1.45Mt, below both the prior year and the approximately 1.6Mt of FY2026 sales guidance maintained during the year.

The financial year commenced broadly in line with the mine plan, with continued focus on coal recovery, product quality and mine planning. During the September 2025 quarter, TerraCom announced an updated JORC Resource and Reserve Statement which extended the expected mine life to 2033.

Production moderated during the December 2025 quarter as mining progressed through planned lower-yield areas and seasonal weather affected operations and logistics. At that time, the Company maintained FY2026 sales guidance of approximately 1.6Mt on the expectation of stronger performance during the second half.

Conditions became more challenging during the March 2026 quarter as significant rainfall across Central Queensland disrupted mining activities and rail logistics. Coal sales fell to 253kt for the quarter.

During the year, TerraCom also completed an A$60 million entitlement offer, providing additional balance sheet capacity through a period of weaker coal prices and operational disruption.

Sales recovered to approximately 390kt during the June quarter, although equipment availability, workforce availability and other operational constraints continued to affect performance. Blair Athol consequently finished FY2026 below its sales guidance, reflecting the cumulative impact of weather, mine sequencing and operating availability through the second half.

Safety remained a core priority throughout the year, supported by continued focus on safety systems, workforce engagement and operational discipline.

Blair Athol Mine Snapshot

Total ROM Coal Mined FY2026

1.94 Mt

Total Coal Sales1 FY2026

1.45 Mt

Coal Sales Outlook FY2027

2-2.2 Mt

Life of Mine

~6 - 7 years

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Production snapshot

Blair Athol (kt)	Q1 Sept 25	Q2 Dec 25	Q3 Mar 26	Q4 Jun 26	FY 2026	FY2025
Run of Mine coal mined	653	429	410	446	1,938	2,047
Saleable production	463	373	302	336	1,474	1,505
Coal sales	440	369	253	390	1,452	1,537
Inventory	95	63	134	69	69	46

FY2027 operational response

Following year end, Blair Athol continued to produce below plan during the early part of FY2027. TerraCom identified a combination of workforce recruitment and availability, seasonal illness, equipment availability, water management and lower-than-expected coal preparation plant yields as contributing factors.

Management has implemented a number of initiatives intended to improve productivity and operating efficiency. Operations commenced in a new pit during July, additional mining capacity has been mobilised and the additional fleet and workforce put in place during FY2026 remain available to support the planned production increase.

The Company is also reviewing its coal product mix with the objective of increasing saleable production and improving value recovery from the Blair Athol resource. Two trial shipments of a revised product mix were completed during the first quarter of FY2027.

TerraCom continues, at the time of reporting, to maintain FY2027 coal sales guidance of between 2.0 and 2.2Mt. Achieving this range will require improved operating performance as FY2027 progresses, and the Company is closely monitoring productivity and production against its operating plan.

Lower-than-planned production in the early part of FY2027 also resulted in the deferral of some coal deliveries and reduced sales volumes, placing pressure on near-term working capital. TerraCom is pursuing measures to provide additional liquidity and working capital flexibility while operational performance improves.

In its FY2026 financial statements, TerraCom has recognised a non-cash impairment of approximately A$53 million against the Blair Athol cash-generating unit. The recoverable amount was assessed using assumptions for saleable production and unit costs reflecting recent performance. The impairment does not change Blair Athol's JORC resources and reserves, and the mine continues to operate in accordance with its approved mine plan.

Moorlands Development Project

The Moorlands Development Project continued to advance during FY2026 as TerraCom progressed key technical, commercial and regulatory workstreams in partnership with Wintime Energy Group Co. Ltd.

The project is intended to use the established processing and infrastructure base at Blair Athol. Under the current development strategy, Blair Athol would become the central processing precinct for coal produced from Moorlands, reducing the capital required to develop the project. No development decision has been made.

Throughout the financial year, the project continued to progress environmental approvals, project planning and commercial negotiations necessary to support future development. Work remained focused on advancing the project through the approvals process and refining development plans.

The Board regards Moorlands as a potential source of production beyond the current Blair Athol mine life. Progress remains dependent on regulatory approvals, market conditions and commercial agreement.

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South African Operations

South Africa, Africa

TerraCom, via its 100% ownership of Universal Coal Limited (Universal), holds an interest in a portfolio of producing, development and exploration assets located across South Africa's major coalfields. These operations provide high-quality coal to South Africa's government-owned power utility Eskom, as well as international customers via the Richards Bay Port.

TerraCom's South African portfolio comprises two operating coal mines, North Block Complex and New Clydesdale Colliery, the non-operating Ubuntu coal mine, and the Kangala/Eloff development project, which remains subject to finalisation of a commercially viable Coal Sales Agreement with Eskom.

TerraCom's South African operations produced 6.07Mt of run-of-mine coal and sold 4.45Mt during FY2026, in each case below the prior year. The operating environment was affected by softer international coal prices, domestic logistical constraints and ongoing cost inflation across the South African mining sector.

The Company's South African producing assets, the New Clydesdale Colliery and North Block Complex in Mpumalanga Province, operated throughout the financial year with continued focus on mine planning, cost management, safety, plant reliability and coal quality.

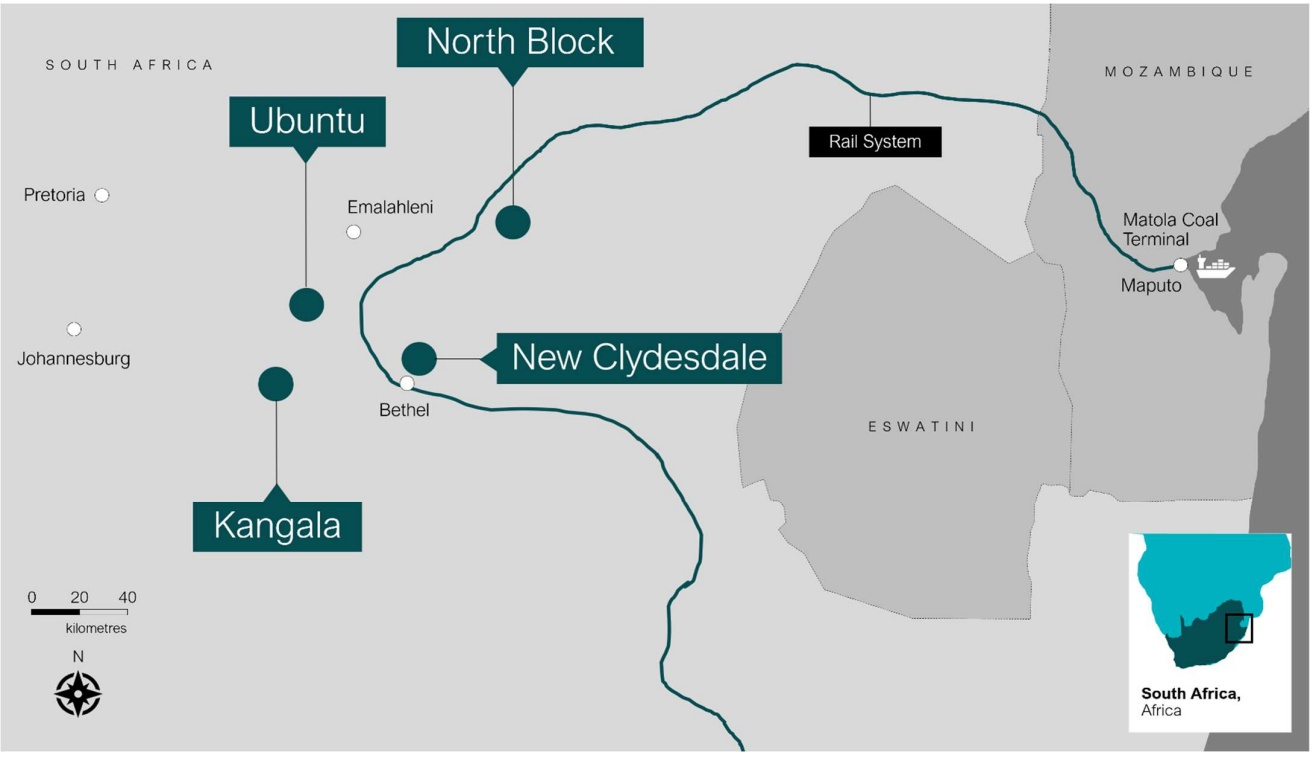

Figure 2. TerraCom holds an interest in a portfolio of producing, development and exploration assets located across South Africa's major coalfields.

During FY2026, mining activities focused on the extraction sequence and utilisation of mining equipment and processing infrastructure. Production was supported by the Company's contract mining model and coal handling and preparation plant, which delivered saleable product meeting customer specifications for both domestic and export markets.

Sales during the year reflected demand from domestic industrial customers together with export sales where market conditions supported realised pricing. International thermal coal prices moderated from the highs of previous years. The Company continued to balance domestic and export sales.

Operational priorities throughout FY2026 centred on preserving operating margins through productivity improvements, management of mining costs and plant performance, against continuing industry-wide cost inflation affecting labour, fuel, explosives and consumables.

Safety remained a core operational priority. Management continued to reinforce safety culture through workforce engagement, training and risk management programs, with emphasis on critical risk controls across mining, processing and mobile equipment operations. Rehabilitation activities progressed alongside mining operations in accordance with approved mine plans.

South Africa Operations

Total ROM Coal Mined FY2026

6.07 Mt

Total Coal Sales1 FY2026

4.45 Mt

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Throughout the financial year, TerraCom continued to assess mining schedules, operating efficiencies and capital allocation across its South African asset base.

The South African operations continue to provide geographic diversification to TerraCom's production profile, complementing the Company's Australian assets while providing exposure to both domestic South African energy demand and international export markets.

For FY2027, management is focused on maintaining production, preserving margins through operational improvement and using established infrastructure. Global thermal coal markets remain volatile and realised pricing will continue to influence the contribution of the South African business.

Production snapshot

South Africa (kt)	Q1 Sept 25	Q2 Dec 25	Q3 Mar 26	Q4 Jun 26	FY 2026	FY2025
Run of Mine coal mined	1,583	1,507	1,355	1,622	6,067	7,689
Saleable production	1,347	1,005	863	1,203	4,418	4,836
Coal sales	1,385	996	985	1,085	4,451	5,065
Inventory	222	434	405	284	284	413

New Clydesdale Colliery | 49% Equity Interest

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

NCC incorporates both open-cut and underground mining and produces a range of coal products for domestic consumption and export markets. The colliery is located near Eskom's Kriel Power Station.

Production

During the financial year, NCC delivered 2.419Mt of run-of-mine (ROM) coal (FY2025: 2.733Mt), and achieved total coal sales of 1.865Mt (FY2025: 1.889Mt). The colliery met its offtake commitments to Eskom, with domestic coal sales of 1.476Mt for the year. Export sales totalled 0.389Mt, constrained by logistics.

NCC (kt)	Q1 Sept 25	Q2 Dec 25	Q3 Mar 26	Q4 Jun 26	FY 2026	FY2025
Run of Mine coal mined	582	501	603	733	2,419	2,733
Saleable production	448	344	421	456	1,669	1,726
Coal sales	532	387	528	418	1,865	1,889
Inventory	126	218	65	118	118	202

North Block Complex | 49% Equity Interest

The North Block Complex (NBC) is located in Belfast in the Mpumalanga Province, approximately 200km north-east of Johannesburg. Open-cut mining is currently undertaken in the Paardeplaats section, which was developed in FY2020.

NBC is a multi-product open-cut operation and a long-standing supplier of coal to Eskom, the country's primary power utility. It also supports the local economy through employment and procurement.

During the financial year, NBC delivered 3.648Mt of run-of-mine (ROM) coal (FY2025: 4.956Mt), and achieved total coal sales of 2.586Mt (FY2025: 3.176Mt). The colliery met its offtake commitments to Eskom, with domestic coal sales of 2.346Mt for the year. Export sales totalled 0.240Mt, constrained by logistics.

NBC (kt)	Q1 Sept 25	Q2 Dec 25	Q3 Mar 26	Q4 Jun 26	FY 2026	FY2025
Run of Mine coal mined	1,001	1,006	752	889	3,648	4,956
Saleable production	899	661	442	747	2,749	3,110
Coal sales	853	609	457	667	2,586	3,176
Inventory	96	216	340	166	166	211

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 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.

FY2027 strategic review

Following year end, TerraCom completed a strategic review of its South African operations, considering the performance and remaining life of the existing assets, their future capital requirements and the alternatives available to the Company.

In its FY2026 financial statements, TerraCom has recognised approximately A$50.517 million of non-cash impairments and write-offs against its South African interests. These include approximately A$30.957 million relating to NBC, reflecting its remaining reserve life of approximately two years; approximately A$13.440 million relating to NCC, reflecting sustained operating losses; and approximately A$6.120 million relating to the Berenice and Cygnus projects. The Eloff project has not been impaired.

Following its strategic review, the Board and management concluded that continuing to pursue the divestment of TerraCom's South African assets represents the preferred path for shareholders. The Company's focus is therefore on maintaining appropriate operational and capital discipline while progressing the divestment process and seeking to maximise the value realised from any transaction.

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MINING AND EXPLORATION TENEMENTS

Mining and exploration tenements held at the end of 30 June 2026 financial year.

Tenement No.	Operation/Project	Location	2026
EPC 1300	Northern Galilee (Hughenden)	Charters Towers, Queensland, Australia	100%
EPC 1394	Northern Galilee (Hughenden)	Charters Towers, Queensland, Australia	100%
EPC 1477	Northern Galilee (Hughenden)	Charters Towers, Queensland, Australia	100%
EPC 1478	Northern Galilee (Hughenden)	Charters Towers, Queensland, Australia	100%
EPC 2049	Northern Galilee (Hughenden)	Charters Towers, Queensland, Australia	100%
EPC 1890	Northern Galilee (Pentland)	Rockhampton, Queensland, Australia	100%
EPC 1892	Northern Galilee (Pentland)	Rockhampton, Queensland, Australia	100%
EPC 1893	Northern Galilee (Pentland)	Rockhampton, Queensland, Australia	100%
EPC 1964	Northern Galilee (Pentland)	Rockhampton, Queensland, Australia	100%
EPC 1674	Springsure (Springsure)	Emerald, Queensland, Australia	90%
MDL 3002	Springsure (Springsure)	Emerald, Queensland, Australia	90%
EPC 1103	Springsure (Fernlee)	Emerald, Queensland, Australia	100%
ML 1804	Blair Athol	Blair Athol, Queensland, Australia	100%
EPC 1260	Northern Galilee (Clyde Park)	Charters Towers, Queensland, Australia	64%
MP30/5/1/2/2/429MR	Kangala Colliery	Delmas, Mpumalanga Province, South Africa	70.5%
LP30/5/1/2/3/2/1 (10131) MR	Berenice Project (1)	Waterpoort, Limpopo Province, South Africa	50%
MP30/5/1/2/2/10027MR	Ubuntu Colliery (1)	Delmas, Mpumalanga Province, South Africa	49%
MP30/5/1/2/2/10169MR	Eloff Project (1)	Delmas, Mpumalanga Province, South Africa	49%
MP30/5/1/2/2/10090MR	North Block Complex (Paardeplaats) (1)	Belfast, Mpumalanga Province, South Africa	49%
LP 30/5/1/2/2/10169MR	Cygnus Project (1)	All Days (Waterpoort), Limpopo Province, South Africa	50%
MP30/5/1/2/2/492MR	New Clydesdale Colliery ("NCC") - Roodekop	Kriel Mpumalanga Province South Africa	49%

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OUR VISION, PURPOSE AND VALUES

Our Vision

To be recognised as a reliable global resources company that delivers sustainable returns to shareholders and partners.

Our Purpose

To operate assets in the resources and energy sector and create long term value for shareholders by being dynamic and innovative, building on our unique internal and external relationships, caring for and investing in our people and the community and operating with integrity and respect.

Our Values

People

- We value safety and have an inclusive and respectful culture
- We achieve the greatest outcomes through collaboration and teamwork
- We are a respected employer within our industry

Performance

- We always deliver and do what we say
- We are accountable to all stakeholders
- We strive for continuous improvement every day

Passion

- Our innovation delivers a future for the industry
- We continually find new ways to be leaders in sustainability of the mining sector
- We are focused on maximising value for shareholders and the community

Partnerships

- We are proactive with all stakeholders
- We have dynamic alliances to ensure a skilled workforce and sustainable industry
- Our strategic partnerships within the industry provide opportunities to benefit both shareholders and the community

Annual Corporate Governance Statement

Further information in relation to TerraCom's values and governance arrangements, including TerraCom's most recent annual corporate governance statement is available at https://terracom.au/investor-centre/.

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JORC RESOURCES AND RESERVES STATEMENT

Australia

Mineral Resources and Ore Reserves estimates are reported in accordance with the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code), 2012 Edition as required by the ASX.

JORC Resources and Reserves Statement as at 30 June 2026

Recoverable Reserves JORC 2012

Mine	Location	Status	Licence Number	Commodity	Proved (Mt)	Probable (Mt)	FY2026 Total (Mt)	FY2025 Total (Mt)	FY2026 Report Date
Blair Athol	Clermont, Queensland	Mine	ML1804	Thermal coal	13.9	2.1	16	18.0	15 Oct 2025

Marketable Reserves JORC 2012

Mine	Location	Status	Licence Number	Commodity	Proved (Mt)	Probable (Mt)	FY2026 Total (Mt)	FY2025 Total (Mt)	FY2026 Report Date
Blair Athol	Clermont, Queensland	Mine	ML1804	Thermal coal	11.2	1.3	12.5	14.0	15 Oct 2025

Competent Persons Statement

Annual Coal Reserves Summary
The information in this report relating to Coal Reserves is based on work compiled by Hayden Jones, a qualified Mining Engineer and member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Hayden Jones is employed by Hayden Jones Mining Pty Ltd and is a member of The Minserve Group Pty Ltd.

Mr Hayden Jones has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves."

This reserves statement is based upon remaining reserves as at 30 June 2026. The reserves calculated in this reserves statement are based around the 2025 Life of Mine cost and revenue structures associated with the 2025 Life of Mine plan. These Reserves are based upon a depletion of the 2025 JORC Reserves.

The Company confirms it is not aware of any new information or data that materially affects the information included in the original market announcements relating to drill results, resource estimates or studies and that all material assumptions and technical parameters underpinning the drill results and estimates in the relevant market announcements continue to apply and have not materially changed.

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JORC Resources as at 30 June 2026

JORC 2012										
Mine	Location	Status	Licence Number	Commodity	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	FY2026 Total (Mt)	FY2025 Total (Mt)	FY2026 Report Date
Blair Athol	Clermont, Queensland	Mine	ML1804	Thermal coal	19	5	1	25	27	15 October 2025

JORC 2004										
Mine	Location	Status	Licence Number	Commodity	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	FY2026 Total (Mt)	FY2025 Total (Mt)	FY2026 Report Date
Springsure [1]	Southern Bowen Basin, Springsure, Queensland Australia	Exploration	MDL3002 EPC1674	PCI coal and Thermal coal	-	43	148	191	191	29 November 2013
Hughenden	Galilee Basin, Hughenden Queensland Australia	Exploration	EPC1300 EPC1394 EPC1477 EPC1478 EPC2049	Thermal coal	0	133	1,076	1,209	1,209	8 February 2013
Clyde Park[2]	North Eastern Galilee Basin, Hughenden, Queensland Australia	Exploration	EPC1260	Thermal coal	0	51	677	728	728	8 February 2013
TOTAL								2,153	2,155	

(1) Figures shown are 100% of the total resources. TerraCom's ownership is 90.07%.
(2) Figures shown are 100% of the total resources. TerraCom's ownership is 64.40%

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Competent Persons Statement

Blair Athol - Resources

The estimates of Coal Resources herein have been prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – the JORC Code (2012 Edition). These Resources are inclusive of the Reserves reported in the Reserves Statement.

The Company has used its significant working knowledge of the Blair Athol resource and together worked with Mr Greg Jones to update the latest report relating to coal resources for Blair Athol which was announced on 15 October 2025, titled "Blair Athol JORC Code Update". The updated estimate reflects actual mining depletion to 30 June 2025 and revisions to the geological model, including updated seam correlations, resource outlines and the treatment of high-ash Seam 4U material.

Compared to the 30 June 2025 JORC Resource position, the Blair Athol JORC Resource as at 30 June 2026 has been reduced by approximately 2Mt. The updated position primarily reflects depletion due to mining, together with updated drillhole and seam correlation data arising from the Company's continued understanding of the resource.

The updated information at 30 June 2026 is based on the estimated RoM mining for the year ended 30 June 2026 and information compiled by Mr Greg Jones who is a Principal Consultant of JB Mining Services Pty Ltd. Mr Jones is a qualified geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent.

Clyde Park – Resources

The information in this report relating to coal resources for Clyde Park was announced on 8 February 2013, titled "Mongolia and Queensland Update". This is based on information compiled by Ms Kim Maloney who is previously Senior Resource Geologist of Moultrie Geology. Ms Maloney has experience within the Central Queensland coal mines and has held various roles in these mine's Technical Services, including Exploration Geologist, Mine Geologist and Geology Superintendent. Ms Maloney is a Competent Person for coal as defined by the JORC Code (2004). Ms Maloney is a Senior Resource Geologist, previously with Moultrie Geology. Her principal qualifications are a Bachelor of Science from James Cook University and a Masters of Business Administration (Human Resource Management) from the Central Queensland University. Ms Maloney is a Member of The Australasian Institute of Mining & Metallurgy (#229120) and a Member of the Bowen Basin Geological Group.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement on 8 February 2013; and that all material assumptions and technical parameters in the announcement made on 8 February 2013 continue to apply and have not materially changed.

Springsure – Resources

The information in this report relating to coal resources for Springsure was announced on 29 November 2013, titled "Maiden Springsure JORC Indicated Resource". This is based on information compiled by Ms Kim Maloney who is previously Senior Resource Geologist of Moultrie Geology. Ms Maloney has experience within the Central Queensland coal mines and has held various roles in these mine's Technical Services, including Exploration Geologist, Mine Geologist and Geology Superintendent. Ms Maloney is a Competent Person for coal as defined by the JORC Code (2004). Ms Maloney is a Senior Resource Geologist, previously with Moultrie Geology. Her principal qualifications are a Bachelor of Science from James Cook University and a Masters of Business Administration (Human Resource Management) from the Central Queensland University. Ms Maloney is a Member of The Australasian Institute of Mining & Metallurgy (#229120) and a Member of the Bowen Basin Geological Group.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement on 29 November 2013; and that all material assumptions and technical parameters in the announcement made on 29 November 2013 continue to apply and have not materially changed.

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Hughenden – Resources

The information in this report relating to coal resources for Hughenden was announced on 8 February 2013, titled "Mongolia and Queensland Update". This is based on information compiled by Mr Mark Biggs who is previously Principal Geologist of Moultrie Database and Modelling. Mr Biggs is a member of the Australasian Institute of Mining and Metallurgy (Member #107188) and has over 25 years of experience relevant to the style and type of coal deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined by the Australasian Code for Reporting of Minerals Resources and Reserves (JORC) 2004.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement on 8 February 2013; and that all material assumptions and technical parameters in the announcement made on 8 February 2013 continue to apply and have not materially changed.

SOUTH AFRICA

JORC Reserves as at 30 June 2026

Thermal Coal JORC 2012									
Operation	Location	Status	Licence Number	Commodity	Proved (Mt)	Probable (Mt)	FY2026 Total[2] (Mt)	FY2025 Total (Mt)	FY2026 Report Date
Kangala Colliery	Delmas, Mpumalanga Province	Valid Mining Right	Mining Right: MP30/5/1/2/2/429 MR	Thermal coal	-	-	-	-	12 October 2017
New Clydesdale Colliery*[1]	Kriel, Mpumalanga Province	Valid Mining Right	Mining Right: MP30/5/1/2/2 /492MR	Thermal coal	24.9	15.1	40.0	40.9	30 June 2026
North Block Complex*[1]	Belfast, Mpumalanga Province	Valid Mining Right	Mining Right: MP30/5/1/2/2/100 90MR	Thermal Coal	8.8	-	8.8	40.1	30 June 2026
Ubuntu Colliery*	Delmas, Mpumalanga Province	Valid Mining Right	Mining Right: MP30/5/1/2/2/100 27MR	Thermal coal	-	6.3	6.3	6.3	13 January 2015
Eloff Project*	Delmas, Mpumalanga Province	Mining Right granted and executed. Registration of the mining right is underway.	Mining Right: MP30/5/1/2/2/101 69MR	Thermal coal	-	-	-	-	July 2017 + 20 March 2019 (correction) + 27 January 2022
Subtotal					**33.7**	**21.4**	**55.1**	**87.3**	

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Coking Coal JORC 2012									
Operation	Location	Status	Licence Number	Commodity	Proved (Mt)	Probable (Mt)	FY2026 Total (Mt)	FY2025 Total (Mt)	FY2026 Report Date
Berenice/ Cygnus Project*	Waterpoort, Limpopo Province	Granting of Mining Right pending due to an appeal against issuance of Environ-mental Authorisation. In progress. Mining Right Application lodged and accepted. Granting of Mining right pending. In progress	Mining Right: LP30/5/1/1/2/10131MR Mining Right application: LP30/5/1/1/2/10169MR	Thermal coal/ Metallurgical coal	-	-	-	-	23 February 2013
TOTAL	**Thermal and coking coal**				**33.7**	**21.4**	**55.1**	**87.3**	

JORC Resources as at 30 June 2026

Thermal Coal JORC 2012										
Operation	Location	Status	Licence Number	Commodity	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	FY2026 Total[2] (Mt)	FY2025 Total (Mt)	FY2026 Report Date
Kangala Colliery	Demas, Mpumalanga Province	Valid Mining Right	Mining Right: MP30/5/1/2/2/429MR	Thermal coal	47.3	15.0	32.3	94.6	94.6	12 October 2017
New Clydesdale Colliery*[1]	Kriel, Mpumalanga Province	Valid Mining Right	Mining Right: MP30/5/1/2/2/492MR	Thermal coal	59.5	31.4	7.7	98.6	105.5	July 2026
North Block Complex*[1]	Belfast, Mpumalanga Province	Valid Mining Right	Mining Right: MP30/5/1/2/2/10090MR	Thermal Coal	63.8	9.2	6.7	79.7	84.7	July 2026
Ubuntu Colliery*	Delmas, Mpumalanga Province	Valid Mining Right	Mining Right: MP30/5/1/2/2/10027MR	Thermal coal	20.6	2.0	14.3	36.9	36.9	13 January 2015
Eloff Project*	Delmas, Mpumalanga Province	Mining Right granted and executed. Registration of the mining right is underway.	Mining Right: MP30/5/1/2/2/10169MR	Thermal coal	399.3	188.4	107.5	695.2	695.2	July 2017 + 20 March 2019 (correction) + 27 January 2022
Subtotal					**590.5**	**246.0**	**168.5**	**1,005.0**	**1,016.9**	

Coking Coal JORC 2012										
Operation	Location	Status	Licence Number	Commodity	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	FY2026 Total (Mt)	FY2025 Total (Mt)	FY2026 Report Date
Berenice/ Cygnus Project*	Waterpoort, Limpopo Province	Granting of Mining Right pending due to an appeal against issuance of Environ-mental Authorisation. In progress. Mining Right Application lodged and accepted. Granting of Mining right pending. In progress	Mining Right: LP30/5/1/1/2/10131MR Mining Right application: LP30/5/1/1/2/10169MR	Thermal coal/ Metallurgical coal	424.9	800.9	124.3	1,350.1	1,350.1	23 February 2013
TOTAL Thermal and Coking Coal					**1,015.4**	**1,046.9**	**292.8**	**2,355.1**	**2,367.0**	

(*) Held through equity accounted investment
(1) Movements in Resources and Reserves from 30 June 2025 to 30 June 2026 reflect production depletion together with updates to geological models, mine plans, Resource classifications and applicable modifying factors.
(2) Rounding may cause computational discrepancies.
(3) Resource and Reserve amounts are presented on a 100% project basis, before TerraCom's equity interest.

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JORC Ore Reserves at Operating Mines as at 30 June 2026

Operation	Mine type	2026 Financial Year Proved (Mt)	2026 Financial Year Probable (Mt)	2026 Financial Year Total (Mt)	2025 Financial Year Proved (Mt)	2025 Financial Year Probable (Mt)	2025 Financial Year Total (Mt)
New Clydesdale Colliery	Opencut and underground	24.9	15.1	40.0	25.3	15.6	40.9
North Block Complex	Opencut	8.8	-	8.8	40.1	-	40.1
Ubuntu Colliery	Opencut	-	6.3	6.3	-	6.3	6.3
TOTAL*		**33.7**	**21.4**	**55.1**	**65.4**	**21.9**	**87.3**

* Due to rounding of reported figures, not all totals may reconcile to the sum of the reported components.

JORC Marketable Ore Reserves at Operating Mines as at 30 June 2026

Operation	Mine type	2026 Financial Year (Mt)	2025 Financial Year (Mt)
New Clydesdale Colliery	Opencut and underground	13.9	28.4
North Block Complex	Opencut	8.8	20.7
Ubuntu Colliery	Opencut	4.8	4.8
TOTAL*		**27.5**	**53.9**

Universal Coal Share as at 30 June 2026

Operation	Mine type	Interest %	Ore Reserves (Mt)	Marketable Ore Reserves (Mt)
New Clydesdale Colliery	Opencut and underground	49.0	19.6	6.8
North Block Complex	Opencut	49.0	4.3	4.3
Ubuntu Colliery	Opencut	48.9	3.1	2.3
TOTAL*			**27.0**	**13.4**

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Competent Persons Statement

Kangala – Resources and Reserves

The Coal Resource estimate for Kangala was prepared by Mr Simon Mokitimi who is a registered natural scientists and member of the South African Council for Natural Scientific Professions (a Recognised Overseas Professional Organisation). Mr Mokitimi was employed by Universal Coal and Energy Holdings SA (Pty) Ltd. He has sufficient experience relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Persons as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results (JORC) and consent to the inclusion in this document of this information in the form and context in which it appears.

New Clydesdale Colliery – Resources and Reserves

The Coal Resource and Reserve estimate for New Clydesdale Colliery was prepared by Mr Phillip van Vuuren (reserves) and Mr Killion Molele (resources). Mr. van Vuuren is a registered member of SAIMM (a Recognised Overseas Professional Organisation), and Mr. Molele is a registered member of SACNASP (a Recognised Overseas Professional Organisation). Both Mr van Vuuren and Mr Molele have sufficient experience relevant to the style of mineralisation and the type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results (JORC) and consent to the inclusion in this document of this information in the form and context in which it appears.

North Block Complex – Resources and Reserves

The Coal Resource and Reserve estimate for North Block Complex was prepared by Mr Phillip van Vuuren (reserves) and Mrs Lydia Motedi (resources). Mr. van Vuuren is a registered member of SAIMM (a Recognised Overseas Professional Organisation), and Mrs. Motedi is a registered member of SACNASP (a Recognised Overseas Professional Organisation). Both Mr van Vuuren and Mrs Motedi have sufficient experience relevant to the style of mineralisation and the type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results (JORC) and consent to the inclusion in this document of this information in the form and context in which it appears.

Ubuntu Project – Resources and Reserves

The Coal Resource and Reserve estimate for Ubuntu Project was prepared by Mr Phillip van Vuuren (reserves) and Mr Sachin Sewpersadh (resources). Mr van Vuuren is a registered member of SAIMM (a Recognised Overseas Professional Organisation) and Mr Sewpersadh is a registered member of SACNASP (a Recognised Overseas Professional Organisation). Both Mr van Vuuren and Mr Sewpersadh have sufficient experience relevant to the style of mineralisation and the type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results (JORC) and consent to the inclusion in this document of this information in the form and context in which it appears.

Based on information currently available to management, there have been no material updates to the Ubuntu Project's Resource and Reserve estimates since 30 June 2024. Accordingly, the previously reported estimates have been carried forward for FY2026.

Eloff Project – Resources and Reserves

The Coal Resource estimate for the Eloff Project was prepared by Mr Nico Denner, who is a registered natural scientist and member of the South African Council for Natural Scientific Professions (a Recognised Overseas Professional Organisation). Mr Denner is employed by Gemecs (Pty) Ltd and has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results (JORC) and consent to the inclusion in this document of this information in the form and context in which it appears.

Based on information currently available to management, there have been no material updates to the Eloff Project's Resource and Reserve estimates since 30 June 2024. Accordingly, the previously reported estimates have been carried forward for FY2026.

Berenice and Arnot South – Resources

The Coal Resource estimate for Berenice and Arnot South was prepared by Mr Nico Denner, who is a registered natural scientists and member of the South African Council for Natural Scientific Professions (a Recognised Overseas Professional Organisation). Mr Denner is employed by Gemecs (Pty) Ltd and has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results(JORC) and consent to the inclusion in this document of this information in the form and context in which it appears.

Based on information currently available to management, there have been no material updates to Berenice and Arnot's Resource estimates since 30 June 2024. Accordingly, the previously reported estimates have been carried forward for FY2026.

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DIRECTORS' REPORT

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Principal Activities

The principal activity of TerraCom Limited (the 'Company') and its controlled entities (the 'Group') during the period was the development and operation of coal mines in Queensland, Australia and South Africa. In the opinion of the directors, there were no significant changes in the state of affairs of the Group that occurred during the financial year that have not been noted in the review of operations.

Directors

Andrew Coles, Non-Executive Chairman (Appointed as Non-Executive Director on 9 March 2026 and as Non-Executive Chairman on 15 April 2026)

Member of the Audit Committee
Mr Coles is an engineer and senior executive with more than 40 years in mining, infrastructure and major civil projects in Australia and South East Asia. He has held executive and senior management roles with leading international contractors including Thiess and Snowy Mountains Engineering Corporation, and most recently served as President Director of PT Bis Industries in Indonesia.

His background includes large scale mining operations, contract management, business development and project delivery, particularly within the coal sector. He holds a Bachelor of Engineering from the University of Southern Queensland.

Former ASX listed directorships in the last three years: Nil.

Gerard Hutchinson, Non-Executive Director (Appointed 08 September 2026)

Chair of the Audit Committee; Member of the Remuneration Committee
Mr Hutchinson is a Fellow of Chartered Accountants Australia and New Zealand and a Fellow of the Australian Institute of Company Directors. He has more than 30 years' senior executive experience and more than 15 years as a non-executive director, across finance, commercial management, risk, governance and corporate transactions, gained in the resources, construction and services sectors in Australia, Asia and the Middle East. Mr Hutchinson's executive career includes Managing Director and Chief Financial Officer of SGX-listed AusGroup Limited, and Chief Financial Officer of Al-Futtaim Contracting in Dubai and of Qatari-listed Estithmar Holding Q.P.S.C. He previously held senior finance roles with Leighton Holdings and AECOM.

Current ASX listed directorships: KGL Resources Limited (ASX: KGL) – Independent Non-Executive Director (appointed 28 August 2026) and Chair of the Audit & Risk Committee

Former ASX listed directorships in the last three years: Korvest Ltd (ASX: KOV) – Director from 2014 to 31 October 2023

Glenn Splatt, Non-Executive Director (Appointed 17 February 2026)

Chair of Remuneration Committee; Member of the HSEC Committee
Mr Splatt is a mining engineer with more than 35 years' operational and technical experience across coal, gold and base metals operations in Australia and internationally. He has held senior technical services and mine planning leadership roles with major mining contractors and operators, including Thiess, Leighton Contractors, Macmahon Contractors, Golding, and Noble Group, and has extensive experience in open-cut coal operations in the Bowen Basin and Hunter Valley. Mr Splatt is currently a Director of Insignia Mining Pty Ltd, providing mine planning and technical services leadership. He holds a Bachelor of Engineering (Geological) from RMIT University.

Former ASX listed directorships in the last three years: Nil.

Stephen Barber, Non-Executive Director (Appointed 03 March 2026)

Chair of Health, Safety, Environment, and Community ('HSEC') Committee; Member of the Remuneration Committee; Member of the Audit Committee
Mr Barber is a Geologist with more than 34 years experience across coal, gold, and critical minerals projects in Australia and internationally. His background includes senior geological and resource roles in coal operations, including work undertaken for Noble Group and client projects such as Arutmin Indonesia and Thiess. Mr Barber is a Fellow of the Australasian Institute of Mining and Metallurgy and a JORC Competent Person. He is Director and Principal Geologist of Orestrat Mining Pty Ltd. He holds a Graduate Certificate in Minerals and Energy Management from the University of Western Australia, and a Bachelor of Science with Honours in Geology from the University of Queensland.

Former ASX listed directorships in the last three years: Nil.

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Mark Lochtenberg, Non-Executive Chairman (Resigned 09 March 2026)

Mr Lochtenberg graduated with a Bachelor of Laws (Hons) from the University of Liverpool, UK, and has been actively involved in the coal industry for more than 25 years. He was the Executive Chairman and founding Managing Director of ASX-listed Cockatoo Coal Limited. He was formerly co-head of Glencore International AG's worldwide coal division, where he spent 13 years overseeing a range of trading activities, including the identification, due diligence, negotiation, acquisition and aggregation of the coal project portfolio that would become Xstrata Coal. Before this, Mr Lochtenberg established a coal swaps market for Bain Refco (Deutsche Bank), having previously served as a senior coal trader for Hansen Neuerburg AG and as coal marketing manager for Peko Wallsend Limited.

Current ASX-listed directorships: Evolve Power Limited (formerly Montem Resources Limited) (ASX: [code]) – Chairman; Helios Energy Ltd (ASX: [code]) – Non-Executive Director

Former ASX-listed directorships in the last three years: Nickel Industries Limited (ASX: NIC) – March 2017 to November 2023; Equus Mining Limited (ASX: EQE) – October 2014 to February 2024

Danny McCarthy, Managing Director (Resigned 09 April 2026)

Mr McCarthy has almost 30 years' experience in construction, mining and minerals processing across a range of commodities. Before joining TerraCom, he held senior roles with Thiess, Wesfarmers Limited (ASX: WES), QCoal and Mineral Resources Limited (ASX: MIN), including as Chief Operating Officer of Mineral Resources Limited. Mr McCarthy joined TerraCom as Chief Executive Officer in December 2018 and was appointed Managing Director in April 2021, a role he held until his resignation.

Former ASX listed directorships in the last three years: Nil.

Glen Lewis, Non-Executive Director (Resigned 12 March 2026)

Mr Lewis is a qualified Coal Mine Manager and has worked in the Coal Industry since 1980. Throughout his career he worked as an Undermanager at various operations including United Colliery and Dartbrook Coal. In 1997 he commenced as Mine Manager at Cumnock Coal and in 1999 was promoted to Operations Manager at Oceanic Coal. Mr Lewis was promoted to the role of General Manager Eastern Underground Operations for Xstrata Coal NSW in 2003. Continuing with Xstrata Coal NSW, he was promoted to General Manager Operations with overall responsibility for 6 operating mines and several projects under construction. Mr Lewis commenced with NuCoal Resources Ltd (ASX: NCR) in 2010 as Managing Director overseeing the listing, capital raising, exploration and feasibility studies for a number of mining projects in the Hunter Valley. Mr Lewis stepped down from the position of Managing Director in 2017 and remains a Non-Executive Director of NuCoal.

Former ASX listed directorships in the last three years: Nil.

Mark Ludski, Non-Executive Director (Resigned 31 March 2026)

Mr. Ludski is a finance professional with in excess of 30 years' corporate experience within ASX listed public companies and professional accounting firms gaining experience in capital management, governance related activities and providing audit, taxation and business advisory services. Mr Ludski is university degree qualified, a member of Chartered Accountants in Australia and New Zealand and the Australian Institute of Company Directors. Mark previously held the role of Chief Financial Officer for over 22 years with ASX Listed Company, Ainsworth Game Technology Limited (ASX: AGI). Mark still remains as Company Secretary with AGI, a role he has held for over 22 years. In addition to his current role Mark is currently a non-executive director for Angel Action Pty Ltd as Trustee for The Ainsworth Foundation a role held since 2013.

Former ASX listed directorships in the last three years: Nil.

David Norris, Non-Executive Director (Resigned 11 December 2025)

Mr Norris is a highly experienced financial professional with experience in board-level decision making, investment strategies, and accounting practices. For over 20 years' David has held prominent positions in various organisations, including Director at Deloitte and is currently Chief Executive Officer at the John Singleton Group. His experience enables him to analyse complex financial data and provide valuable insights to support strategic decision-making. David has a deep understanding of financial regulations, taxation and accounting principles, ensuring compliance and accurate financial reporting. In his current role, David is responsible for identifying investment opportunities, conducting due diligence, and implementing sound investment strategies, and is actively involved as a director on multiple company boards and private equity funds. David holds a Bachelor's Degree in Commerce, and is a member of both the Chartered Accountants Australia New Zealand, and the Australian Institute of Company Directors.

Former ASX listed directorships in the last three years: Nil.

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Mark Chadwick, Non-Executive Director (Appointed 01 May 2026 and Resigned 27 July 2026)

Mr Chadwick is a Chartered Accountant with more than 30 years' experience across accounting, corporate finance, restructuring, risk management, governance and strategic advisory, with relevant experience in the resources sector and international markets.

Mr Chadwick holds a Bachelor of Commerce (Accounting) from Curtin University and has extensive board experience across both private and publicly listed companies. His previous roles include Non- Executive Chairman of Dundas Minerals Limited, where he oversaw the company's transition from private ownership to an ASX-listed exploration company with three key gold projects. Mr Chadwick also previously served as Senior Managing Director and Head of Singapore for FTI Consulting and has held senior roles with PPB Advisory and Ferrier Hodgson in Singapore, Shanghai, Jakarta and Perth.

Former ASX listed directorships in the last three years: Dundas Minerals Limited (ASX: DUN) from February 2021 to March 2026.

Executive Management

Chris Bourke, Interim Chief Executive Officer (Appointed effective 9 April 2026; previously Chief Operating Officer)

Mr Bourke is an experienced regional multi-site General Manager with a demonstrated history of working in the coal and metals mining industry in Australia and internationally. Chris has held positions encompassing all mine technical roles, management of Mine Technical Services teams, Project Management and General Manager / SSE.

He possesses strong leadership skills at senior operational levels for both open-cut coal and metals mines. Mr Bourke has a proven track record of enhancing and maintaining operational, safety, and cultural performance. His excellent leadership, communication, and mentoring abilities are complemented by his vast experience in conventional mining practices and autonomous drilling, dozing, and haulage operations. He holds a Bachelor Degree in Mining Engineering from the University of Queensland and an Associate Degree in Project Management from the University of Melbourne/Melbourne Business School.

Richard Clarke, Chief Financial officer and Company Secretary (Appointed 29 May 2026)

Mr Clarke is a Chartered Accountant with more than 20 years' experience across accounting, commercial, corporate finance, as well as capital raising and debt financing. His previous roles include experience in listed coal mining companies Bowen Coking Coal, Glencore, Peabody and BHP. He holds a Bachelor of Commerce (Accounting) and Bachelor of Science from the University of Queensland.

Danny McCarthy, Managing Director (Resigned 9 April 2026) – Refer details on previous page

Jen Williams, Chief Financial Officer and Company Secretary (Appointed 7 August 2025 and Resigned 10 April 2026)

Jen's financial leadership spanned more than 15 years in the Australian coal industry, covering commercial, accounting, corporate finance, treasury, risk and governance, as well as capital raising and debt financing. Jen has previously served in senior leadership and finance roles with Peabody Energy, Coronado Global Resources, Bowen Coking Coal and Whitehaven Coal. She holds a Bachelor of Business (Accountancy) and Bachelor of Arts from Queensland University of Technology (QUT) and is a qualified Chartered Accountant (CA).

Megan Etcell, Chief Financial Officer and Company Secretary (Resigned 9 July 2025)

Megan holds a Bachelor of Commerce Degree from the University of Newcastle and is a qualified Chartered Accountant. Ms Etcell joined TerraCom in November 2019 as Company Secretary and started in the role of Executive General Manager Corporate Affairs in September 2020. Ms Etcell was appointed Chief Financial Officer in March 2022 after holding the position of Interim Chief Financial Officer. Ms Etcell has held senior roles within the coal mining industry working for NuCoal Resources Limited (ASX NCR) in various capacities including Chief Financial Officer and Company Secretary. During her time with NuCoal, Megan was involved in numerous corporate transactions including capital raisings, acquisitions and joint venture arrangements.

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Directors' Interests

As at the date of this report, the interest of each director in the ordinary shares of the Company, as notified by the directors to the ASX in accordance with section 205G(1) of the Corporations Act 2001 (Cth) is as follows:

Director	Ordinary shares Direct Interest	Ordinary Shares Indirect Interest	Options over Ordinary Shares Direct Interest	Options over Ordinary Shares Indirect Interest	Total
Andrew Coles	-	-	-	-	-
Stephen Barber	-	-	-	-	-
Glenn Splatt	-	-	-	-	-
Gerard Hutchinson	-	-	-	-	-

Meetings of Directors

	Full Board *		Remuneration Committee		Audit Committee		HSEC Committee	
Director	**Attended (A)**	**Held (B)**	**Attended (A)**	**Held (B)**	**Attended (A)**	**Held (B)**	**Attended (A)**	**Held (B)**
Mark Lochtenberg	8	8	-	-	-	-	1	2
Danny McCarthy	9	9	-	-	3	3	2	2
Glen Lewis	6	8	-	-	2	3	2	2
Mark Ludski	9	9	-	-	3	3	1	2
David Norris	4	4	-	-	2	2	1	2
Glenn Splatt	5	5	1	1	1	1	-	-
Stephen Barber	4	4	1	1	1	1	-	-
Andrew Coles	4	4	1	1	1	1	-	-
Mark Chadwick	3	3	1	1	1	1	-	-

(*) *TerraCom does not have a fully constituted Nominations Committee, however, as and when required the full Board participates as the Nominations Committee in order to fulfil its corporate governance responsibilities.*

(A) Number of meetings attended.
(B) Number of meetings held during the time the Director held office or was a member of the committee during the period and was required to attend.

Review of Operations

	Total (kt)				Equity (kt)			
	ROM (kt)		Coal Sales (kt)		ROM (kt)		Coal Sales (kt)	
Operation	FY2026	FY2025	FY2026	FY2025	FY2026	FY2025	FY2026	FY2025
Australia	**1,938**	**2,047**	**1,452**	**1,537**	**1,938**	**2,047**	**1,452**	**1,537**
Blair Athol	1,938	2,047	1,452	1,537	1,938	2,047	1,452	1,537
South Africa	**6,067**	**7,689**	**4,451**	**5,065**	**2,973**	**3,767**	**2,181**	**2,481**
New Clydesdale Colliery[1]	2,419	2,733	1,865	1,889	1,185	1,339	914	925
North Block Complex[1]	3,648	4,956	2,586	3,176	1,788	2,428	1,267	1,556
TOTAL	**8,005**	**9,736**	**5,903**	**6,602**	**4,911**	**5,814**	**3,633**	**4,018**

(1) 49.0% equity interest owned by TerraCom Limited

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

During the year ended 30 June 2026, TerraCom Limited continued operations across its Australian and South African coal interests.

The Group's Australian operations comprise the Blair Athol Coal Mine in Queensland, in which TerraCom holds a 100% interest. In South Africa, the Group holds interests in the New Clydesdale Colliery and North Block Complex through its 100%-owned subsidiary.

Operational performance during FY2026 was affected by a combination of coal market conditions, mine sequencing, equipment availability and site-specific operating factors. Management maintained its focus on production, cost control, mine planning and the safe operation of the Group's assets.

During the latter part of the financial year, TerraCom commenced a review of its operating structure and mine plans, with particular attention given to improving productivity and cost performance at Blair Athol.

The Group continued to market coal into domestic and export markets during the year, with realised pricing reflecting prevailing benchmark coal prices, product specifications and individual sales arrangements.

A detailed review of the Group's operations during the year, including the Blair Athol Mine, the Moorlands Development Project, the South African operations (New Clydesdale Colliery, North Block Complex and Ubuntu Colliery) and the FY2027 strategic review, is set out in the Review of Operations on pages 9 to 19 of this Annual Report, which forms part of this Directors' Report.

Dividends

Paid during the year
No dividend was paid to shareholders during the year ended 30 June 2026 (2025: $8.010 million).

Declared after end of year
No dividends were declared after end of year.

Franking Account Balance

Franking account balance as at 30 June 2026 was $70.516 million (2025: $76.026 million).

Shares under Option

Shares issued on exercise of options
No shares were issued on the exercise of options during the financial year (2025: Nil).

Unissued Shares under Options

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

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Indemnity and Insurance of Officers

The Company has indemnified the Directors and Executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith. During the financial year, the Company paid a premium in respect of a contract to insure the Directors and Executives of the Company against a liability to the extent permitted by the Corporations Act 2001 (Cth). The contract of insurance prohibits disclosure of the nature of the liability, the amount of the premium, the status of any claims and the amount advanced under any claim made.

Indemnity and Insurance of Auditor

To the extent permitted by law, the Company has agreed to indemnify its auditors, BDO, as part of the terms of its audit engagement agreement, against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify BDO during or since the financial year. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Matters Subsequent to the End of the Financial Year

Other than the matters set out below, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report that, in the opinion of the Directors, is likely 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. These matters should be read together with Note 1.2 Going Concern, which describes a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

In July 2026, the Group fully repaid the coal prepayment arrangement entered into in April 2025, settling outstanding customer prepayments of A$16.378 million (US$11.25 million). The repayment represented a substantial application of the Group's cash reserves. Following the repayment, the Group had no external debt, other than lease commitments.

The Group has signed term sheets to enter into a US$20 million coal prepayment agreement with an international coal trader, with the first US$10 million payable on 6 October 2026, and is pursuing additional liquidity through cargo prepayments and a formal debt financing process. Further detail is set out in Note 1.2 of the Financial Report.

Since July 2026, the Group has adopted a revised mine plan and product mix at Blair Athol and added a third excavator to the mining fleet. These changes are intended to increase production and reduce average production costs through higher volumes. The Directors expect initial benefits to emerge in the December 2026 quarter, with more significant benefits expected in the six months to 30 June 2027. These operational initiatives are expected to support operating cash flow but do not, of themselves, provide direct working capital funding.

Outlook and Likely Developments

Energy security is expected to remain a key priority while there is a continuing global energy supply shortfall – particularly for high quality thermal coal.

In the opinion of the directors, it is likely to take several years before additional supply or alternative energy sources are available in the global energy market to meet the necessary demand. Whilst many options for decarbonisation are being considered, there is no immediate alternatives to replace coal as a baseload energy solution in the next multi-decade period.

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Environmental Regulation

The Group holds licences issued by the relevant environmental protection authorities of the various countries in which it operates. There have been no significant known breaches of the consolidated entities' licence conditions or any environmental regulations.

Principal Risks

The Group operates in the coal sector in both Australia and South Africa. There are a number of factors, both specific to the Group and to the coal sector in general, which may, either individually or in combination, affect the future operating and financial performance of the Group, its prospects and/or the value of the Group's shares. Many of the circumstances giving rise to these risks are beyond the control of the board and management. The major risks believed to be associated with investment in the Group are as follows:

Operational Risk

The Group's coal mining operations are subject to operating risks that could impact the amount of coal produced or processed at its coal mines, delay coal deliveries or increase the cost of mining for varying lengths of time. These include failure to achieve predicted grade in exploration, mining and processing, technical difficulties encountered in operating plant and equipment, mechanical failure, metallurgical problems which affect extraction rates and costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, unexpected shortages or increase in the costs of consumables, spare parts, plant and equipment. Geological uncertainty is also an inherent operational risk which could result in pit wall failures, rock falls or other failures to mine infrastructure. The Company has in place a framework for the management of operational risks and a comprehensive group insurance program which provides insurance coverage for a number of these operating risks.

Cash Flow Risk

The risk the Group's operations are unable to generate sufficient cashflow to meet their operational commitments and the debt funding repayments in South Africa could have a negative effect on the Group's going concern ability. The Group's operations were able to meet all their commitment for the period under review and service head office and corporate expenses. The Directors regularly review cash flow requirements to ensure the Group can meet financial obligations as and when they fall due.

Country Risks

There is a risk that circumstances (including unforeseen circumstances) in either Australia or South Africa may cause a delay to project development, exploration milestones or other operating factors, resulting in receipt of revenue at a later date than expected. There is also a risk that a change in laws may impact the viability of the projects. TerraCom has monitoring processes in place which provide adequate assessment of the circumstances and necessary action to mitigate the associated risk.

Market Risk – Coal Price and Foreign Currency

The Group's plans for any revenue are to be derived mainly from the sale of coal and/or coal products. Consequently, the Group's financial position, operating results and future growth will closely depend on the market price of each of these commodities. Market prices of coal products are subject to large fluctuations in response to changes in demand and/or supply and various other factors. These changes can be the result of uncertainty or several industry and macroeconomic factors beyond the control of the Group, including political instability, governmental regulation, forward selling by producers, climate, inflation, interest rates and currency exchange rates. If market prices of the commodities sold by the Group were to fall below production costs for these products and remain at that level for a sustained period of time, the Group would be likely to experience losses, having a material adverse effect on the Group. The Group does not currently hedge against coal price and foreign exchange.

Exploration and Evaluation Risk

Mineral exploration and development are high risk undertakings. While the Group has attempted to reduce this risk by selecting projects that have identified prospective mineral targets, there is still no guarantee of success. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited. The Group's exploration and appraisal activities are dependent upon the grant and maintenance of appropriate licences, permits,

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resource consents, access arrangements and regulatory authorities (authorisations) which may not be granted or may be withdrawn or made subject to limitations. Although the authorisations may be renewed following expiry or granting (as the case may be), there can be no assurance that such authorisations will be renewed or granted on the same terms.

There are also risks that there could be delays in obtaining such authorisations. If the Group does not meet its work and/or expenditure obligations under its authorisations, this may lead to dilution of its interest in, or the loss of such authorisations. The business of commodity development and production involves a degree of risk. Amongst other factors, success is dependent on successful design, construction and operation of efficient gathering, processing and transportation facilities. Even if the Company discovers or recovers potentially commercial quantities of coal from its exploration activities, there is no guarantee that the Group will be able to successfully transport these resources to commercially viable market or sell the resources to customers to achieve a commercial return.

Capital Requirements Risk

There is a risk that insufficient liquidity or the inability to access funding on acceptable terms may impact ongoing operations and growth opportunities. The Group implements various capital management strategies to align, where possible, with the capitalised liquidity requirements on the Company.

Health and Safety Risk

The Group has a comprehensive health and safety management system. The Group's projects are subject to laws and regulations regarding health and safety matters. Accidents or incidents of the operations could lead to delays, disruptions, or shutdown of the operations. Potential safety risks include equipment failure, human errors, mining equipment interactions and spontaneous combustion risk. TerraCom has a comprehensive environmental, health and safety management system to mitigate the risk of incidents and to ensure compliance with environmental and safety laws.

Resources and Reserves Risk

The future success of the Group will depend on its ability to find or acquire coal reserves that are economically recoverable. There can be no assurance that the Group's planned exploration activities will result in significant resources or reserves or that it will have success mining coal. Even if the Group is successful in finding or acquiring coal reserves or resources, reserve and resource estimates are estimates only and no assurance can be given that any particular level of recovery from coal resources or reserves will in fact be realised or that an identified coal resource will ever qualify as commercially viable which can be legally and economically exploited.

Market fluctuations in the price of coal, as well as increased production costs or reduced recovery rates may render coal reserves and resources containing relatively lower grades of mineralisation uneconomic and may ultimately result in a restatement of reserves and or resources. Short-term operating factors relating to the coal reserves and resources, such as the need for orderly development of the ore bodies and the processing of new or different mineral grades may cause a mining operation to be unprofitable in any particular accounting period and may adversely affect the Group's profitability. The mining of coal involves a high degree of risk, including that the coal mined may be of a different quality, tonnage or strip ratio from that estimate.

Acquisitions and Commercial Transactions Risk

Acquisitions and commercial transactions are completed by the Group with the principal objective of growing the Group's portfolio of assets. Risks associated with these transactions include adverse market reaction to proposed and/or completed transactions, further exploration and evaluation activities not meeting expectations, and the imposition of unfavourable or unforeseen conditions, obligations and liabilities. Commercial processes in place are designed to reduce the likelihood of these risks materialising as a result of a commercial transaction.

Environmental and Regulatory Risk

The Group's projects are subject to laws and regulations regarding environmental matters. Many of the activities and operations of the Group cannot be carried out without prior approval from and compliance with all relevant authorities. The Group intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws. However, the Group could be subject to liability due to risks inherent to its activities, such as groundwater contamination, subsidence, accidental spills, leakages or other unforeseen circumstances. TerraCom has a comprehensive environmental, health and safety management system to mitigate the risk of incidents and to ensure compliance with environmental and safety laws. The Company also has a community relations team that engage with local communities to ensure community issues are understood and addressed appropriately.

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Legal and Regulatory Risk

The coal sector is subject to a broad range of laws, regulations and standards including in relation to taxation, royalties, environmental matters and greenhouse gas emissions. A change in the laws, regulations or standards applicable to the Company could result in increased costs, regulatory action, litigation or, in extreme cases, threaten the viability of an operation.

TerraCom actively monitors legislative and regulatory developments and engages appropriately with legislative and regulatory bodies to manage this risk.

Cyber Risk

The Group relies on information technology systems to support its operations. Computer viruses, unauthorised access, cyberattacks and similar disruptions could compromise the security of the Group's information and disrupt operational systems. TerraCom manages this risk by engaging a specialist external IT provider to host and manage its systems, including data back-up, and by implementing the security measures that provider recommends.

Infrastructure Risks

Coal sold from the Group's mining operations is transported to customers by a combination of trucks, rail and ship. A number of factors could disrupt these transport services, including a failure of infrastructure providers to increase capacity in order to meet future export requirements.

Rail and port capacity is obtained predominantly through contract arrangements which includes take-or pay provisions which require payment to be made irrespective of whether the service is actually used. The Group seeks to align these take-or-pay infrastructure obligations with the Group's forecast future production.

Counterparty Risk

The Group deals with a number of counterparties, including customers and suppliers. Risks include non-supply or changes to the quality of key inputs which may impact costs and production at its mining operations, or failure of suppliers or customers to perform against operational and sales contracts. Counterparty risk is assessed prior to entry into any new arrangements and, if necessary, appropriate risk control mechanisms are put in place. TerraCom proactively engages with its counterparties to manage instances of non-supply and quality control and to ensure alignment of expectations.

Climate Change Risk

Climate change and management of carbon emissions may lead to increasing regulation and costs. There continues to be focus from governments, regulators and investors in relation to how companies are managing the impacts of climate change policy and expectations. The Group's growth may be impacted by increasing regulation and costs associated with climate change and the management of carbon emissions.

The Group actively monitors current and emerging areas of climate change risk and opportunities to ensure appropriate action can be taken.

Political risk

Political and regulatory instability has been the cause of major investment uncertainty in the South African mining space. The South Africa Department of Mineral Resources unveiled new rules for Black Economic Empowerment, including more rigorous ownership requirements, increased expectations on skills development, and expanded quotas for buying goods and services from black-owned companies.

Notwithstanding these additional requirements, the Group is in a fortunate position with respect to its South African Operations in that it fulfills nearly all obligations in the revised Mining Charter in its current format.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 (Cth) is set out immediately after this directors' report.

Rounding of Amounts

The Company is of a kind referred to in Corporations Instrument 2026/183, 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.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 (Cth) for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

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LETTER FROM CHAIRMAN OF THE REMUNERATION COMMITTEE

I am pleased to present TerraCom's Remuneration Report for the financial year ended 30 June 2026.

FY2026 was a year of considerable transition for TerraCom, including changes to the composition of the Board and executive leadership team. Against that backdrop, the Board has remained focused on ensuring the Company's remuneration framework is appropriate for the business, aligned with shareholder interests and capable of supporting TerraCom's next phase of operational improvement and growth.

Our approach to remuneration is based on a straightforward principle: executive reward should reflect performance and the creation of sustainable long-term shareholder value.

During the year, TerraCom operated through challenging market conditions, including softer thermal coal prices and periods of operational and logistics disruption. These conditions reinforced the importance of maintaining appropriate links between remuneration outcomes, operational delivery, financial performance, safety and shareholder returns.

The Board also oversaw an executive leadership transition during the latter part of FY2026, with Chris Bourke appointed Interim Chief Executive Officer following Danny McCarthy's decision to step down as Managing Director. Remuneration arrangements associated with these changes have been considered carefully and are detailed in this Report.

As a refreshed Board, we are reviewing TerraCom's remuneration framework to ensure it remains competitive enough to attract and retain high-quality people while maintaining appropriate accountability for performance. In particular, we believe variable remuneration should reward measurable outcomes that management can influence and that contribute directly to building a stronger and more valuable Company.

This is particularly important as TerraCom enters FY2027 with a renewed focus on increasing production, improving productivity, reducing unit costs and strengthening the performance of the Blair Athol operation. The Board intends to ensure that executive incentives support these objectives and appropriately align management outcomes with those experienced by shareholders.

We remain committed to transparency, disciplined governance and a remuneration framework that appropriately balances performance, accountability and long-term value creation.

On behalf of the Board, I thank our shareholders for their continued support of TerraCom.

signature

Glenn Splatt
Remuneration Committee Chair
TerraCom Limited

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REMUNERATION REPORT

The audited remuneration report for the year ended 30 June 2026 outlines the remuneration arrangements of the Group in accordance with the Corporations Act 2001 (Cth) and its regulations. This information has been audited as required by section 308(3C) of the Corporations Act 2001 (Cth).

The remuneration report details the remuneration arrangements for the Group's key management personnel (KMP) during the financial year ended 30 June 2026. KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group directly or indirectly, including any director (whether executive or otherwise) of the Group and other designated senior executives.

During the year, KMP comprised the Managing Director (MD), the Interim Chief Executive Officer (CEO) [1], the Chief Financial Officer and Company Secretary, the Interim Chief Financial Officer and Company Secretary, and the Chief Operating Officer[1] (collectively the Executive KMP) and the non-executive directors of the Company.

The remuneration report is tabled at the Annual General Meeting of the Company each year for shareholder approval. At the 2025 Annual General Meeting of shareholders held on 27 November 2025, the remuneration report for the year ended 30 June 2025 received positive shareholder approval with a vote of 93.2% in favour. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

(1) Appointed Interim Chief Executive Officer effective 9 April 2026 (previously Chief Operating Officer, appointed 3 February 2025)

Principles Used to Determine the Nature and Amount of Remuneration

The Group's remuneration framework aims to provide competitive and performance-based rewards that reflect the outcomes achieved. The Group recognises that its success relies on the capability and performance of its Directors and Executive KMP.

Accordingly, the Company's remuneration philosophy is focused on attracting, retaining, and motivating high-calibre individuals who drive organisational performance.

The framework is structured to align executive remuneration with the delivery of strategic goals and the generation of long-term shareholder value. It is designed to reflect market best practices and support sound governance. In establishing the framework, the Board considers the following key principles:

- Market competitiveness and fairness
- Shareholder expectations and acceptance
- Clear linkage between performance and executive rewards
- Transparency and accountability

An essential feature of the framework is its focus on aligning the interests of both shareholders and KMP to foster sustainable success.

KMP Interests	Shareholder Interests
• Valuing the experience and capabilities of key personnel • Ensuring remuneration is market-aligned and tied to shareholder value creation • Establishing a transparent and structured reward system	• Embedding economic profit as a central element of the remuneration framework • Promoting enduring growth in shareholder returns through financial performance and executive focus on key qualitative factors influencing long-term value • Ensuring the Group remains competitive in attracting experienced and effective senior leaders

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Role of the Remuneration Committee

The Board recognises the principle of fair, responsible and transparent remuneration practices is imperative to its overall corporate governance structure. To assist in carrying out its responsibilities in this area, the Board has delegated certain responsibilities to the Remuneration Committee.

The primary purpose of the Remuneration Committee is to represent the Board and to assist the Board to perform its functions in relation to all executive KMP remuneration issues and the Company's human resources strategy, generally.

The Committee is primarily responsible for:

- monitoring the effectiveness of the overall remuneration structure of the Group;
- reviewing and approving the remuneration arrangements for the Managing Director and other executive KMP;
- reviewing and approving the terms and conditions of short-term incentives and long-term incentives for the Managing Director and other executive KMP (including setting short term incentives);
- assisting the Board with review of the performance of the Managing Director;
- reviewing and recommending to the Board the remuneration to be paid to non-executive Directors, including the process by which any pool of directors' fees approved by shareholders is allocated to directors;
- reviewing and recommending to the board the remuneration to be paid to board members of any subsidiaries of the Group;
- reviewing and making recommendations to the Board on remuneration;
- approving the appointment of remuneration consultants for the purposes of the Corporations Act 2001 (Cth);
- reviewing senior executive succession and key staff succession plans;
- reviewing and recommending to the Board the remuneration report prepared in accordance with the Corporations Act 2001 (Cth) for inclusion in the annual directors' report;
- reviewing and facilitating shareholder and other stakeholders' engagement in relation to the Company's remuneration policies and practices; and
- to ensure any termination benefits are justified and appropriate.

The objective of the Committee is to ensure the remuneration polices and structures adopted by the Group are both fair and competitive and aligned with the long-term interests of the Group. In doing this, the Remuneration Committee may seek advice from independent expert remuneration consultants where applicable. In FY25 the Company engaged an independent remuneration expert, Equity Plan Management Pty Ltd, to perform a review of the Company's current Short Term Incentive (STI) and Long Term Incentive (LTI) plans. No recommendations have been made following the review. The amount charged for the services was $8,000 including GST. No remuneration consultants were engaged during FY26.

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The Remuneration Committee will continue to ensure that all future engagements with independent external remuneration consultants and any recommendations are free from undue influence. At times, remuneration consultants may be required to interact with management to obtain relevant information to form any remuneration recommendations. Members of the Remuneration Committee will have oversight of these interactions.

No remuneration consultants were engaged during FY26 and, accordingly, no remuneration recommendations (as defined in section 9B of the Corporations Act 2001 (Cth)) were made in relation to any KMP during the year. Any future engagement of a remuneration consultant will be approved by, and report directly to, the Remuneration Committee to ensure that any recommendation is free from undue influence by the KMP to whom it relates.

Non-Executive Director Remuneration

Non-Executive KMP

Name	Role held during FY26 and up to date of this report, including committee memberships
Andrew Coles	Non-Executive Chairman (appointed Non-Executive Director 9 March 2026; appointed Non-Executive Chairman 15 April 2026). Member of Audit Committee.
Glenn Splatt	Non-Executive Director (appointed 17 February 2026). Chair of Remuneration Committee. Member of HSEC Committee.
Stephen Barber	Non-Executive Director (appointed 3 March 2026). Chair of HSEC Committee. Member of Remuneration Committee. Member of Audit Committee.
Gerard Hutchinson	Non-Executive Director (appointed 8 September 2026). Chair of Audit Committee.
Mark Chadwick	Non-Executive Director (appointed 1 May 2026; appointed Chair of the Audit Committee from 1 May 2026; resigned 27 July 2026). Member of Remuneration Committee.
Mark Lochtenberg	Non-Executive Chairman (appointed 28 January 2022; appointed Non-Executive Chairman 19 May 2023; resigned 9 March 2026). Chair of the Remuneration Committee.
David Norris	Non-Executive Director (appointed 06 October 2023; resigned 11 December 2025). Member of the Audit Committee.
Glen Lewis	Non-Executive Director (appointed 23 December 2019; resigned 12 March 2026). Member of the Remuneration Committee and Audit Committee.
Mark Ludski	Non-Executive Director (appointed 7 December 2022; resigned 31 March 2026). Chair of the Audit Committee.

Setting Non-Executive Director Fees

Fees and payments to non-executive directors are structured to reflect the responsibilities and demands of their roles.

The remuneration approach aims to attract and retain appropriately qualified and experienced non-executive directors. While there is no mandated minimum shareholding requirement, the Company encourages all directors to hold shares to promote alignment with shareholder interests.

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Non-executive directors are reimbursed for reasonable travel and other expenses incurred in attending Board meetings or conducting Company business. Their fees and payments are reviewed annually by the Remuneration Committee, which may engage independent remuneration consultants as needed to ensure the structure remains appropriate and market-aligned. Fees for the Chairman are determined separately from those of other non-executive directors, based on comparable roles in the external market.

In accordance with ASX Listing Rules, the aggregate remuneration pool for non-executive directors must be approved periodically by shareholders at a general meeting. The most recent approval occurred at the Annual General Meeting held on 27 November 2025, where shareholders approved a maximum aggregate fee pool of $1,500,000 per annum, excluding long-term incentive options. No further approval has been sought since this time.

Current Non-Executive Director Fee Remuneration

The fee levels adopted by the Board during FY2026 are outlined below, noting the fees are per annum and include mandatory statutory superannuation contributions. The fees apply to non-executive directors only.

	Board	Remuneration Committee	Audit Committee	HSEC Committee
Chair	$250,000	$30,000	$30,000	$30,000
Member	$100,000	$15,000	$15,000	$15,000

The Chairman's director fees are all inclusive and additional fees for being a Chair or Member of the other committees do not apply. The Chair fee of $250,000 per annum shown above applied to Mr Mark Lochtenberg until his resignation on 9 March 2026. Mr Andrew Coles was appointed Non-Executive Chairman on 15 April 2026, with a Chair fee of $200,000 per annum effective from that date.

Executive KMP Remuneration

The Group aims to reward Executive KMP based on their position and responsibility, with a balance between fixed and incentive pay, reflecting short and long term performance objectives which align with the Group's circumstances and objectives.

The executive remuneration and reward framework has four components which comprises the total remuneration:

1. fixed remuneration, including superannuation (TFR)
2. short-term performance incentives (STI)
3. long-term performance incentives (LTI)
4. non-monetary benefits (including fringe benefits)

The table below shows Executive KMP during FY26 and up until the date of this report, including a summary of notice periods and key terms.

Name	Position held during period	Notice period
C Bourke	Interim Chief Executive Officer (1) and Chief Operating Officer	3 months
R Clarke (2)	Interim Chief Financial Officer and Company Secretary	3 months
D McCarthy (3)	Managing Director and Chief Executive Officer	6 months
J Williams (4)	Chief Financial Officer and Company Secretary	3 months
M Etcell (5)	Chief Financial Officer and Company Secretary	6 months

(1) Appointed Interim CEO effective 9 April 2026, following the resignation of the former Managing Director & CEO.
(2) Appointed Interim Chief Financial Officer & Company Secretary effective 29 May 2026 (subsequently appointed permanent CFO and Company Secretary on 4 August 2026)
(3) Resigned as Managing Director and Chief Executive Officer (CEO) effective 9 April 2026, remaining employed until 30 April 2026.
(4) Appointed as Chief Financial Officer (CFO) and Company Secretary on 7 August 2025. Subsequently resigned from the role of CFO & Company Secretary on 10 April 2026, remaining employed until 9 July 2026.
(5) Resigned as Chief Financial Officer (CFO) and Company Secretary on 9 July 2025, remaining employed until 31 August 2025.

Termination Provisions: Executive KMPs are employed under continuing service agreements with no fixed term. Either party may terminate the agreements by providing the notice periods set out above. The Company may, by agreement with the Executive, make a payment in lieu of part or all of the notice period, calculated by reference to the Executive's then annual base salary plus superannuation. Termination and redundancy entitlements are provided in accordance with the National Employment Standards under the Fair Work Act 2009 (Cth) and the relevant Executive KMP service agreements, where applicable. Termination benefits recognised during FY2026 are disclosed in the statutory remuneration table below.

The following diagram sets out the remuneration mix of TFR, STI award and LTI award value at target for the Executive KMP for the 2026 financial year.

Chief Executive Officer

Other Executive KMP

1. Fixed Remuneration

TFR is intended to provide a base level of remuneration that is both market competitive and appropriate for the role. It includes base salary and statutory superannuation contributions. Executive employment contracts do not provide for guaranteed increases in base pay; however, TFR is reviewed annually by the Remuneration Committee.

In determining TFR levels, the Committee considers a range of factors, including the executive's skills, relevant experience, and the overall performance of the Company. All Executive KMP are employed under continuing contracts (i.e. not fixed term).

No material changes to the terms and conditions of these contracts are expected in the immediate future.

2. Short-Term Incentives

The purpose of the STI is to align employee rewards with the achievement of the Group's strategic objectives, while ensuring the overall cost remains reasonable and sustainable. STI performance measures are designed to support business growth and incorporate a combination of financial, operational, and technical performance indicators.

The performance measures underpinning the current STI plan are reviewed annually by the Remuneration Committee to ensure continued alignment with the Group's strategic priorities.

The key terms of the approved STI plan are outlined below:

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Item	Description
Performance Period	The STI plan was formally approved and adopted by the Board in August 2022. Eligible participants were advised of their participation in the STI plan at this time. The period impacting the remuneration of KMP during FY2026 related to the following 12-month performance period: FY2026 – 1 July 2025 to 30 June 2026 Based on the performance of the Group there is no STI Award for the performance Period 1 July 2025 to 30 June 2026.
Performance Measures	The STI plan is linked to performance measures achieved during a financial reporting period (i.e. from 1 July to 30 June). Incentive payments under the plan are calculated on the achievement of pre-determined criteria set by the Board, which include Company financial performance measures, strategic objectives, Blair Athol operational performance targets as well as individual performance. To enable payment of any STI Award, an Eligible Participant must be meeting expectations with respect to individual performance and displaying behaviour consistent with the Company's values.
Form of Award	Awards are delivered in cash. Timing of award and payment is usually September each year.
STI Opportunity	Managing Director and Interim Chief Executive Officer: Target 60% of TFR **(Stretch of 72% of TFR)** Other Executive KMP: Target 40% of TFR **(Stretch of 48% of TFR)**
Calculation of STI Award	The value of the STI Award is calculated as follows: Value of STI Award = TFR x Target Opportunity x % of incentive achieved
Award Determination and Payment	The STI Award is determined following a review of performance over the Performance Period against the pre-determined criteria, as assessed by the Managing Director or Interim Chief Executive Officer, and Remuneration Committee. The Board has determined the STI Award for the current performance period (FY2026) to be nil based on the performance of the Group.
Board of Discretion	The Board retains discretion to increase or decrease, including to nil, the extent of the STI Award to Eligible Participants if it forms a view that it is appropriate to do so given the circumstances during the Performance Period.
Major Corporate Transactions	In the event of a change of control transaction becoming unconditional, awards will vest on a pro-rata basis, reflecting the proportion of the Performance Period that has elapsed, unless the Board determines otherwise.

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2.1 Summary of Short Term Incentive Outcomes

Annual performance is evaluated based on outcomes measured against pre-determined criteria. These criteria are comprehensive and aligned with the Group's core activities, with targets set annually to drive initiatives that support continuous improvement.

Each performance measure includes a minimum threshold for eligibility. Incentive awards are then determined on a sliding scale, rewarding performance that meets or exceeds the established targets and encouraging results beyond expectations.

2.2 Short Term Incentive Performance Measure

FY2026 Performance Period (1 July 2025 to 30 June 2026)

	Measure	Weighting	Description	Outcome		
FY2026 Financial Year STI Measures and Outcomes				Threshold	Target	Stretch
Financial	Group EBITDA	75%	Financial performance is measured on the Group's Financial Performance. A minimum EBITDA must be achieved for this incentive to be payable.			
Operational	Coal Sales	25%	Blair Athol Mine Operational Performance is measured based on coal sales against target. A minimum achievement of 85% of the target must be achieved for part of this incentive to be payable.			
Total		100%				

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FY2025 Performance Period (1 July 2024 to 30 June 2025)

	Measure	Weighting	Description	Outcome		
FY2025 Financial Year STI Measures and Outcomes				Threshold	Target	Stretch
Financial	Group EBITDA	75%	Financial performance is measured on the Group's Financial Performance. A minimum EBITDA must be achieved for this incentive to be payable.			
Operational	Coal Sales	25%	Blair Athol Mine Operational Performance is measured based on coal sales against target. A minimum achievement of 85% of the target must be achieved for part of this incentive to be payable.			
Total		100%				

Although partial achievement was recorded against the operational measure, having regard to the Group's overall financial performance for the year, the Board exercised its discretion under the STI plan to determine that no STI Award would be payable for the FY2026 Performance Period.

3. Long Term Incentives

3.1 Summary of Long Term Incentive Outcomes

The LTI plan is designed to align the Company's long term performance objectives with the retention and ongoing engagement of Executive KMP and to support alignment between executive remuneration and the creation of sustainable shareholder value.

The Remuneration Committee periodically reviews the structure and operation of the LTI plan to ensure that it remains appropriate having regard to the Company's circumstances, strategic objectives and prevailing market conditions.

During FY2026, no LTI award was made to Executive KMP. The cash based LTI awards relating to the performance period from 1 July 2023 to 30 June 2024 had fully vested by 30 June 2025 and, accordingly, there were no prior year LTI awards remaining subject to vesting during FY2026.

The Board continues to review the design of the Company's long term incentive arrangements to ensure that future awards appropriately align executive outcomes with the delivery of the Company's long term strategic objectives and shareholder value.

3.2 Performance measure

No LTI award was made in respect of the FY2025 performance period from 1 July 2024 to 30 June 2025 and, accordingly, no LTI award relating to that performance period impacted the remuneration of Executive KMP during FY2026.

Historically, LTI awards have been determined having regard to the financial performance of the Group and other performance considerations determined by the Remuneration Committee. Any future LTI performance measures will be determined by the Board having regard to the Company's strategic priorities and the objective of aligning executive remuneration with sustainable long term shareholder value.

3.3 Amount of LTI Award

Under the Company's LTI plan, Executive KMP are entitled to earn up to a percentage of their total remuneration as cash incentive as outlined below.

Executive KMP	Maximum LTI Opportunity	FY 2026 Award
Chris Bourke	60%	Nil

3.4 LTI Award to Eligible Participants

No LTI awards were granted to Executive KMP during FY2026 and there were no prior year LTI awards outstanding and subject to future vesting during the financial year.

3.5 Treatment of Awards on cessation of employment

Subject to the Board's discretion to determine otherwise, any LTI Award granted to Executive KMP will lapse where their employment is terminated.

The Board has the discretion to determine that only part of an LTI Award (up to a pro rata portion based on how much of the relevant Service Condition period remains) will lapse should any Executive KMP leave prior to a Service Condition being met.

3.6 Change of control

If a takeover bid or other transaction, event or circumstance occurs that, in the Board's opinion, is likely to result in a change of control of the Company, the Board may determine that some or all outstanding LTI Awards vest and become payable.

If a change of control occurs before the Board has exercised this discretion, the Board may determine the extent to which any outstanding LTI Award will vest, remain on foot or lapse, having regard to the proportion of the relevant performance or service period that has elapsed and any other circumstances the Board considers appropriate.

3.7 Additional information

There is no cost to Executive KMP on the grant or exercise of the LTI Award and there are no loans associated with the grant of the LTI Award.

4. Non-monetary benefits

Executive KMPs may receive fixed remuneration in the form of reimbursement or other fringe benefits (for example motor vehicle benefits).

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Amounts of Remuneration

The following table sets out the statutory remuneration disclosures required under the Corporations Act 2001 (Cth) and has been prepared in accordance with the appropriate accounting standards.

		Short-term benefits		Post-employment benefits		
2026		Salary	Cash Bonus	Super-annuation	Termination Benefits	Total
		$	$	$	$	$
Non-Executive Directors						
A Coles (1)	2026	47,098	-	5,652	-	52,750
	2025	-	-	-	-	-
G Splatt (2)	2026	39,549	-	4,746	-	44,295
	2025	-	-	-	-	-
S Barber (3)	2026	38,462	-	4,615	-	43,077
	2025	-	-	-	-	-
M Chadwick (4)	2026	21,577	-	2,589	-	24,166
	2025	-	-	-	-	-
M Lochtenberg (5)	2026	153,961	-	18,475	-	172,436
	2025	224,215	-	25,785	-	250,000
G Lewis (6)	2026	122,312	-	-	-	122,312
	2025	167,500	-	-	-	167,500
M Ludski (7)	2026	97,098	-	11,652	-	108,750
	2025	130,045	-	14,955	-	145,000
D Norris (8)	2026	51,339	-	6,161	-	57,500
	2025	103,139	-	11,861	-	115,000
Total Directors	**2026**	**571,396**	**-**	**53,890**	**-**	**625,286**
	2025	**624,899**	**-**	**52,601**	**-**	**677,500**

(1) Appointed as Non-Executive Director on 9 March 2026. Appointed as Non-Executive Chairman on 15 April 2026.
(2) Appointed as Non-Executive Director on 17 February 2026.
(3) Appointed as Non-Executive Director on 3 March 2026.
(4) Appointed as Non-Executive Director on 1 May 2026; subsequently resigned on 27 July 2026.
(5) Resigned as Non-Executive Chairman and Director on 9 March 2026.
(6) Resigned as Non-Executive Director on 12 March 2026.
(7) Resigned as Non-Executive Director on 31 March 2026.
(8) Resigned as Non-Executive Director on 11 December 2025.

		Short-term benefits			Long-term benefits	Post-employment benefits		Long-term benefits	
2026		Salary	Cash Bonus	Accrued/ (used) Annual Leave	Accrued Long Service Leave	Super annuation	Termination Benefits	LTI Award	Total
		$	$	$	$	$	$	$	$
Executive KMP									
C Bourke (1)	2026	511,364	-	42,824	-	30,000	-	-	584,188
	2025	205,128	-	23,066	-	12,500	-	-	240,694
R Clarke (2)	2026	25,099	-	2,692	-	2,619	-	-	30,410
	2025	-	-	-	-	-	-	-	-
D McCarthy (3)	2026	656,250	-	14,675	3,542	30,000	628,780	-	1,333,247
	2025	875,000	409,000	38,825	102,011	30,000	-	912,240	2,367,076
J Williams (4)	2026	398,855	-	26,380	-	27,500	-	-	452,735
	2025	-	-	-	-	-	-	-	-
M Etcell (5)	2026	83,334	-	(14,894)	-	30,000	326,923	-	425,363
	2025	500,000	160,000	33,432	-	30,000	-	320,544	1,043,976
Total Executive KMP	**2026**	**1,674,902**	**-**	**71,677**	**3,542**	**120,119**	**955,703**	**-**	**2,825,943**
	2025	**1,580,128**	**569,000**	**95,323**	**102,011**	**72,500**	**-**	**1,232,784**	**3,651,746**

(1) Appointed as Chief Operating Officer (COO) on 3 February 2025. Mr Bourke was appointed as interim Chief Executive Officer (interim CEO) effective 9 April 2026.
(2) Appointed as interim Chief Financial Officer (interim CFO) and Company Secretary effective 29 May 2026, and subsequently appointed as permanent Chief Financial Officer (CFO)and Company Secretary effective 4 August 2026.
(3) Resigned as Managing Director effective 9 April 2026. Termination benefits of $628,780 comprise a cash payment of $600,000 and non-cash benefits of $28,780.
(4) Appointed as Chief Financial Officer (CFO) and Company Secretary on 7 August 2025. Subsequently resigned from the role of CFO & Company Secretary on 10 April 2026, remaining employed until 09 July 2026.
(5) Resigned as Chief Financial Officer (CFO) and Company Secretary on 9 July 2025, remaining employed until 31 August 2025.

Proportion of Fixed and Performance-Related Remuneration

The relative proportions of remuneration that are fixed and those that are linked to performance (at risk), based on the statutory remuneration disclosed above, are as follows:

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	Fixed remuneration		At risk – STI and LTI	
	2026	2025	2026	2025
Non-Executive Directors				
A Coles	100%	-	0%	-
G Splatt	100%	-	0%	-
S Barber	100%	-	0%	-
M Chadwick	100%	-	0%	-
M Lochtenberg	100%	100%	0%	0%
G Lewis	100%	100%	0%	0%
M Ludski	100%	100%	0%	0%
D Norris	100%	100%	0%	0%
Executive KMP				
C Bourke	100%	100%	0%	0%
R Clarke	100%	-	0%	-
D McCarthy	100%	44%	0%	56%
J Williams	100%	-	0%	-
M Etcell	100%	54%	0%	46%

Share-Based Compensation

There have been no shares, options or performance rights issued or granted to Non-Executive Directors or Executive KMP as part of compensation during this financial year. (FY2025: nil).

No options or performance rights over ordinary shares in the Company were granted to, vested in, exercised by, lapsed for or held by any Non-Executive Director or Executive KMP (or their related parties) during the financial year (FY2025: nil).

Relationship Between Remuneration and Company Performance

The table below sets out the Group's key financial performance indicators for the current financial year and the previous four financial years, as required by section 300A(1)(b) of the Corporations Act 2001 (Cth):

	2026	2025	2024	2023	2022
Revenue ($'000)	178,918	226,671	259,143	660,639	804,626
Net profit/(loss) after tax attributable to owners of TerraCom Limited ($'000)	(155,373)	(42,724)	25,951	262,096	196,131
Basic earnings/(loss) per share (cents)	(12.60)	(5.33)	3.24	32.76	25.95
Dividends paid (cents per share)	-	1.00	3.00	30.50	-
Share price at 30 June ($)	$0.06	$0.07	$0.21	$0.40	$0.55

Having regard to the Group's financial performance for FY2026, the Board determined that no STI Award would be payable for the FY2026 Performance Period and no LTI award was made to Executive KMP during the year.

Additional Disclosure Relating to Key Management Personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

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Ordinary shares	Balance at the start of the year	Received as part of remuneration	Additions	Disposals	Amount held on appointment or cessation (2)	Balance at the end of the year
Non-Executive Directors						
A Coles	-	-	-	-	-	-
G Splatt	-	-	-	-	-	-
S Barber	-	-	-	-	-	-
M Chadwick	-	-	-	-	-	-
M Lochtenberg	17,783,293	-	5,000,000	-	22,783,293	N/A
G Lewis (1)	2,604,354	-	502,000	-	3,106,354	N/A
M Ludski	250,000	-	312,500	-	562,500	N/A
D Norris	128,513	-	-	-	128,513	N/A
Executive KMP						
C Bourke	-	-	800,000	-	-	800,000
R Clarke	-	-	-	-	-	-
D McCarthy (1)	3,909,314	-	4,886,642	-	8,795,956	N/A
J Williams	-	-	813,358	-	813,358	N/A
M Etcell (1)	491,784	-	-	-	491,784	N/A

(1) Mr Lewis, Mr McCarthy and Ms Etcell (via nominees) hold shares indirectly via Rainbow Max Limited. Units held in trust are Mr Lewis (106,354), Mr McCarthy (355,516) and Ms Etcell (35,451).
(2) Shares held on appointment/resignation/termination.

Loans with Executive KMP and Non-Executive Directors

There were no loans outstanding to Executive KMP or any Non-Executive Director or their related parties at any time in the current or prior reporting periods.

Other KMP Transactions

On 9 April 2026, the Company entered into a consultancy agreement with Mr McCarthy for senior executive and strategic consultancy services from 1 May 2026 to 30 September 2026. The agreed fee is $250,000, payable in cash on 30 September 2026, of which $100,000 was recognised at 30 June 2026 in trade and other payables.

Apart from the details disclosed in this report, no Executive KMP or Non-Executive Director or their related parties has entered into a material contract with the consolidated entity since the end of the previous financial year and there were no material contracts involving those people's interests existing at year end.

This concludes the remuneration report, which has been audited.

This Directors' report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001 (Cth).

On behalf of the directors

Andrew Coles
Non-Executive Chairman
6 October 2026
Brisbane

AUDITOR'S INDEPENDENCE DECLARATION

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DECLARATION OF INDEPENDENCE BY R M SWABY TO THE DIRECTORS OF TERRACOM LIMITED

As lead auditor for the audit of the financial report of TerraCom Limited and for the review of the specified sustainability disclosures in the sustainability report for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit and review; and
2. No contraventions of any applicable code of professional conduct in relation to the audit and review.

R M Swaby
Director

BDO Audit Pty Ltd

Brisbane, 6 October 2026

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CONSOLIDATED FINANCIAL STATEMENTS

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General Information

The 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 City, QLD 4000.

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 6 October 2026. The Directors have the power to amend and reissue the financial statements.

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Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 30 June 2026

	Note	30-Jun-26 $'000	30-Jun-25 $'000
Revenue	3	178,918	226,671
Cost of goods sold	4	(202,895)	(222,290)
Gross profit		**(23,977)**	**4,381**
Other income		786	-
Other operating and administration expenses	5	(19,303)	(26,855)
Share of profit of associates and joint ventures	39	(6,184)	(3,412)
Foreign exchange gain / (loss)		1,212	(122)
Finance income		3,280	3,215
Finance expenses	6	(8,680)	(6,667)
Depreciation and amortisation expense		(574)	(300)
Impairment of assets	7	(103,547)	(22,131)
Profit / (loss) before taxation		**(156,987)**	**(51,891)**
Income tax (expense) / benefit	28	1,484	8,473
Profit / (loss) after taxation		**(155,503)**	**(43,418)**
Profit / (loss) attributable to:			
Owners of TerraCom Limited		(155,373)	(42,724)
Non-controlling interest		(130)	(694)
		(155,503)	**(43,418)**
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		2,388	2,690
Total comprehensive income / (loss)		**(153,115)**	**(40,728)**
Total comprehensive income / (loss) attributable to:			
Owners of TerraCom Limited		(152,813)	(40,065)
Non-controlling interest		(302)	(663)
Total comprehensive income / (loss)		**(153,115)**	**(40,728)**
Earnings per share for profit/ (loss) attributable to the owners of TerraCom Limited			
Basic earnings per share (cents)	9	(12.60)	(5.33)
Diluted earnings per share (cents)	9	(12.60)	(5.33)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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Consolidated Statement of Financial Position as at 30 June 2026

	Note(s)	30-Jun-26 $'000	30-Jun-25 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	10	8,381	13,382
Trade and other receivables	11	16,467	24,025
Inventories	12	13,918	9,499
Current tax asset		576	2,549
		39,342	**49,455**
Non-Current Assets			
Trade and other receivables	11	2,381	2,211
Restricted cash	13	54,441	58,221
Investments accounted for using the equity method	39	23,620	77,723
Other financial assets	14	3,537	3,019
Property, plant and equipment	15	10,438	82,049
Deferred tax asset	29	-	1,224
Other non-current assets	17	8,978	12,171
		103,395	**236,618**
Total Assets		**142,737**	**286,073**
LIABILITIES			
Current Liabilities			
Trade and other payables	18	34,843	49,879
Provisions	22	6,017	6,544
Borrowings	19	-	747
Deferred revenue	20	16,378	19,499
Lease liabilities	21	2,329	1,933
Other financial liabilities		1,054	-
		60,621	**78,602**
Non-Current Liabilities			
Lease liabilities	21	7,608	8,316
Provisions	22	50,600	59,724
Deferred revenue	20	-	19,804
		58,208	**87,844**
Total Liabilities		**118,829**	**166,446**
Net Assets		**23,908**	**119,627**
EQUITY			
Issued capital	23	433,407	376,011
Reserves	25	27,152	24,592
Accumulated losses	26	(435,791)	(280,418)
Equity Attributable to equity holders of parent		**24,768**	**120,185**
Non-controlling interest	27	(860)	(558)
Total equity		**23,908**	**119,627**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

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Consolidated Statement of Changes in Equity for the Year Ended 30 June 2026

	Issued capital $ '000	Foreign currency translation reserve $ '000	Accumulated losses $ '000	Total Equity Attributable to the owners of TerraCom Limited $ '000	Non-controlling interest $ '000	Total equity $ '000
Balance at 1 July 2024	**376,011**	**21,933**	**(229,684)**	**168,260**	**(412)**	**167,848**
Profit / (loss) for the year after income tax	-	-	(42,724)	(42,724)	(694)	(43,418)
Other comprehensive income	-	2,659	-	2,659	31	2,690
Total comprehensive income for the year	**-**	**2,659**	**(42,724)**	**(40,065)**	**(663)**	**(40,728)**
Dividends paid to shareholders of TerraCom Limited	-	-	(8,010)	(8,010)	-	(8,010)
Deconsolidation of deregistered entities	-	-	-	-	517	517
Balance at 30 June 2025	**376,011**	**24,592**	**(280,418)**	**120,185**	**(558)**	**119,627**
Balance at 1 July 2025	**376,011**	**24,592**	**(280,418)**	**120,185**	**(558)**	**119,627**
Profit / (loss) for the year after income tax	-	-	(155,373)	(155,373)	(130)	(155,503)
Other comprehensive income	-	2,560	-	2,560	(172)	2,388
Total comprehensive income for the year	**-**	**2,560**	**(155,373)**	**(152,813)**	**(302)**	**(153,115)**
Dividends paid to shareholders of TerraCom Limited	-	-	-	-	-	-
Shares issued – capital raising (net of transaction costs)	57,396	-	-	57,396	-	57,396
Balance at 30 June 2026	**433,407**	**27,152**	**(435,791)**	**24,768**	**(860)**	**23,908**

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

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Consolidated Statement of Cashflows for the Year Ended 30 June 2026

	Notes	30-Jun-26 $ '000	30-Jun-25 $ '000
Operating			
Cash receipts from customers (including GST/VAT)		160,068	266,035
Cash paid to suppliers and employees (including GST/VAT)		(220,072)	(207,060)
		(60,004)	**58,975**
Interest received		2,812	4,168
Interest paid		(4,902)	(4,153)
Tax refunds/(payments)		5,102	(40,806)
Net cash (used in) / from operating activities	31	**(56,992)**	**18,184**
Investing			
Payments for property, plant and equipment		(5,173)	(4,730)
Proceeds from sale of property, plant and equipment		-	193
Other asset investments		-	(255)
Proceeds from secured deposits		3,193	954
Loan to associates and joint ventures		-	(51)
Repayment of loans by associates		760	2,973
Release of restricted cash		3,749	-
Net cash from / (used in) investing activities		**2,529**	**(916)**
Financing			
Repayment of borrowings		(760)	(3,274)
Repayment of principal component of lease liabilities	21	(3,154)	(1,355)
Dividends paid to shareholders of TerraCom Limited	32	-	(8,010)
Proceeds from issue of shares		57,396	-
Repayment of other financial liabilities		(3,874)	-
Net cash from / (used in) financing activities		**49,608**	**(12,639)**
Movement in cash		**(4,855)**	**4,629**
Opening cash at bank		13,382	8,351
Effects of foreign exchange impacting cash		(146)	402
Total cash and cash equivalents at end of the year		**8,381**	**13,382**

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

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Notes to the Consolidated Financial Statements

1. Material accounting policies

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those applied in the previous year, 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. In June 2024, the AASB issued AASB 18 Presentation and Disclosure in Financial Statements to improve how entities communicate in their financial statements, specifically introducing new categories and subtotals in the statement of comprehensive income, disclosure of management-defined performance measures and new requirements for the location, aggregation and disaggregation of financial information. The standard replaces AASB 101 Presentation of Financial Statements and is effective from annual reporting periods beginning on or after 1 January 2027. The Group is currently in the process of assessing the impact of the new standard.

1.2 Basis of preparation

These 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 financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the normal course of business. For the year ended 30 June 2026, the Group recorded a net loss after tax of $155.503 million, including non-cash impairments of $53.030 million relating to the Blair Athol cash generating unit and $50.517 million relating to its South African equity accounted investments, and a share of losses from those investments of $6.184 million. The Group also recorded net cash outflows from operating activities of $56.992 million. As at 30 June 2026, the Group had cash and cash equivalents of $8.381 million, excluding restricted cash of $54.441 million held as security for rehabilitation obligations, and a net current asset deficiency of $21.279 million.

The ability of the Group to continue as a going concern is principally dependent upon one or more of the following:

- achieving sufficient production, profitability and cashflows to maintain operations, as envisaged in the Group's operating plan;
- receipt of both the first and second US$10 million tranches under the coal prepayment arrangement, or successful renegotiation of the arrangement should the required coal quality specification not be achieved on the trial shipment, as described below; and
- securing additional liquidity through cargo prepayments or an external debt facility to meet the business needs as and when required.

These conditions give rise to a material uncertainty regarding the Group's ability to continue as a going concern.

Whilst acknowledging the above uncertainties, the Directors have concluded that the going concern basis of preparation of the financial statements is appropriate having regard to the following factors:

- The coal prepayment facility entered into in April 2025 was repaid in full in July 2026 and the Group is debt free, except for lease liabilities;

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Notes to the Consolidated Financial Statements

1. Material accounting policies (continued)

1.2 Basis of preparation (continued)

- The directors have prepared a cash flow forecast to 31 December 2027 based on saleable production of approximately 1.8 million tonnes in FY2027, which is below the Group's targeted operating plan. The forecast shows the Group meeting its liabilities as and when they fall due;
- The Group's subsidiary, Orion Mining Pty Ltd, has signed a term sheet with an international coal trader for the sale of approximately 800,000 tonnes of coal over twelve months, together with a prepayment of US$20 million to be repaid through deductions from the price of coal delivered. Subject to final execution, the first tranche of US$10 million is payable on 6 October 2026;
- The second tranche of US$10 million is linked to a trial shipment in November 2026 meeting a minimum coal quality specification. Should the specification not be met, the agreement provides for the parties to renegotiate. The directors expect the outcome to be a price discount estimated at an additional 3% to 5%. If agreement is not reached, the Group would be required to repay approximately US$8 million of the first tranche in cash;
- The Group has historically used prepayments on individual coal cargoes to manage short-term liquidity. Further cargo prepayments, other than those already agreed, have not been included in the cash flow forecast;
- The Group holds indicative terms from two financiers for a potential debt facility sufficient to meet the downside scenarios and intends to commence a formal process to secure a facility on market terms. The proposals remain subject to due diligence, credit approval, negotiation and execution; and
- The Group has also identified the potential restructuring of its surety arrangements and potential support from Orbit as additional sources of liquidity. The surety restructuring is subject to negotiation and regulatory acceptance and support from Orbit is not legally binding.

Having regard to the above, the directors have concluded that it is appropriate to prepare the financial report on a going concern basis.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

1.3 Investments and other financial assets

Investments and other financial assets are initially measured at fair value. 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 being avoided.

Impairment of financial assets

The consolidated entity 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 consolidated entity'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 asset's 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.

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Notes to the Consolidated Financial Statements

1. Material accounting policies (continued)

1.3 Investments and other financial assets (continued)

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

1.4 Property, plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. 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 machinery	Straight line and units of production	1-10 years
Mine development	Units of production	
Right of Use of assets	Straight line	Duration of lease

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

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.

1.5 Restoration and rehabilitation

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.

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.

1.6 Rounding

The Company is of a kind referred to in Corporations Instrument 2026/183, 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.

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Notes to the Consolidated Financial Statements

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. Refer to Note 7 for further information.

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 investments accounted for using equity method

The Group assesses at the end of each reporting period whether there is any indication that carrying amount of an investment might not be recoverable. If any such indication exists, the Group estimates the recoverable amount of the investment. The recoverable amount of investment 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. Refer to Note 7 and 39 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. Refer to Note 22 for further information.

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.

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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.

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 gross profit/loss (a measured of earnings before interest, tax, depreciation and amortization of non-operating assets, impairment of exploration assets, profit/loss and impairment of associates). 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 corporate 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.

Several 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

Consolidated - Year ended 30 June 2026	**Australia $ '000**	**South Africa $ '000**	**Unallocated $ '000**	**Total $ '000**
Revenue - sales to external customers	178,918	-	-	178,918
Cost of goods sold	(202,895)	-	-	(202,895)
Gross Profit / (loss)	**(23,977)**	**-**	**-**	**(23,977)**
Other income	-	786	-	786
Other operating and administration expenses	(5,698)	(1,810)	(11,795)	(19,303)
Share of profit / (loss) of associate	-	(6,184)	-	(6,184)
Foreign exchange gain / (loss)	1,316	-	(104)	1,212
Net finance income / (expense)	(5,154)	(529)	283	(5,400)
Depreciation and amortisation expense	-	(220)	(354)	(574)
Impairment of assets	(52,119)	(50,517)	(911)	(103,547)
Profit / (loss) before taxation	**(85,632)**	**(58,474)**	**(12,881)**	**(156,987)**
Profit / (loss) before taxation				(156,987)
Income tax benefit				1,484
Profit / (loss) after taxation				**(155,503)**
Consolidated - 30 June 2026				
Assets				
Segment assets	106,670	28,464	7,603	142,737
Total assets	**106,670**	**28,464**	**7,603**	**142,737**
Total assets include additions and acquisitions of non-current assets				
Property, plant and equipment	9,922	400	116	10,438
	9,922	**400**	**116**	**10,438**
Liabilities				
Segment liabilities	97,545	13,833	7,451	118,829
Total liabilities	**97,545**	**13,833**	**7,451**	**118,829**

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Notes to the Consolidated Financial Statements

3. Operating segments (continued)

Operating segment information (continued)

Consolidated - Year ended 30 June 2025	Australia $ '000	South Africa $ '000	Unallocated $ '000	Total $ '000
Revenue - sales to external customers	226,671	-	-	226,671
Cost of goods sold	(221,592)	(1,304)	-	(222,896)
Gross Profit / (loss)	**5,079**	**(1,304)**	**-**	**3,775**
Other operating and administration expenses	(6,713)	(173)	(19,260)	(26,146)
Share of profit / (loss) of associate	-	(3,412)	-	(3,412)
Foreign exchange gain / (loss)	788	(522)	(388)	(122)
Net finance income / (expense)	(3,000)	(452)	-	(3,452)
Depreciation and amortisation expense	(63)	(17)	(237)	(317)
Impairment of assets	-	(20,416)	(1,800)	(22,216)
Profit / (loss) before taxation	**(3,909)**	**(26,296)**	**(21,685)**	**(51,890)**
Profit before taxation				(51,890)
Income tax expense				8,473
Profit / (loss) after taxation				**(43,417)**
Consolidated - 30 June 2025				
Assets				
Segment assets	190,969	81,481	13,623	286,073
Total assets	**190,969**	**81,481**	**13,623**	**286,073**
Total assets include additions and acquisitions of non-current assets				
Property, plant and equipment	14,029	-	1,462	15,491
	14,029	**-**	**1,462**	**15,491**
Liabilities				
Segment liabilities	137,859	12,411	16,176	166,446
Total liabilities	**137,859**	**12,411**	**16,176**	**166,446**

Major customers	Year ended 30-Jun-26 $ '000	%	Year ended 30-Jun-25 $ '000	%
Customer A *	84,155	47%	28,730	13%
Customer B *	55,923	31%	138,284	61%
Customer C *	35,412	20%	59,067	26%
Other customers	3,428	2%	590	0%
	178,918	**100%**	**226,671**	**100%**

* Customers have not been identified for commercial and contractual reasons.

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Notes to the Consolidated Financial Statements

3. Operating segments (continued)

Operating segment information (continued)

Geographic information

	30-Jun-26 $ '000		30-Jun-25 $ '000	
	Sales to external customers	Non-current assets	Sales to external customers	Non-current assets
Australia	178,918	75,838	226,671	155,627
South Africa	-	27,557	-	80,991
	178,918	**103,395**	**226,671**	**236,618**

4. Cost of goods sold

	30-Jun-26 $ '000	30-Jun-25 $ '000
Mining and processing	116,793	121,972
Selling and marketing	68,344	75,421
Other operating expenses	4,226	5,659
Depreciation and amortization- PPE and mining assets	13,532	19,238
	202,895	**222,290**

5. Other operating and administration expenses

	30-Jun-26 $ '000	30-Jun-25 $ '000
Other operating and administration expenses	9,096	5,783
Consultant and professional fees	5,993	5,845
ASIC settlement fee	-	8,500
Employee benefits excluding superannuation expense	3,908	6,408
Superannuation expense	306	319
	19,303	**26,855**

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Notes to the Consolidated Financial Statements

6. Finance expenses

	30-Jun-26 $ '000	30-Jun-25 $ '000
Interest expense on interest bearing loans	21	309
Other interest and finance expenses *	8,659	6,358
	8,680	**6,667**

* The increase in other interest and finance expenses is primarily attributable to finance charge incurred on the coal prepayment facilities.

7. Impairment

	Note	30-Jun-26 $ '000	30-Jun-25 $ '000
Property, Plant and Equipment Impairment – Australian Blair Athol (1)	15	53,030	-
Exploration and evaluation impairment	16	-	13,524
Investment in associates and joint ventures impairment (2)	39	50,517	8,607
		103,547	**22,131**

Below is a breakdown of investment in associates and joint ventures impairment (2)

	30-Jun-26 $ '000	30-Jun-25 $ '000
Australian Operation	-	1,800
South Africa Operation	50,517	6,807
	50,517	**8,607**

(1) Impairment of Australia Blair Athol is explained below.

(2) Impairment of investment in associates and joint ventures is explained below.

Impairment of property, plant and equipment - Australia Blair Athol

For the Australian CGU, which comprises the Blair Athol mine and its associated infrastructure, management identified indicators of impairment during the year ended 30 June 2026. These indicators included:

- operating performance below plan with FY2026 saleable production of 1.47Mt.

- an operating cost base above that assumed in previous assessments, with FY2026 FOB cash costs (including state royalties) of $133 per tonne sold.

- lower thermal coal prices compared to prior periods.

- supply chain disruptions affecting production and sales timing

As a result, the Group performed an impairment assessment of the carrying amount of its CGU. The recoverable amount was determined using the value-in-use method, based on the present value of estimated future cash flows expected to be generated from the CGU over its remaining life-of-mine.

The value-in-use calculation incorporated the following key assumptions:

- Commodity prices: Based on forecast thermal coal price indices and contracted export sales volumes.
- Production volumes: Based on Board-approved mine plans and reserve estimates. Saleable production of approximately 1.9 Mt per annum reflects recent operating performance, rather than the FY2027 guidance of 2.0–2.2 Mt, as the higher production rate had not been achieved as at the reporting date.

Notes to the Consolidated Financial Statements

7. Impairment (continued)

Impairment of property, plant and equipment - Australia Blair Athol (continued)

- Operating costs: Based on current budgets and mine plans, reflecting FY2026 actual performance forecast over the life-of-mine.
- Discount rate: A post-tax nominal discount rate of 14% (pre-tax equivalent: 20%), derived using the Group's weighted average cost of capital methodology and adjusted for risks not reflected in the underlying cash flows, was applied to the forecast post-tax cash flows.
- Life-of-mine: Based on approved mine plans and estimated economically recoverable reserves.

At 30 June 2025, the recoverable amount of the Australian CGU exceeded its carrying amount and no impairment loss was recognised. That assessment was based on the FY2026 budget. The budget assumed saleable production of approximately 1.6Mt in FY2026 rising to 1.8Mt per annum thereafter, and a reduction in FOB cash costs to approximately $106 per tonne sold, materially below the costs incurred in FY2025. That reduction was to be delivered through the reset of the cost base and planned productivity improvements. The assessment at 30 June 2025 therefore depended on a significant reduction in unit operating costs that assumed a continuation of the cost reduction strategies implemented in late FY2025.

The year ended 30 June 2026 provided a full year of operating results against that plan:

- Production: saleable production was 1.47Mt, below the planned rate.
- Unit costs: a significant portion of the mine's cost base is fixed, so the lower volumes resulted in higher unit costs. FOB cash costs averaged $133 per tonne sold, compared with approximately $106 per tonne assumed in the 30 June 2025 assessment.
- Cost drivers: the increase was driven mainly by mining costs at lower volumes and by higher port costs, including demurrage.

In accordance with AASB 136 Impairment of Assets, the cash flow projections at 30 June 2026 reflect the cost base demonstrated at the production levels achieved to date, rather than the improvement previously expected. The impairment recognised in the current year is the direct result of these revised assumptions. There has been no change in the Group's mineral resources or ore reserves, and no change in the mine plan, that gives rise to the impairment. The revisions arise from information that became available during the year ended 30 June 2026. The principal changes in key assumptions from 30 June 2025 are:

Key assumption	30-Jun-26	30-Jun-25
Saleable production	1.871Mt per annum to 1.968Mt per annum	1.6 Mt per annum to 1.8Mt per annum
FOB cash cost (FY2027 / FY2033)	~$120/t / ~$150/t Anchored to demonstrated FOB cash costs	~$106/t / ~$120/t Assumed a significant reduction in unit operating costs which was subsequently not achieved during FY2026.
Strip ratio	Increasing over the remaining mine life under the updated life-of-mine schedule	Broadly constant
Mine life	Limited to the current marketable coal reserve, concluding in FY2033	Limited to the current marketable coal reserve, concluding in FY2034
Realised price relative to benchmark	Reflects the discount achieved in FY2026 for the Group's product quality	Assumed a narrower discount, which has not been supported by discounts subsequently realised.
Discount rate	14%	14%

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Notes to the Consolidated Financial Statements

7. Impairment (continued)

Impairment of property, plant and equipment - Australia Blair Athol (continued)

The impairment reflects production and cost levels demonstrated at the reporting date. Management expects unit costs to reduce if higher production volumes are consistently achieved. The Group will reassess the recoverable amount at each reporting date and, where there is evidence that the impairment loss has decreased, will recognise a reversal in accordance with AASB 136.

Based on the assessment, recoverable amount is $10.036 million and an impairment loss of $53.030 million was recognised for the year ended 30 June 2026 (30 June 2025: nil).

The impairment test involves significant judgement and the use of estimates to determine the fair value of the Blair Athol property, plant and equipment that are classified as a Level 3 fair value.

Sensitivity Analysis

The following sensitivities indicate the approximate adverse movement required to reduce the modelled recoverable amount of $10.036 million to nil:

Key Assumption	Approximate change to nil
Coal price	1.2% decrease
Production (1)	1.5% decrease
FOB cash costs	1.3% increase

(1) Production sensitivity assumes 80% fixed and 20% variable FOB cash costs.

Impairment of Investment in Associates and Joint Ventures

In accordance with the Accounting Standards and the Group's accounting policies, the carrying amount of investments in associates and joint ventures is assessed at each reporting date to determine whether there is any indication of impairment. Where such indicators exist, the Group estimates the recoverable amount of the investment. An impairment loss is recognised for the amount by which the carrying amount of the investment exceeds its recoverable amount.

The Group holds a 37.5% interest in SuperChar Limited, an unlisted public company in Australia. For the year ended 30 June 2025, management identified impairment indicators due to inactivity and liquidity issues and the investment value of $1.8 million has been fully impaired.

In South Africa, the Group holds a 49% interest in the Eloff Project, Ubuntu and Universal Coal Development 8 (Pty) Ltd (UCD8). No indicators of impairment were identified by management during the financial year ended 30 June 2026.

New Clydesdale Colliery (NCC)

The Group holds a 49% interest in the New Clydesdale Colliery (NCC), part of its group of South African mining associates. During the financial year ended 30 June 2026, management identified the following indicators of impairment relating to the CGU:

- Lower than expected operational and financial performance of the associates;
- Increased operating costs reflecting inflationary pressures within the mining sector;

As a result, the Group performed an impairment assessment of the carrying amount of its CGU. The recoverable amount was determined using the value-in-use method, by calculating the Group's share of the present value of the estimated future cash flows that the investee is expected to generate, including cash flows from the operations of the associates.

The value-in-use calculation incorporated the following key assumptions:

- Commodity prices: Based on a combination of contracted domestic coal sale prices and forecast thermal coal export price indices. API4 export price of approximately US$118/t in FY2027, increasing to US$123/t by FY2034; domestic Eskom pricing of R29.50/GJ in FY2027, escalating to R32.57/GJ from FY2032.
- Production volumes: Based on the associate's Board-approved life-of-mine plans and reserve estimates. Saleable production is forecast to decline from 2.15Mt in FY2027 to 1.77Mt in FY2028, remain broadly stable through FY2031, and reduce to 1.21Mt by FY2034.

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Notes to the Consolidated Financial Statements

7. Impairment (continued)

Impairment of Investment in Associates and Joint Ventures (continued)

- Operating costs: Based on detailed budgets and mine plans, reflecting cost escalation consistent with industry trends. Average costs are forecast at approximately R1,030/t in FY2027, increasing to R1,100/t–R1,225/t through FY2031, before reducing to approximately R1,020/t by FY2034.
- Discount rate: In calculating the value-in-use of the investment in the associate, a post-tax nominal discount rate of 14% was applied to the forecast post-tax cash flows. The discount rate is impacted by the risk-free rate and other benchmark interest rates. It reflects a combination of the cost of equity, derived from the expected return required by investors, and the cost of debt, based on interest-bearing borrowings. Investment-specific risks have been incorporated through the application of an appropriate beta factor, evaluated with reference to publicly available market data.

The impairment test involves significant judgement and the use of estimates to determine the fair value of the investment in NCC that are classified as a Level 3 fair value.

Sensitivity

The recoverable amount is sensitive to key assumptions, in particular coal prices, discount rates, and operating costs. Changes in these assumptions would impact the recoverable amount as follows:

Sensitivity scenarios	Impact
2% decrease in coal price	($2.609 million)
2% increase in operating costs	($5.287 million)

North Block Complex (NBC)

In South Africa, the Group holds a 49% interest in the NBC, part of its group of South African mining associates.

The recoverable amount of the NBC CGU was determined based on the reserves included in the economically supportable mine plan. During the year, the proven reserves supporting the impairment assessment reduced from approximately 40Mt to 8.8Mt, reflecting depletion from mining and the exclusion of reserves no longer expected to be economically recovered, including reserves dependent on the development of the neighbouring Pit BA and areas S2S and S3. This reduced the remaining mine life from approximately eight years to two years. Accordingly, the recoverable amount was assessed as nil and an impairment loss of approximately A$30.957 million was recognised, reducing the carrying amount of the CGU to nil.

No sensitivity analysis has been presented as the recoverable amount was assessed to be nil.

Berenice and Cygnus

In South Africa, the Group holds a 50% interest in the Berenice and Cygnus.

An indicator of impairment was identified in relation to the Group's investments in Berenice and Cygnus following the non-completion of the previously agreed disposal transaction.

Under the disposal agreement, the purchaser was required to pay a non-refundable deposit. As the deposit was not received and the transaction did not progress to completion, management determined that the proposed disposal no longer provided support for the carrying values of the investments. This, together with the non-producing status of the projects, the absence of a funded development pathway and ongoing uncertainty regarding future mine development, triggered an impairment assessment at 30 June 2026.

The recoverable amounts of Berenice and Cygnus were assessed having regard to both value in use and fair value less costs of disposal. Given the absence of production or near-term development activities and the lack of observable market evidence supporting value, the recoverable amount of both investments was determined to be nil.

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Notes to the Consolidated Financial Statements

7. Impairment (continued)

Impairment of Investment in Associates and Joint Ventures (continued)

Accordingly, the Group recognised a full impairment loss of A$6.120 million, reducing the carrying amount of the investments to nil.

No sensitivity analysis has been presented as the recoverable amounts were assessed to be nil.

Summary of impairment - South Africa Operation:

The recoverable amounts of the Group's South African investments were reassessed as at 30 June 2026. The assessment resulted in aggregate impairment losses of approximately $50.517 million, comprising $30.957 million in relation to North Block Complex, $13.440 million in relation to New Clydesdale Colliery, and $6.120 million in relation to Berenice and Cygnus. No impairment was recognised by the Group in respect of its investment in the Eloff Project.

In prior years, NCC and the Eloff Project were assessed for impairment together. From 30 June 2026, NCC has been assessed separately from the Eloff Project.

Following the impairment assessment, the combined carrying amount of New Clydesdale Colliery and the Eloff Project was $23.620 million, comprising $17.455 million for New Clydesdale Colliery, $6.110 million for the Eloff Project and $0.055 million for UCD-VIII. The recoverable amounts of North Block Complex, Berenice and Cygnus were assessed as nil.

8. 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:

Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	**30-Jun-26**	**30-Jun-25**
Audit or review of the consolidated financial statements	969,857	848,735
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	17,279	33,150
	987,136	**881,885**
Audit and other services		
BDO (Australia)	886,403	779,420
Other entities (South Africa)	100,733	102,465
	987,136	**881,885**

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Notes to the Consolidated Financial Statements

9. 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.

	30-Jun-26	30-Jun-25
Basic earnings / (loss) per share (cents per share)	(12.60)	(5.33)

Basic earnings per share were based on loss of $155.373 million (2025: loss of $42.724 million) and a weighted average number of ordinary shares of 1,233,351,491 (2025: 800,966,235).

	30-Jun-26 $ '000	30-Jun-25 $ '000
Reconciliation of profit / (loss) for the year to basic earnings		
Profit / (loss) for the year attributable to equity holders of the parent	(155,373)	(42,724)
	(155,373)	**(42,724)**

Diluted earnings / (loss) per share

	30-Jun-26 $ '000	30-Jun-25 $ '000
Diluted earnings / (loss) per share (cents per share)	(12.60)	(5.33)

Diluted earnings / (loss) per share was based on loss of $155.373 million (2025: loss of $42.724 million) and a weighted average number of ordinary shares of 1,233,351,491 (2025: 800,966,235).

No dilutive instruments were present at the year end 2026 (2025: none).

10. Cash and cash equivalents

Cash and cash equivalents consist of:

	30-Jun-26 $ '000	30-Jun-25 $ '000
Cash at bank	8,381	13,382

11. Trade and other receivables

Split between current and non-current portions:	30-Jun-26 $ '000	30-Jun-25 $ '000
Current		
Trade receivables	12,448	16,500
Loan receivables – related parties	-	747
Prepayment	2,690	5,927
Other receivables	1,329	851
Total trade and other receivables - current	**16,467**	**24,025**
Non-Current		
Long service leave and other receivables	2,381	2,211
Total trade and other receivables – non-current	**2,381**	**2,211**
Total trade and other receivables	**18,848**	**26,236**

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Notes to the Consolidated Financial Statements

11. Trade and other receivables (continued)

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.

The loan receivables - related parties balance related to funds drawn against the loan with The Standard Bank of South Africa. As disclosed in Note 19, UCEHSA was the main borrower, on behalf of the South African entities and this has been settled during the year.

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.

12. Inventories

	30-Jun-26 $ '000	30-Jun-25 $ '000
Coal Stock	8,025	2,432
Consumables and stores	5,893	7,067
	13,918	**9,499**

At 30 June 2026, the coal stockpile inventory was measured at net realisable value, as the cost per tonne exceeded net realisable value. This resulted in a write-down of $0.706 million, which has been recognised in profit or loss for the period.

Basis of measurement

Inventories are measured and stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Cost Composition and Costing Method

Coal Stock: Cost is determined using the weighted average cost method. Cost comprises direct materials, direct labor, extraction and processing costs, and an appropriate proportion of fixed and variable overhead expenses directly incurred in bringing the coal stock to its present location and condition.

Consumables and Stores

Measured at purchase cost. Cost comprises the invoice purchase price, freight, handling, and other direct costs incurred in bringing each item to its present location and condition, net of trade discounts and rebates.

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Notes to the Consolidated Financial Statements

13. Restricted Cash

	30-Jun-26 $ '000	30-Jun-25 $ '000
Bank deposit	-	30
Security deposit	54,441	58,191
	54,441	**58,221**

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. The security deposit is held by Westpac, which at reporting date was bearing an interest rate of 4.92% per annum.

A portion of the security deposit was refunded during the year following the Queensland Government's revised ERC decision for Blair Athol. The updated assessment reduced the required financial assurance, which in turn lowered the surety obligation held with Westpac. The reduction in restricted cash reflects this adjustment to the underlying surety bond requirement.

14. Other financial assets

	30-Jun-26 $ '000	30-Jun-25 $ '000
Mining rehabilitation guarantees	3,537	3,019
	3,537	**3,019**

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.

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Notes to the Consolidated Financial Statements

15. Property, plant and equipment

	30-Jun-26 $ '000	30-Jun-25 $ '000
Property, plant and equipment	10,438	82,049

Consolidated	30-Jun-26 Cost $ '000	30-Jun-26 Accumulated depreciation & impairment $ '000	30-Jun-26 Carrying value $ '000	30-Jun-25 Cost $ '000	30-Jun-25 Accumulated depreciation & impairment $ '000	30-Jun-25 Carrying value $ '000
Land and buildings	6,330	(2,726)	3,604	6,330	-	6,330
Plant and machinery	68,853	(66,002)	2,851	63,811	(37,938)	25,873
Mine development	156,373	(153,915)	2,458	167,832	(130,960)	36,872
Right-of-use assets – plant and equipment	16,885	(15,672)	1,213	15,062	(4,396)	10,666
Capital – work in progress	2,757	(2,445)	312	2,308	-	2,308
Total	**251,198**	**(240,760)**	**10,438**	**255,343**	**(173,294)**	**82,049**

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Notes to the Consolidated Financial Statements

15. Property, plant and equipment (continued)

	Opening balance $ '000	Additions $ '000	Transfers $ '000	Derecognition $ '000	Change in estimate $ '000	Exchange differences $ '000	Depreciation $ '000	Impairment (Refer note 7) $ '000	Closing balance $ '000
Land and buildings	6,330	-	-	-	-	-	-	(2,726)	3,604
Plant and equipment	25,873	557	4,507	(29)	-	7	(8,498)	(19,566)	2,851
Mine development	36,872	-	-	-	(11,459)	-	(4,147)	(18,808)	2,458
Right-of-use assets – plant & equipment	10,666	1,823	-	-	-	-	(1,791)	(9,485)	1,213
Capital – work in progress	2,308	5,174	(4,507)	(218)	-	-	-	(2,445)	312
	82,049	**7,554**	**-**	**(247)**	**(11,459)**	**7**	**(14,436)**	**(53,030)**	**10,438**

Reconciliation of property, plant and equipment 30 June 2025

	Opening balance $ '000	Additions $ '000	Transfers $ '000	Derecognition $ '000	Change in estimate $ '000	Exchange differences $ '000	Depreciation $ '000	Impairment (Refer note 7) $ '000	Closing balance $ '000
Land and buildings	6,330	-	-	-	-	-	-	-	6,330
Plant and equipment	28,142	-	6,813	(55)	-	(5)	(9,022)	-	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
	86,152	**15,491**	**-**	**(55)**	**-**	**-**	**(19,539)**	**-**	**82,049**

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

16. Exploration and evaluation assets

Consolidated	30-Jun-26 Cost $ '000	30-Jun-26 Impairment $ '000	30-Jun-26 Carrying value $ '000	30-Jun-25 Cost $ '000	30-Jun-25 Impairment $ '000	30-Jun-25 Carrying value $ '000
Exploration and evaluation	-	-	-	13,524	(13,524)	-

* Exploration and evaluation assets were fully written off in the prior year

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 an undeveloped project 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.

Tenement No.	Operation/Project	Location	2026	2025
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%

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Notes to the Consolidated Financial Statements

16. Exploration and evaluation assets (continued)

Tenement No.	Operation/Project	Location	2026	2025
MP30/5/1/2/2/429MR	Kangala Colliery	Delmas, Mpumalanga Province, South Africa	70.50%	70.50%
LP30/5/1/2/3/2/1 (10131) MR	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%
MP30/5/1/2/2/10169MR	Eloff Project (1)	Delmas, 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%
MP30/5/1/2/2/492MR	New Clydesdale Colliery ("NCC") - Roodekop	Kriel Mpumalanga Province South Africa	49%	49%

(1) held through equity accounted investment

17. Other non-current assets

	30-Jun-26 $ '000	30-Jun-25 $ '000
Other deposits	8,978	12,171

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%).

18. Trade and other payables

	30-Jun-26 $ '000	30-Jun-25 $ '000
Trade creditors	18,618	20,944
ASIC settlement fee	-	8,500
Final legal award relating to Kangala- South Africa	-	1,133
Royalties	3,508	4,025
Accrued expenses	12,717	15,277
	34,843	**49,879**

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.

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Notes to the Consolidated Financial Statements

19. Borrowings

	30-Jun-26 $ '000	30-Jun-25 $ '000
Current borrowings		
Standard Bank of South Africa facilities	-	747

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.

The Group fully repaid the facility on 30 September 2025. As at 30 June 2026, no balance is outstanding and the security arrangements have been released.

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.

20. Deferred Revenue

	30-Jun-26 $ '000	30-Jun-25 $ '000
Current deferred revenue	16,378	19,499
Non-current deferred revenue	-	19,804
	16,378	**39,303**

During the previous year, the Group entered into 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.

As of 30 June 2026, the remaining obligation still to be delivered is equivalent to AUD $16.378 million and has been recognised as deferred revenue in the statement of financial position. This has been settled in July 2026 as disclosed in Note 37 - Events after reporting date.

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Notes to the Consolidated Financial Statements

21. Lease liabilities

	30-Jun-26 $ '000	30-Jun-25 $ '000
As at 1 July	10,249	563
Additions	1,943	10,761
Accretion of interest	899	280
Payments	(3,154)	(1,355)
Closing as at 30 June	9,937	10,249
Current liabilities	2,329	1,933
Non-current liabilities	7,608	8,316
	9,937	10,249
The following are the amounts recognised in profit or loss		
Depreciation expense	1,791	910
Interest expenses on lease liabilities	899	280
	2,690	1,190

22. Provisions

	1-Jul-25 $ '000	Change in estimate $ '000	Unwinding of discount $ '000	Rehabilitation $ '000	Exchange differences $ '000	30-Jun-26 $ '000
Mine rehabilitation and closure						
Blair Athol	54,204	(11,458)	1,491	(158)	-	44,079
Australian exploration assets	864	-	-	-	-	864
Kangala	4,656	271	482	-	248	5,657
	59,724	**(11,187)**	**1,973**	**(158)**	**248**	**50,600**

	1-Jul-24 $ '000	Change in estimate $ '000	Unwinding of discount $ '000	Rehabilitation $ '000	Exchange differences $ '000	30-Jun-25 $ '000
Mine rehabilitation and closure						
Blair Athol	54,315	(541)	2,037	(1,607)	-	54,204
Australian exploration assets	864	-	-	-	-	864
Kangala	4,035		-	-	621	4,656
	59,214	**(541)**	**2,037**	**(1,607)**	**621**	**59,724**

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 calculated 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.

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22. Provisions (continued)

	30-Jun-26 $ '000	30-Jun-25 $ '000
Current Provision		
Annual leave	3,678	4,333
Long service leave	2,339	2,211
	6,017	**6,544**
Non-current Provision		
Rehabilitation	50,600	59,724
	50,600	**59,724**

The movement in the rehabilitation provision reflects updated macro-economic assumptions for the Blair Athol rehabilitation obligation, specifically changes in the inflation and discount rate inputs. In addition, the Progressive Rehabilitation and Closure Plan (PRCP) was formally approved this year, resulting in revised trimming and updated cost estimates incorporated into the provision.

23. Issued Capital

	30-Jun-26 Shares	30-Jun-25 Shares	30-Jun-26 $ '000	30-Jun-25 $ '000
Issued				
Ordinary shares - fully paid	1,822,523,150	800,966,235	433,407	376,011

Movements in ordinary share capital	Date	Shares	Issue price	$ '000
2026				
Opening balance	01-July-2025	800,966,235	-	376,011
Issue of shares*	27-January-2026	1,002,271,609	0.06	56,312
Issue of shares*	24-February-2026	19,285,306	0.06	1,084
Closing balance	**30-June-2026**	**1,822,523,150**	-	**433,407**

*During the year, the Company issued 1,021,556,915 ordinary shares at $0.06 per share, raising $57.4 million, net of transaction costs in new equity.

2025				
Opening balance	01-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.

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23. Issued Capital (continued)

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 Group is subject to certain financing arrangements and covenants as noted in Note 19 and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year (2025: no default).

The capital risk management policy remains unchanged from the 2025 Annual Report.

24. Share-based payments

Directors and Executive KMP

There were no share-based payments during the year (2025: nil) and no performance rights were granted during the year (2025: nil).

25. 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:

	30-Jun-26 $ '000	30-Jun-25 $ '000
At the beginning of the financial year	24,592	21,933
Foreign currency translation through other comprehensive income	2,560	2,659
	27,152	**24,592**

26. Accumulated losses

	30-Jun-26 $ '000	30-Jun-25 $ '000
Accumulated losses at the beginning of the financial year	(280,418)	(229,684)
Profit / (Loss) after income tax for the year	(155,373)	(42,724)
Dividends paid	-	(8,010)
Accumulated losses at the end of the financial year	**(435,791)**	**(280,418)**

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Notes to the Consolidated Financial Statements

27. Other non-controlling interest

	30-Jun-26 $ '000	30-Jun-25 $ '000
Non-controlling interest	(860)	(558)
Opening balance	(558)	(412)
Loss attributable to non-controlling interest	(130)	(694)
NCI attributed to deconsolidation of deregistered entities	-	517
Other comprehensive income/(loss)	(172)	31
	(860)	**(558)**

28. Taxation

Reconciliation of the tax (benefit) / expense	30-Jun-26 $ '000	30-Jun-25 $ '000
Current tax expense	-	120
Deferred tax expense / (benefit)	(610)	(8,411)
Prior period under / (over) provision	(874)	(182)
	(1,484)	**(8,473)**
Reconciliation of the tax (benefit) / expense		
Reconciliation between accounting profit and tax (benefit) / expense.		
Loss before income tax (benefit) / expense	(156,987)	(51,891)
Tax at the applicable tax rate of 30% (2025: 30%)	(47,096)	(15,568)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income		
Non-taxable items	-	4,104
Adjustments in respect of current income tax of previous years	543	441
Non deductible items	2,167	2,550
Impairment of investments in associates – not deductible	15,155	-
Impairment of property, plant and equipment – deferred tax asset not recognised	15,909	-
Tax losses / temporary differences not recognised as deferred tax assets	11,838	-
	(1,484)	**(8,473)**
Difference in overseas tax rates	-	-
Income tax benefit	**(1,484)**	**(8,473)**

	30-Jun-26 Deferred income tax	30-Jun-25 Deferred income tax
Opening balance	1,224	(7,005)
Charged to income – corporate tax	610	8,411
Adjustment for prior periods	(1,834)	(182)
Closing balance	**-**	**1,224**

	30-Jun-26 $'000	30-Jun-25 $'000
Tax losses relating to entities outside the tax consolidated group	7,218	4,233

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Notes to the Consolidated Financial Statements

29. Deferred Tax

	30-Jun-26 $ '000	30-Jun-25 $ '000
Deferred tax assets comprise temporary differences attributable to:		
Provision	15,905	19,880
Leases	135	3,075
Other	1,383	1,211
Impairment	15,909	-
Tax losses	25,259	-
Deferred tax assets not brought to account as realisation is not probable	(38,812)	-
	19,779	**24,166**
Offset of deferred tax liability	(19,779)	(22,942)
	-	**1,224**
Amounts recognised in equity		
Transaction costs on share issue	1,169	-
Deferred tax asset on share issue costs not brought to account	(1,169)	
Deferred tax asset – net	**-**	**1,224**

	30-Jun-26 $ '000	30-Jun-25 $ '000
Deferred tax liability comprises temporary differences attributable to:		
Property, plant and equipment	(8,885)	(9,397)
Secured deposits	(8,847)	(9,972)
Consumables	-	-
Leases	(109)	(3,459)
Other	(1,938)	(114)
	(19,779)	**(22,942)**
Offset of deferred tax asset	19,779	22,942
Deferred tax asset (liability) – net	**-**	**-**

TerraCom Limited and its wholly owned Australian controlled entities are part of a tax-consolidated group under Australian taxation law. The head entity, TerraCom Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. In addition to its own current and deferred tax amounts, TerraCom Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Unrecognised deferred tax assets

As at 30 June 2026, no net deferred tax asset has been recognised in respect of deductible temporary differences and carried-forward tax losses, as the Group has concluded that it is not probable that sufficient future taxable profits will be available against which these amounts can be utilised.

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Notes to the Consolidated Financial Statements

30. Key management personnel disclosures

Compensation to Executive KMP and Non-Executive Directors of the Group	30-Jun-26 $	30-Jun-25 $
Short-term employee benefits*	2,317,974	4,102,134
Contributions to superannuation plans	174,010	125,101
Termination benefit	955,703	-
Long-term employee benefits	3,542	102,011
Total compensation	**3,451,229**	**4,329,246**

*Short-term benefits for the previous year includes the FY24 LTI award, which was cash-settled within 12 months. No LTI was awarded for FY25 or FY26. The FY24 award vested in FY25 and was paid in FY26.

31. Cash flow information

	30-Jun-26 $ '000	30-Jun-25 $ '000
Profit / (loss) after income tax for the year	(155,503)	(43,418)
Adjustments for non-cash items:		
Depreciation and amortisation	14,436	19,539
Write off of assets	247	-
Impairment expense	103,547	22,131
Foreign exchange differences	(1,212)	122
Share of loss/(profit) of investments accounted for using the equity method	6,184	3,412
Profit / (loss) on disposal of fixed assets	-	(188)
Profit / (loss) on deregistration / deconsolidation	(16)	206
Changes in assets and liabilities:		
Movement in tax balances	3,196	(49,130)
(Increase) / decrease in inventories	(4,419)	(399)
(Increase) / decrease in trade and other receivables	6,661	11,229
(Increase) / decrease in other assets	-	(3,984)
Increase / (decrease) in trade and other payables	(8,995)	17,538
Increase / (decrease) in deferred revenue	(22,925)	39,303
Increase / (decrease) in provisions	1,807	1,823
Net Cash (used in) / from operating activities	**(56,992)**	**18,184**

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Notes to the Consolidated Financial Statements

31. Cash flow information (continued)

Changes in liabilities arising from financing activities

	Opening $ '000	Cash flows $ '000	FX and other movements $ '000	Closing $ '000
2026				
Interest bearing loans and borrowings (excluding items listed below)	747	(760)	13	-
Lease liabilities	10,249	(3,154)	2,842	9,937
Other financial liabilities	-	1,054	-	1,054
	10,996	**(2,860)**	**2,855**	**10,991**

	Opening $ '000	Cash flows $ '000	FX and other movements $ '000	Closing $ '000
2025				
Interest bearing loans and borrowings (excluding items listed below)	3,613	(3,274)	408	747
Lease liabilities	563	(1,355)	11,041	10,249
	4,176	**(4,629)**	**11,449**	**10,996**

32. Dividends paid

No dividends were declared or paid to shareholders for the financial year ended 30 June 2026. Dividends totalling $8.010 million were declared in respect of the financial year ended 30 June 2025.

Consolidated	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

Franking Account Balance

Franking account balance as at 30 June 2026 was $70.516 million (2025: $76.026 million).

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Notes to the Consolidated Financial Statements

33. Financial Instruments

Categories of financial assets and fair value information

30-Jun-26	Note	Carrying value at amortised cost $ '000	Fair value $ '000
Trade and other receivables	11	16,158	16,158
Cash and cash equivalents	10	8,381	8,381
Restricted cash	13	54,441	54,441
Other financial asset	14	3,537	3,537
Other non-current asset (deposit)	17	8,978	8,978
		91,495	**91,495**

30-Jun-25	Note	Carrying value at amortised cost $ '000	Fair value $ '000
Trade and other receivables	11	20,309	20,309
Cash and cash equivalents	10	13,382	13,382
Restricted cash	13	58,221	58,221
Other financial asset	14	3,019	3,019
Other non-current asset (deposit)	17	12,171	12,171
		107,102	**107,102**

30-Jun-26	Note	Carrying value at amortised cost $ '000	Fair value $ '000
Trade and other payables	18	34,843	34,843
Lease liabilities	21	9,937	9,937
Other financial liabilities		1,054	1,054
		45,834	**45,834**

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Notes to the Consolidated Financial Statements

33. Financial Instruments (continued)

30-Jun-25	Note	Carrying value at amortised cost $ '000	Fair value $ '000
Trade and other payables	18	49,879	49,879
Borrowings	19	747	747
Lease liabilities	21	10,249	10,249
		60,875	**60,875**

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by senior finance executives (Finance) under policies approved by the Board of Directors (the Board). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk

The Group's plans for any revenue are to be derived mainly from the sale of coal and/or coal products. Consequently, the Group's financial position, operating results and future growth will closely depend on the market price of each of these commodities. Market prices of coal products are subject to large fluctuations in response to changes in demand and/or supply and various other factors.

These changes can be the result of uncertainty or several industry and macroeconomic factors beyond the control of the Group, including political instability, governmental regulation, forward selling by producers, climate, inflation, interest rates and currency exchange rates. If market prices of the commodities sold by the Group were to fall below production costs for these products and remain at that level for a sustained period of time, the Group would be likely to experience losses, having a material adverse effect on the Group. The Group does not currently hedge against coal price and foreign exchange.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year. In addition, receivable balances are monitored on an ongoing basis.

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Notes to the Consolidated Financial Statements

33. Financial Instruments (continued)

The Group does not hold any credit derivatives to offset its credit exposure. The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the board. These risk limits are regularly monitored.

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

The Group's maximum exposure is equal to the carrying amount of the financial assets, as outlined below:

	30-Jun-26 $ '000	30-Jun-25 $ '000
Trade and other receivables	16,158	20,309
Cash and cash equivalents	8,381	13,382
Restricted cash	54,441	58,221
Other financial asset	3,537	3,019
Other non-current asset (deposit)	8,978	12,171
	91,495	**107,102**

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

The maturity profile of contractual cash flows of non-derivative financial liabilities are presented in the following table. The cash flows are undiscounted contractual amounts.

30-Jun-26	Interest Rates	Less than 1 year $'000	1 to 5 years $ '000	Over 5 years $'000	Remaining contractual maturities $ '000
Non-interest bearing					
Non-interest bearing trade payables	0%	34,843	-	-	34,843
Interest bearing – variable					
Lease liabilities	4.50%	3,129	8,586	-	11,715
Other financial liabilities	8.25%	1,054	-	-	1,054
		39,026	**8,586**	**-**	**47,612**

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Notes to the Consolidated Financial Statements

33. Financial Instruments (continued)

30-Jun-25	Interest Rates	Less than 1 year $'000	1 to 5 years $ '000	Over 5 years $'000	Remaining contractual maturities $ '000
Non-interest bearing					
Non-interest bearing trade payables	0%	49,879	-	-	49,879
Interest bearing – variable					
Borrowings (excluding lease liabilities)	11.19%	768	-	-	768
Lease liabilities	4.50%	2,764	9,973	-	12,737
		53,411	**9,973**	**-**	**63,384**

The table above reflects current contractual obligations however, the Group may settle these borrowings under a different repayment profile to that as disclosed in the above table.

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cashflow forecasting.

The functional currency of the parent entity, 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). As a result, currency exposure exists arising from the transaction and balances in currencies other than AUD and ZAR (Australian Dollars and South African Rand). The Group closely monitors its foreign exchange risk in Australia and South Africa to ensure it is at an acceptable level of risk.

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in the foreign exchange rates of currencies in which the Group holds financial instruments.

Foreign currency sensitivity analysis	30-Jun-26 AUD strengthened 1% $'000	30-Jun-26 AUD weakened 1% $'000	30-Jun-25 AUD strengthened 1% $'000	30-Jun-25 AUD weakened 1% $'000
Increase or decrease in rate				
Impact on profit or loss before tax:				
Cash and cash equivalents	25	(25)	85	(87)
Trade debtors	125	(128)	108	(110)
Accounts payable	81	(82)	-	-
	231	**(235)**	**193**	**(197)**
Impact on equity:				
Cash and cash equivalents	25	(25)	85	(87)
Trade debtors	125	(128)	108	(110)
Accounts payable	81	(82)	-	-
	231	**(235)**	**193**	**(197)**

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

Notes to the Consolidated Financial Statements

33. Financial Instruments (continued)

Interest rate profile

As at the reporting date, the Group had the following variable rate borrowings outstanding:

	Average interest rate		Carrying amount	
	2026 %	2025 %	30 Jun 2026 $'000	30 Jun 2025 $'000
Increase or decrease in rate				
Consolidated				
Standard Bank of South Africa	11.36%	11.19%	-	747
Net exposure to cash flow interest rate risk			**-**	**747**

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' above.

Price risk

Commodity price risk refers to the possibility that the fair value or future cash flows of a financial instrument may fluctuate due to changes in market prices, largely driven by supply and demand factors. The Group continues to monitor its exposure to this risk. As at the reporting date, the Group has chosen not to implement strategies to mitigate potential downside price movements. Once commodity prices stabilise and market uncertainty eases, the Group may consider adopting risk management strategies.

34. Capital and leasing commitments

	30-Jun-26 $ '000	30-Jun-25 $ '000
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	9,540	1,532
One to five years	4,392	3,551
	13,932	**5,083**

35. Contingent liabilities

The Group has no contingent liabilities as at 30 June 2026.

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Notes to the Consolidated Financial Statements

36. Related parties

Relationships	
Parent entity	TerraCom Limited is the parent entity
Subsidiaries	Interests in subsidiaries are set out in Note 38
Associates and Joint Ventures	Interests in associates and joint ventures include Universal Coal Development VI (Pty) Ltd, Universal Coal Development VII (Pty) Ltd and Universal Coal Logistics (Pty) Ltd

Major shareholder – Orbit Marketing Pte. Ltd.

At 30 June 2026, Orbit Marketing Pte. Ltd. (Orbit), a company incorporated in Singapore, had a relevant interest in 826,819,505 ordinary shares, representing 45.37% of the issued capital of TerraCom Limited. These shares are held through Gleneagle Securities Nominees Pty Limited as nominee. Orbit acquired its initial interest through the acquisition of 160,000,000 ordinary shares in December 2025 and subsequently increased its holding through participation in the Company's renounceable entitlement offer completed in January 2026.

Orbit is a wholly owned subsidiary of Quantum Strategic Investments Pte. Ltd. (Singapore). Quantum Strategic Investments Pte. Ltd. is in turn wholly owned by PT Olympus Strategic Indonesia Tbk (formerly PT Surya Permata Andalan Tbk), a company listed on the Indonesia Stock Exchange. Orbit and the other members of the group of which it forms part (the Orbit Group) are related parties of the Group.

The relevant entities identified for the purposes of these disclosures include:

- PT Olympus Strategic Indonesia Tbk;
- Orbit Marketing Pte. Ltd.;
- Quantum Strategic Investments Pte. Ltd.;
- Quantum Global Strategic Pte. Ltd.;
- PT Nusantara Mandala Prima;
- PT Nusantara Jaya Realti;
- PT Citra Multi Jaya;
- PT Aneka Dian Perkasa;
- PT Mitra Graha Tangguhperkasa;
- PT Mimpi Design;
- PT Roku Bali Internasional Indonesia;
- PT Pelangi Anugerah Buana; and

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Notes to the Consolidated Financial Statements

36. Related parties (continued)

On 10 August 2026, the Company and Orbit entered into a Relationship Deed. The deed governs information exchange, confidentiality and the management of related party dealings and conflicts of interest. No consideration is payable under the deed.

Related party balances	30-Jun-26 $	30-Jun-25 $
Receivables		
North Block Complex (Pty) Ltd loan payable to UCEHSA	-	174,039
Universal Coal Development IV (Pty) Ltd loan payable to UCEHSA	-	572,827
Payables		
Lewis Mining Consulting – Glen Lewis (director fees)	-	14,667
Services from Insignia Mining Pty Ltd - Glenn Splatt	15,751	-
Related party transactions		
Minority shareholder related parties in South Africa		
Interest earned from North Block Complex (Pty) Ltd	4,943	71,940
Interest earned from Universal Coal Development IV (Pty) Ltd	16,269	236,781
Directors with TerraCom or controlled subsidiaries of the Group		
Services from Lewis Mining Consulting (director fees) - Glen Lewis	122,310	167,500
Services from Insignia Mining Pty Ltd - Glenn Splatt	22,251	-

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. These on-lent amounts were fully settled during the current year (refer to Note 11).

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 resigned 12 March 2026) and for additional advisory services. The amount payable to Lewis Mining on 30 June 2026 is NIL (30 June 2025: $14,667).

Consultancy agreement – Off The Front Advisory Pty Ltd (Danny McCarthy)

On 9 April 2026, the Company entered into a consultancy agreement with Mr McCarthy for senior executive and strategic consultancy services from 1 May 2026 to 30 September 2026. The agreed fee is $250,000, payable in cash on 30 September 2026, of which $100,000 was recognised at 30 June 2026 in trade and other payables.

Terms and conditions

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

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Notes to the Consolidated Financial Statements

37. Events after reporting period

Other than the matters set out below, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report that, in the opinion of the Directors, is likely 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. These matters should be read together with Note 1.2 Going Concern, which describes a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

In July 2026, the Group fully repaid the coal prepayment arrangement entered into in April 2025, settling outstanding customer prepayments of A$16.378 million (US$11.25 million). The repayment represented a substantial application of the Group's cash reserves. Following the repayment, the Group had no external debt, other than lease commitments.

The Group has signed term sheets to enter into a US$20 million coal prepayment agreement with an international coal trader, with the first US$10 million payable on 6 October 2026, and is pursuing additional liquidity through cargo prepayments and a formal debt financing process. Further detail is set out in Note 1.2 of the Financial Report.

Since July 2026, the Group has adopted a revised mine plan and product mix at Blair Athol and added a third excavator to the mining fleet. These changes are intended to increase production and reduce average production costs through higher volumes. The Directors expect initial benefits to emerge in the December 2026 quarter, with more significant benefits expected in the six months to 30 June 2027. These operational initiatives are expected to support operating cash flow but do not, of themselves, provide direct working capital funding.

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Notes to the Consolidated Financial Statements

38. 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 2026	% holding 2025
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%
Clyde Park Coal Pty Ltd	Australia	64.40%	64.40%
Guildford Infrastructure Pty Ltd	Australia	100.00%	100.00%
Terra Mining Services Pty Ltd (1)	Australia	100.00%	100.00%
Springsure Mining Pty Ltd	Australia	90.07%	90.07%
Springsure Centre of Excellence Pty Ltd	Australia	90.07%	90.07%
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	70.50%	70.50%
Epsimax (Pty) Ltd	South Africa	74.00%	74.00%
TerraCom Resources DMCC (3)	United Arab Emirates	100.00%	100.00%

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

(2) Twin Cities Trading 374 (Pty) Ltd and Episolve (Pty) Ltd were deregistered effective 30 June 2025. Bold Moves 1765 (Pty) Ltd and Universal Coal Development VI (Pty) Ltd were deregistered effective 04 February 2025, Universal Coal Power Generation (Pty) Ltd was deregistered effective 08 February 2025, and Universal Coal Logistics (Pty) Ltd was deregistered effective 10 February 2025. These entities were dormant and had no material impact to the group on deregistration.

(3) TerraCom Resources DMCC was deregistered on 18 July 2026, subsequent to year end, with no material impact on the Group.

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Notes to the Consolidated Financial Statements

38. Interest in subsidiaries (continued)

Name	Principal place of business/ Country of incorporation	Principal activities	Parent Ownership interest 2026 %	Parent Ownership interest 2025 %	Non-controlling interest Ownership interest 2026 %	Non-controlling interest Ownership interest 2025 %
Clyde Park Coal Pty Ltd	Australia	Exploration	64.40%	64.40%	35.60%	35.60%
Springsure Mining Pty Ltd	Australia	Exploration	90.07%	90.07%	9.93%	9.93%
Springsure Centre of Excellence Pty Ltd	Australia	Holding Company	90.07%	90.07%	9.93%	9.93%
Universal Coal Development I (Pty) Ltd	South Africa	Care & Maintenance	70.50%	70.50%	29.50%	29.50%
Epsimax (Pty) Ltd	South Africa	Company Holding	74.00%	74.00%	26.00%	26.00%

(1) Twin Cities Trading 374 (Pty) Ltd and Episolve (Pty) Ltd were deregistered effective 30 June 2025. Bold Moves 1765 (Pty) Ltd and Universal Coal Development VI (Pty) Ltd were deregistered effective 04 February 2025, Universal Coal Power Generation (Pty) Ltd was deregistered effective 08 February 2025, and Universal Coal Logistics (Pty) Ltd was deregistered effective 10 February 2025.

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 2026	
Summarised statement of financial position	
Current assets	197
Non-current assets	3,939
Current liabilities	(4,864)
Non-current liabilities	(17,375)
Summarised statement of profit or loss and other comprehensive income	
Revenue	-
Profit / (Loss)	(431)
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)

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Notes to the Consolidated Financial Statements

39. 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.

Consolidated	**30-Jun-26**	**30-Jun-25**
Non-current assets	**$ '000**	**$ '000**
Investment in associates and joint ventures	23,620	77,723

Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:	**30-Jun-26**	**30-Jun-25**
	$ '000	**$ '000**
Carrying amount at beginning of financial year	77,723	85,011
Share of profit/(loss)	(6,184)	(3,412)
Effect of foreign exchange	2,598	2,931
Impairment	(50,517)	(6,807)
Closing carrying amount	**23,620**	**77,723**

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Notes to the Consolidated Financial Statements

39. Investment in associates and joint ventures (continued)

Summarised statement of financial position as at 30 June 2026 for South African operations (1)

	Eloff	NBC	Berenice	Cygnus	NCC	Ubuntu (2)	UCD8	Total
	30 June 2026 $'000	30 June 2026 $'000	30 June 2026 $'000	30 June 2026 $'000	30 June 2026 $'000	30 June 2026 $'000	30 June 2026 $'000	30 June 2026 $'000
Current assets								
Cash and cash equivalents	6	4,012	-	-	1,371	-	6	5,395
Other current assets	-	27,615	20	-	14,957	15,255	31	57,878
Total current assets	**6**	**31,627**	**20**	**-**	**16,328**	**15,255**	**37**	**63,273**
Non-current assets	**12,471**	**76,894**	**4,665**	**880**	**90,469**	**9,336**	**106**	**194,821**
						.		
Current liabilities								
Financial liabilities (excluding trade payables)	-	-	-	-	-	-	-	-
Other current liabilities	8	19,473	21	7	18,703	15,922	31	54,165
Total current liabilities	**8**	**19,473**	**21**	**7**	**18,703**	**15,922**	**31**	**54,165**
Non-current liabilities								
Other non-current liabilities	-	30,830	-	-	73,867	48,372	-	153,069
Total non-current liabilities	**-**	**30,830**	**-**	**-**	**73,867**	**48,372**	**-**	**153,069**
Net assets	**12,469**	**58,218**	**4,664**	**873**	**14,227**	**(39,703)**	**112**	**50,860**
Group interest %	49%	49%	50%	50%	49%	49%	49%	49%
Group interest $	6,110	28,527	2,332	437	6,971	-	55	44,432
Goodwill	-	2,430	2,742	609	30,959	-	-	36,740
Impairment period to date (Refer note 7)	-	(30,957)	(5,074)	(1,046)	(20,475)	-	-	(57,552)
Carrying amount	**6,110**	**-**	**-**	**-**	**17,455**	**-**	**55**	**23,620**

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

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Notes to the Consolidated Financial Statements

39. Investment in associates and joint ventures (continued)

(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 and joint ventures behalf.

Summarised statement of profit or loss and other comprehensive income for the year ended 30 June 2026 for South African operations (1)

	Eloff	NBC	Berenice	Cygnus	NCC	Ubuntu (2)	UCD8	Total
	30 June 2026 $'000	30 June 2026 $'000	30 June 2026 $'000	30 June 2026 $'000	30 June 2026 $'000	30 June 2026 $'000	30 June 2026 $'000	30 June 2026 $'000
Revenue	-	186,226	-	-	152,729	77	-	339,032
Cost of goods sold	-	(171,080)	-	-	(139,825)	(25)	-	(310,930)
Other operating and administrative expense	(112)	(9,715)	-	-	(13,484)	(222)	-	(23,533)
Profit before income tax expense	**(112)**	**5,431**	**-**	**-**	**(580)**	**(170)**	**-**	**4,569**
Depreciation and amortisation expense	-	(93)	-	-	(51)	(19)	-	(163)
Impairment of CGU	(1,011)	-	-	-	(15,423)	-	-	(16,434)
Net finance expenses	-	(1,321)	-	-	(3,751)	(2,097)	-	(7,169)
Net profit before income tax expense	**(1,123)**	**4,017**	**-**	**-**	**(19,805)**	**(2,286)**	**-**	**(19,197)**
Income tax expense	-	(1,065)	-	-	5,354	(19)	-	4,270
Profit after income tax expense	**(1,123)**	**2,952**	**-**	**-**	**(14,451)**	**(2,305)**	**-**	**(14,927)**
Statutory and underlying result for the year	(1,123)	2,952	-	-	(14,451)	(2,305)	-	(14,927)
Statutory total comprehensive income	**(1,123)**	**2,952**	**-**	**-**	**(14,451)**	**(2,305)**	**-**	**(14,927)**
Group interest %	49%	49%	50%	50%	49%	49%	49%	
Group interest $	(550)	1,447	-	-	(7,081)	-	-	(6,184)
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.

(3) UCD VII is accounted for as a joint venture. As UCD VII is not currently operational, it has not been included in the table above.

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Notes to the Consolidated Financial Statements

39. 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 $'000	30 June 2025 $'000	30 June 2025 $'000	30 June 2025 $'000	30 June 2025 $'000	30 June 2025 $'000	30 June 2025 $'000
Current assets							
Cash and cash equivalents	23,940	-	-	7,129	83	6	31,158
Other current assets	28,922	20	-	14,912	14,753	30	58,637
Total current assets	**52,862**	**20**	**-**	**22,041**	**14,836**	**36**	**89,795**
Non-current assets	**76,638**	**4,515**	**852**	**101,756**	**9,035**	**103**	**192,899**
Current liabilities							
Financial liabilities (excluding trade payables)	174	-	-	573	-	-	747
Other current liabilities	46,236	150	83	26,546	15,679	30	88,724
Total current liabilities	**46,410**	**150**	**83**	**27,119**	**15,679**	**30**	**89,471**
Non-current liabilities							
Other non-current liabilities	29,646	-	-	55,547	44,354	-	129,547
Total non-current liabilities	**29,646**	**-**	**-**	**55,547**	**44,354**	**-**	**129,547**
Net assets	**53,444**	**4,385**	**769**	**41,131**	**(36,162)**	**109**	**63,676**
Group interest %	49%	50%	50%	49%	49%	49%	49%
Group interest $	26,188	2,193	384	20,155	-	53	48,973
Goodwill	2,352	2,653	590	29,962	-	-	35,557
Impairment (Refer note 7)	-	-	-	(6,807)	-	-	(6,807)
Carrying amount	**28,540**	**4,846**	**974**	**43,310**	**-**	**53**	**77,723**

(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 and joint ventures behalf.

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

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Notes to the Consolidated Financial Statements

39. Investment in associates and joint ventures (continued)

	NBC	Berenice	Cygnus	Eloff & NCC	Ubuntu (2)	UCD8	Total
	30 June 2025 $'000	30 June 2025 $'000	30 June 2025 $'000	30 June 2025 $'000	30 June 2025 $'000	30 June 2025 $'000	30 June 2025 $'000
Revenue	224,925	-	-	132,914	74	-	357,913
Cost of goods sold	(200,363)	-	-	(134,754)	(81)	-	(335,198)
Other operating and administrative expense	(10,519)	(9)	(6)	(14,881)	441	(2)	(24,976)
Profit before income tax expense	**14,043**	**(9)**	**(6)**	**(16,721)**	**434**	**(2)**	**(2,261)**
Depreciation and amortisation expense	(155)	-	-	(15)	(23)	-	(193)
Net finance expenses	(2,829)	-	-	(3,957)	(2,097)	-	(8,883)
Net profit before income tax expense	**11,059**	**(9)**	**(6)**	**(20,693)**	**(1,686)**	**(2)**	**(11,337)**
Income tax expense	(2,901)	-	-	5,588	(10)	-	2,677
Profit after income tax expense	**8,158**	**(9)**	**(6)**	**(15,105)**	**(1,696)**	**(2)**	**(8,660)**
Statutory and underlying result for the year	8,158	(9)	(6)	(15,105)	(1,696)	(2)	(8,660)
Statutory total comprehensive income	**8,158**	**(9)**	**(6)**	**(15,105)**	**(1,696)**	**(2)**	**(8,660)**
	-	-	-	-	-	-	-
Group interest %	49%	50%	50%	49%	49%	49%	
Group interest $	3,998	(5)	(3)	(7,401)	-	(1)	(3,412)
Dividends received from associates & joint ventures	-	-	-	-	-	-	-

Details of material associates and joint ventures

Name	Relationship	Principal place of business / Country of incorporation	Ownership interest 2026	Ownership interest 2025
North Block Complex (Pty) Ltd (NBC)	Associate	South Africa	49.00%	49.00%
Universal Coal Development IV (Pty) Ltd (New Clydesdale Colliery – NCC)	Associate	South Africa	49.00%	49.00%
Eloff Mining Company (Pty) Ltd (Eloff Project)	Associate	South Africa	49.00%	49.00%
Universal Coal Development III (Pty) Ltd (Ubuntu Colliery)	Associate	South Africa	48.90%	48.90%
Universal Coal Development VIII (Pty) Ltd (UCD8)	Associate	South Africa	49.00%	49.00%
Universal Coal Development II (Pty) Ltd (Berenice Project)	Joint venture	South Africa	50.00%	50.00%
Universal Coal Development V (Pty) Ltd (Cygnus Project)	Joint venture	South Africa	50.00%	50.00%
Universal Coal Development VII (Pty) Ltd (UCD VII)	Joint venture	South Africa	50.00%	50.00%

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Notes to the Consolidated Financial Statements

40. Parent entity information

Set out below is the supplementary information about the parent entity.

Summary of statement of profit or loss and other comprehensive income

	30-Jun-26 $'000	30-Jun-25 $'000
Profit / (loss) for the year	(20,115)	(15,911)

Summary of Statement of financial position	30-Jun-26 $'000	30-Jun-25 $'000
Assets		
Current assets	7,459	12,108
Non-current assets	27,933	43,508
Total assets	**35,392**	**55,616**
Liabilities		
Current liabilities	6,648	15,077
Non-current liabilities	26,941	76,017
Total liabilities	**33,589**	**91,094**
Total net assets (liabilities)	**1,803**	**(35,478)**

Summary of Statement of Equity

	30-Jun-26 $'000	30-Jun-25 $'000
Equity		
Issued Capital	433,407	376,011
Foreign currency translation reserve	(3,884)	(3,884)
Accumulated losses *	(427,720)	(407,605)
Total surplus / (deficiency)	**1,803**	**(35,478)**

*Opening retained earnings in FY25 was restated to account for the intercompany dividends income and distributions to be correctly reflected in the parent entity accounts

Guarantees entered by the parent entity in relation to the debts of its subsidiaries

The parent entity formed a closed group with a number of subsidiaries during the financial year ended 30 June 2023. Refer to Note 41 for further information.

Contingent liabilities

Other than noted in Note 35, the Company had no other contingent liabilities at 30 June 2026.

Capital commitments - Property, plant and equipment

The Company had no capital commitments for property, plant and equipment as at 30 June 2026 and 30 June 2025.

Material accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in Note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity.

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Notes to the Consolidated Financial Statements

41. Deed of cross guarantee

Pursuant to ASIC Corporations Instrument 2016/785 dated 28 September 2016, the wholly owned subsidiaries listed in Note 38 are relieved from the Corporations Act 2001 (Cth) (the Act) requirements for the preparation, audit and lodgement of financial reports, and directors' reports. However, the parent company failed to lodge financial statements within three months of year end hence the deed does not provide large proprietary subsidiaries with relief from lodging audited financial statements.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a deed of cross guarantee (the Deed). The effect of the Deed is that the Company guarantees to each creditor payment of any debt in full in the event of winding up of any of the subsidiaries under certain provisions of the Act. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The Company and each of the relevant subsidiaries entered into the Deed on 27 June 2023.

Statement of Comprehensive Income	Closed Group 30-Jun-26 $ '000	Closed Group 30-Jun-25 $ '000
Revenue	178,918	226,671
Cost of goods sold	(202,895)	(221,679)
Gross profit	**(23,977)**	**4,992**
Other operating and administration expenses	(18,666)	(23,896)
Foreign exchange gain/(loss)	1,212	400
Finance income	2,791	3,069
Finance expenses	(7,663)	(6,068)
Depreciation and amortisation expense	(353)	(284)
Impairment of assets	(61,273)	(1,800)
Profit / (loss) before taxation	**(107,929)**	**(23,587)**
Income tax (expense) / benefit	2,421	5,241
Profit / (loss) for the year	**(105,508)**	**(18,346)**

Statement of financial position	30-Jun-26 $ '000	30-Jun-25 $ '000
Cash and cash equivalents	8,210	12,649
Trade and other receivables	16,272	24,277
Income tax asset	-	2,549
Inventories	13,918	9,482
Total current assets	**38,400**	**48,957**
Trade and other receivables	26,001	34,046
Property, plant and equipment	10,098	81,892
Restricted cash	54,441	58,191
Other non-current assets	8,852	12,045
Total non-current assets	**99,392**	**186,174**
Total assets	**137,792**	**235,131**

Notes to the Consolidated Financial Statements

41. Deed of cross guarantee (continued)

Statement of financial position	Closed Group 30-Jun-26 $ '000	Closed Group 30-Jun-25 $ '000
Liabilities		
Trade and other payables	26,279	43,403
Deferred revenue	16,378	18,620
Provisions	6,007	6,495
Lease liabilities	2,329	1,933
Other financial liabilities	1,054	-
Total current liabilities	**52,047**	**70,451**
Non-current liabilities		
Deferred tax liability	-	188
Provisions	44,078	54,202
Deferred revenue	-	19,804
Lease liabilities	7,608	8,315
Total non-current liabilities	**51,686**	**82,509**
Total liabilities	**103,733**	**152,960**
Net assets	**34,059**	**82,171**
Issued capital	433,407	376,011
Retained earnings	(399,348)	(293,840)
Equity	**34,059**	**82,171**

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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 jurisdiction)
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	Yes	South Africa
Universal Coal Development I (Pty) Ltd	Body Corporate	N/A	70.50%	South Africa	Yes	South Africa
Epsimax (Pty) Ltd	Body Corporate	N/A	74.00%	South Africa	Yes	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

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Consolidated Entity Disclosure Statement (continued)

Basis of Preparation (for financial years beginning on or after 1 July 2024)

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the Corporations Act 2001, 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 Corporation Acts 2001 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.

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DIRECTORS' DECLARATION – Financial Report

In the directors' opinion:

- the attached consolidated financial statements and notes comply with the Corporations Act 2001 (Cth), the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached consolidated financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1.2 to the consolidated financial statements;
- the attached consolidated financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, having regard to the matters set out in Note 1.2 (Going Concern);
- the information disclosed in the attached consolidated entity disclosure statement is true and correct; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the closed group identified in Note 41 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 41.

The directors have been given the declarations required by section 295A of the Corporations Act 2001 (Cth).

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001 (Cth).

On behalf of the directors

Andrew Coles
Non-Executive Chairman

Date: 6 October 2026
Brisbane

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INDEPENDENT AUDITOR'S REPORT

To the members of TerraCom Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of TerraCom Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2026 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1.2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of property, plant and equipment

Key audit matter	How the matter was addressed in our audit
Refer to Note 7 and 15 of the financial report. The Group has significant property, plant and equipment associated with the Australian Blair Athol Mine (BA Mine). During the year, the Group recognised an impairment loss reducing the carrying value of the Cash Generating Unit ("CGU") to its recoverable amount. The recoverable amount was determined using value in use, based on a discounted cash flow model. The valuation requires significant judgement and estimation, particularly in relation to forecast coal prices, production volumes, operating and capital costs, life of mine and the discount rate. Given the significance of the property, plant and equipment balance, the impairment recognised and the judgement and estimation uncertainty associated with determining the recoverable amount we considered this to be a key audit matter.	Our procedures, amongst others, included: • Evaluating management's methodology for determining the CGU and where impairment indicators have been identified by management, we have assessed the reasonableness of the managements impairment assessment which utilised the value in use model of the underlying operating assets • Assessing the significant judgements and key estimates used for the impairment assessment, in particular, forecast commodity prices, discount rate and production volumes of the CGU • In conjunction with our internal specialists, assessed the discount rates and future commodity prices against comparable market information for reasonableness • Performing sensitivity analysis by varying significant judgements and key estimates, including the forecast commodity prices, discount rate and production volumes of the CGU • Assessing the mathematical accuracy of the valuation model and agreeing key inputs to supporting information • Assessing the adequacy of the Group's disclosures in respect of impairment testing of the investment in associates and joint ventures.

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Accounting for and carrying value of investments in associates and joint ventures

Key audit matter	How the matter was addressed in our audit
Refer to Note 7 and Note 39 of the financial report. The Group holds investments in associates and joint ventures accounted for using the equity method, of which the investments in New Clydesdale Colliery (NCC) and North Block Complex (NBC) are material to the Group financial statements. During the year, management identified indicators of impairment and assessed the recoverable amounts using value-in-use models, resulting in a material impairment being recognised. The assessment involved significant judgement in respect of forecast production, commodity prices, operating costs, mine life and discount rates. For NBC, additional judgement was required due to uncertainties associated with a significant reduction in marketable reserves due to additional permitting and approval requirements. Accordingly, we considered the accounting for and carrying value of investments in associates and joint ventures to be a key audit matter.	Our audit procedures included, amongst others: • assessing the Group's application of the equity method of accounting, including testing the Group's share of the associate's and joint venture's profit or loss and its recognition in the Group financial statements; • assessing management's identification of impairment indicators and the appropriateness of the value-in-use methodology applied; • evaluating the reasonableness of key assumptions used in the value-in-use models, including forecast production, commodity prices, operating costs, mine life and discount rates; • involving the component auditor's experts to assess the valuation methodology and certain key assumptions, including the discount rates applied; • testing the mathematical accuracy of the value-in-use models and assessing the impact of reasonably possible changes in key assumptions; • evaluating management's assessment of the uncertainties associated with NBC's future mining activities, including the ability to obtain the necessary regulatory approvals and secure commercial arrangements; • evaluating the work performed by the component auditor in respect of NCC; • for NBC, reviewing the relevant component auditor working papers and performing additional procedures in respect of the carrying value of the investment; and • Assessing the adequacy of the Group's disclosures in respect of impairment testing of the investment in associates and joint ventures.

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Valuation of rehabilitation provision

Key audit matter	How the matter was addressed in our audit
Refer to Note 22 of the financial report. The Group has recognised a provision for rehabilitation as at 30 June 2026. The provision for rehabilitation relates to: • Rehabilitation and rectification of current historical disturbance at Blair Athol; • Rehabilitation and rectification of remaining historical disturbance at Kangala; and • Rehabilitation and rectification of disturbance at Australian exploration sites. The provision for rehabilitation was a key audit matter due to judgement involved in estimating expected costs and timing to rehabilitate disturbed areas in future periods and the amount is material.	Our procedures, amongst others, included: • Obtaining an understanding of management's change in the basis of estimation from the Estimated Rehabilitation Cost (ERC) assessment to the Progressive Rehabilitation and Closure Plan (PRCP) • Reconciling the rehabilitation and closure activities and associated estimated costs included in the provision to the PRCP • Evaluating the key assumptions applied in determining the timing and cost of rehabilitation and closure activities • Assessing the completeness of the rehabilitation and closure obligations by reference to the PRCP • Checking the mathematical accuracy of the provision calculation and agreeing the underlying inputs used within the rehabilitation calculation to external market data where available and • Assessing the appropriateness of the disclosures included in the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2026, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf

This description forms part of our auditor's report.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 41 to 53 of the directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of TerraCom Limited, for the year ended 30 June 2026, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

R M Swaby
Director

Brisbane, 6 October 2026

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Directors' Declaration – Sustainability Report

Independent Auditor's review report on specified disclosures

This Sustainability Report

This Sustainability Report is prepared under Chapter 2M of the Corporations Act 2001 (Cth) and forms part of TerraCom's FY2026 annual reporting. It comprises:

- the climate statements and notes, prepared in accordance with AASB S2
- the Directors' Declaration

It is accompanied by the Independent Auditor's limited assurance report.

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Governance

Responsibilities

The Board is the primary governance body responsible for overseeing climate-related risks and opportunities for TerraCom. The Board has ultimate responsibility for overseeing TerraCom's climate-related risks and opportunities. Consistent with their respective charters, the Audit Committee oversees the climate-related financial reporting and financial risk aspects, including climate-related financial disclosures under AASB S2, and the HSEC Committee oversees the non-financial aspects, including environmental, safety and social risks. Enterprise risk management, including climate-related risk, is considered by the two committees in conjunction, as provided in their charters.

These responsibilities are documented in TerraCom's Climate Governance Framework, which is approved by the Board, in TerraCom's Enterprise Risk Management Framework, which assigns climate-related risk responsibilities to the Board, each Committee, the CEO and risk owners. The Climate Governance Framework also sets out the climate-related responsibilities of the CFO and the management team, which are described under Management's Role in Climate Governance below.

Responsibilities of the Board

The Board, directly and through the Committees:

i) Oversees the integration of climate-related considerations into the overall business strategy, including the development and approval of business plans and annual budgets that reflect climate-related risks and opportunities.
ii) Oversees processes to ensure climate-related risks are identified, assessed, and incorporated into the Risk Management Framework.
iii) Monitors and seeks to ensure compliance with evolving regulatory requirements, including AASB S2 Climate-related Disclosures, and aims to meet reporting obligations with transparency and accuracy.
iv) Provides oversight of climate-related targets and performance metrics (currently focused on emissions compliance), and considers sustainable financing and climate resilience planning where applicable
v) Supports the development of internal governance capabilities by ensuring that Board members possess or acquire the necessary expertise in climate governance, sustainable finance, and environmental risk.
vi) Receives reports and recommendations from the Audit Committee and the HSEC Committee on climate-related risks and opportunities within their respective remits, including the climate-related risks and opportunities identified through TerraCom's scenario analysis and recorded in its enterprise risk register, and on the climate-related disclosures in this report.

Responsibilities of the Committees

Audit Committee – oversight of the climate-related financial reporting and financial risk aspects, including climate-related financial disclosures under AASB S2; review of the related accounting judgements and the integrity of those disclosures; and reporting and making recommendations to the Board, including on the climate-related risks and opportunities disclosed in this report.

HSEC Committee – oversight of the non-financial climate-related aspects, including environmental, safety and social risks; and reporting and making recommendations to the Board.

Skills and Competencies

The Board supports the development of internal governance capabilities by ensuring that Board members possess or acquire the necessary expertise in climate governance, sustainable finance and environmental risk. For the Committees, the competencies of Committee members are assessed through annual skills evaluations, ensuring the necessary expertise is held to oversee climate-related strategies. Where gaps exist, training programs on emissions reduction, carbon pricing impacts, and climate resilience planning are held.

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Committee members expertise in climate governance, financial oversight, and operational sustainability. Duties include: Assessing climate-related risks linked to logistics and transportation services, coal mining operations, including transition risk, carbon pricing mechanisms, regulatory changes, mine operation and mine closure obligations, monitoring financial implications of climate strategies, overseeing integration into capital allocation and operational planning and reviewing sustainability initiatives to enhance resilience and long-term value creation.

Decision-Making & Meetings

TerraCom has established and is continuing to mature structured protocols to support the process of effectively assessing climate-related risks and opportunities. Committees follow a defined meeting cadence and decision-making process to support transparency, accountability, and informed oversight.

The Committees meet at least quarterly, consistent with their charters, to review climate risks, opportunities, and regulatory developments, with additional ad-hoc meetings scheduled as needed. The Board meets periodically, in line with the Group's Enterprise Risk Management Framework. The CEO reports a summary of TerraCom's top enterprise risks to the Board, Board risk reporting includes a dedicated climate risk update, and the full risk register is tabled at the Board annually. The Board also receives reports and recommendations from the Committees, as set out under Responsibilities of the Board above.

The Committees are informed primarily through management reporting at each quarterly meeting, supplemented by ad-hoc updates where material developments arise. Management prepares climate updates covering emissions compliance, relevant regulatory developments, and the status of climate-related risks recorded in the Risk Management Framework, provided to the Committees for review. Day-to-day responsibility for identifying, assessing and managing climate-related risk is delegated to the CFO and management team, who report to the Committees on this basis, with material risks escalated outside the regular cycle where warranted.

Operational Integration & Risk Oversight

The Committees oversee to ensure adherence to applicable legal and regulatory requirements and, in addition, references industry guidance and reporting frameworks (e.g., SASB, TCFD).

Annual risk assessments are performed to inform strategic planning, ensuring that climate-related risks are factored into capital allocation, operational decisions, and long-term sustainability considerations.

In overseeing climate-related risks and opportunities, the Audit Committee actively considers the trade-offs between financial performance, regulatory compliance, and long-term sustainability.

Under the Climate Governance Framework, when overseeing major transactions, the Board and its Committees evaluate trade-offs between financial performance and climate-related impacts. For example, capital investment decisions regarding low-emission industrial vehicle assets, mine fleet upgrades, and operational energy efficiency projects are to be assessed for both economic feasibility and environmental benefits. The Board and its Committees seek to ensure that climate-related risks do not compromise long-term business resilience, balancing profitability with regulatory compliance and stated climate-related objectives.

Oversight and Monitoring

TerraCom has established and is maturing processes to evaluate effectiveness of its climate governance framework and to ensure accountability for climate-related performance across leadership roles.

The Board oversees the consideration of climate-related targets, working closely with the Committees, and management team to consider and, where appropriate, define measurable objectives—currently focused on emissions compliance; no separate measurable objectives for climate risk mitigation or sustainable financing have been set.

TerraCom does not currently include any climate-related KPIs in executive remuneration policies.

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Managements Role in Climate Governance

TerraCom's executive leadership and management team play a critical role in supporting the Board's and the Committees' oversight of climate-related risks and opportunities. Specific roles and responsibilities have been assigned to support the embedding of climate considerations across strategic, financial, operational, and compliance functions.

Oversight of these roles is exercised as follows. The CEO reports to the Board on climate-related matters, including through the summary of TerraCom's top enterprise risks and the climate risk update required under the Enterprise Risk Management Framework. The CFO and the management team report to the Committees through the management reporting described under Decision-Making & Meetings, and on an ad-hoc basis where material developments arise: to the Audit Committee on climate-related financial reporting and financial risk matters, including the preparation of this report and the Safeguard Mechanism position, and to the HSEC Committee on the non-financial climate-related aspects.

CEO - Responsible for:

- overall executive accountability for implementing the Board-approved strategy, including the management of climate-related risks and opportunities, and reporting to the Board on climate-related matters.

CFO - Responsible for:

- at the executive level, supporting Board and Audit Committee oversight and ensuring integration into strategy and financial practices.

- Incorporating climate-related matters into financial practices, financial reporting (including climate-related financial disclosures) and disclosure activities for alignment to financial reporting.

Management Team - Responsible for:

- Developing and implementing the entity's climate-related strategy, currently focused on practicable operational measures, including policy and framework development and ESG reporting.

- Climate Progress Reporting to Board of Directors. Detailing progress against climate-related targets and related metrics.

- Identifying, assessing and managing climate-related risk across the entity, and for integration of climate risk into the overall Risk Management Framework.

Management Controls and Procedures

TerraCom is required to report greenhouse gas emissions, energy consumption and energy production annually under the National Greenhouse and Energy Reporting Act 2007 (NGER Act). TerraCom has elected to apply the jurisdictional relief available under AASB S2 to measure its Scope 1 and Scope 2 emissions in accordance with the NGER Act and the NGER (Measurement) Determination 2008, with any sources falling outside the NGER Scheme measured in accordance with the GHG Protocol.

The controls and procedures in operation during FY2026 to support management's oversight of climate-related risks and opportunities are:

- Risk register: the climate-related risks and the opportunity identified through the scenario analysis are recorded in TerraCom's enterprise risk register. Each entry has a risk owner, documented existing controls with a control effectiveness rating, inherent and residual ratings under the Enterprise Risk Management Framework and, where required, a treatment action with an owner and target date.

- Scenario analysis: the FY2026 climate-related scenario analysis was prepared by management with an external adviser using a documented methodology for risk identification, indicator mapping, materiality screening and rating, and was reviewed by the Audit Committee and the Board.

- Greenhouse gas data: Scope 1 and Scope 2 activity data is sourced from general ledger entries and from supplier invoices, and run-of-mine coal tonnages are reconciled to management production records. The reporting boundary is supported by a documented value chain assessment, which applies the operational control approach to each type of arrangement within or connected to TerraCom's operations to determine whether the related emissions fall within Scope 1 and Scope 2, and links each arrangement concluded as included to an emission source quantified in the inventory. Emissions are measured using the same methods as TerraCom's NGER reporting.

These controls operate within TerraCom's Enterprise Risk Management Framework, so that climate-related risks are rated using the same risk matrix, and are subject to the same review cycle, as other enterprise risks. They draw on, and are integrated with, the finance function (general ledger, budgeting and financial reporting) and site operations (production and fuel records).

The following controls are being developed and were not in operation during FY2026: formalised climate risk assessment protocols; an emissions tracking system; a proactive carbon unit procurement strategy for Safeguard Mechanism compliance.

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Risk Management

Assessment of Risks and Opportunities

TerraCom identifies and assesses climate-related risks and opportunities using internal operational and risk information and external climate and sector sources. External inputs include:

i) the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report and associated Shared Socioeconomic Pathways;

ii) the SASB Extractives & Minerals Processing – Coal Standard; and

iii) the TCFD Implementing Guidance Annex – Supplemental Guidance for the Energy Sector Group (Coal, Oil & Gas)

iv) Internal inputs used to assess risks and opportunities include enterprise risk information, operational and incident history, fuel and electricity consumption and costs, asset values and acquisition costs, mine planning, procurement, logistics and insurance information.

Key parameters include the SSP1-1.9 and SSP5-8.5 scenarios (Shared Socioeconomic Pathways from the IPCC Sixth Assessment Report),, 2, 5 and 10-year time horizons, defined risk events, likelihood criteria and financial consequence thresholds. The assessment covers mining, processing, site infrastructure and material logistics and supplier dependencies within TerraCom's reporting boundary.

Climate-related opportunities are identified, prioritised and monitored through the same process, using scenario analysis under the SSP1-1.9 and SSP5-8.5 pathways to inform their identification. The variables drawn from each scenario, and how they were used, are described under Judgement and Assumptions Applied in Scenario Analysis in the Strategy section.

Use of Scenario Analysis

Climate-related scenario analysis is used to assess the resilience of TerraCom's strategy and business model. It has also been used to test risks and opportunities already identified through TerraCom's risk management process.

Risks are identified from sector guidance, internal information, asset and location context and value-chain dependencies. Those risks are then tested under SSP1-1.9 and SSP5-8.5 over 2, 5 and 10-year horizons, using relevant physical and transition indicators to assess how their magnitude and likelihood may change over time. Neither scenario is a forecast or a base case, and the effects disclosed in the Strategy section are management's estimates informed by that testing.

Policies and Procedures to Assess the Magnitude of Risks & Opportunities

TerraCom assesses the nature of each risk by defining the risk event, affected activity and potential impact pathway. Likelihood is assessed using operational history, scenario-modelled indicators and management judgement. Magnitude is assessed using qualitative factors and quantitative financial and operational thresholds. Likelihood and consequence are combined using TerraCom's risk matrix, as set out in its Enterprise Risk Management Framework to determine the overall risk rating.

Prioritisation and monitoring of Climate-Related Risks and Opportunities

Climate-related risks and opportunities are rated using TerraCom's risk matrix, enabling them to be prioritised alongside other enterprise risks. Risks and opportunities are monitored through periodic review of relevant indicators, operating experience, controls, mitigation actions and risk ratings. During FY2026, the results of the scenario analysis, including the climate-related risk and opportunity ratings, were reviewed by the Audit Committee and the Board, and the climate-related risks and the opportunity were incorporated into the enterprise risk register. They are now subject to the review cycle in the Enterprise Risk Management Framework, under which the full register is reviewed by the Board annually, the top enterprise risks are reported to the Board quarterly, and Board risk reporting includes a climate risk update. Because climate-related risks and opportunities are rated using the same risk matrix and recorded in the same register as other enterprise risks, they are considered alongside those risks and inform management decision-making.

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Changes to Risk Assessment Processes

This is TerraCom's first AASB S2 reporting period. Accordingly, there are no changes from a previous reporting period to disclose.

Strategy

Time Horizons

The Entity defines short, medium and long term by reference to its internal budgeting and capital allocation cycles, its strategic planning horizon, and the remaining life of the current mine plan together with associated rehabilitation and closure obligations.

Short term is FY2027 to FY2028 (1–2 years), which aligns with the annual budget, operational planning and near-term sustaining capital decisions.

Medium term is FY2029 to FY2031 (2–5 years), which aligns with the internal business planning and capital allocation cycle, which generally extends up to five years.

Long term is FY2032 to FY2036 (5–10 years). This extends beyond the current mine plan to capture rehabilitation and closure obligations and the potential development of the Entity's exploration asset.

These horizons are applied consistently in climate-related risk and opportunity identification, scenario analysis and the assessment of anticipated financial effects. Where a risk or opportunity is expected to affect the Entity across more than one horizon, it is assessed in each horizon in which it is expected to be material.

The horizons reflect the remaining life of the Entity's operating assets. The remaining life of the Entity's principal operating asset under the current mine plan falls within the long-term horizon, and the Entity's other operating interests have shorter remaining lives.

The long-term horizon of ten years is carried over from the scenario analysis, where a ten-year period was used so that transition pathway outcomes and physical climate signals could be assessed over a period long enough to be meaningful. It does not imply ten years of production. It extends beyond the current mine plan so that rehabilitation and closure obligations, which continue after mining ceases, and the possibility that the Entity's exploration asset extends the relevant asset life, can be considered qualitatively. The Entity reviews these definitions annually and will adjust them if the mine plan, planning cycle or asset base changes materially.

Identified Climate-Related Risks and Opportunities

The table below outlines each identified risk and opportunity, including its classification as either a climate-related physical risk or transition risk (where applicable)

In preparing the disclosures in this section, the entity has referred to and considered the applicability of the cross-industry metric categories, being greenhouse gas emissions, climate-related transition risks, climate-related physical risks, climate-related opportunities, capital deployment, internal carbon prices and remuneration. The categories assessed as applicable are disclosed in the Metrics and Targets section of this report.

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Risk/Opportunity	Type/Horizon	Description
Free on-Board Coal Price decreases by > 25%	Transition Risk Horizons: Medium and long term	Reduced seaborne demand for thermal coal leads to coal price ex tax decreasing by more than 25% compared to 2025-2026 baseline A market transition event where the realised price expressed on an ex-tax/free-on-board basis decreases and is sustained at >25% below baseline which is defined as the 2025-2026 average price. At this threshold, the entity may no longer operate with an adequate profit margin if sustained, creating potential for severe impacts on operating cash flow, asset recoverability and mine life. For scenario-rating purposes, a sustained price below this threshold is classified as Catastrophic.
Operational disruption due to flooding events	Physical Risk Horizons: All - increasing over time	High-intensity rainfall events can lead to: • flooding of pits if inflow exceeds dewatering capacity • access loss or limitation • rework to repair roads An event where the inflow of rainwater exceeds the dewatering capacity and causes an active mining pit to become flooded to the extent that operations must cease for a period of at least 24 hours. In this situation, it is assumed that some surrounding roads will also become flooded and lead to additional overheads involving suppliers and staff. It is also assumed that remedial work will be required to part of the unpaved tracks before operations can restart fully. The combined impact of such an event means the risk is considered to have a major impact.
Diesel price increase of >20% vs baseline	Transition Risk Horizons: All - increasing over time	Decarbonisation policy affecting fuel costs can lead to the Diesel fuel increasing and being sustained at more than 20% relative to the baseline price A market transition event where the real price of wholesale diesel fuel increases and is sustained at more than 20% relative to the baseline price. At this threshold, the increased fuel expense elevates overall site operating expenditures to a point where the net financial impact on company margins is classified as moderate.
Compliance costs and constraints from climate regulation	Transition Risk Horizons: All horizons	Strengthening domestic and international decarbonisation policies can lead to: • The asset breaching its legislated emissions cap as regulatory baseline decline rates contract annually. • Un-budgeted financial outlays required to purchase and surrender carbon offset units to cover scope 1 emissions overages. A policy transition event where statutory Safeguard Mechanism baselines contract significantly, or the inclusion threshold is lowered from 100,000 tCO_2-e. This forces the entity to purchase additional market offsets (such as Australian Carbon Credit Units / ACCUs) to cover emissions exceedances. The overall financial impact of purchasing credits is manageable within current operating structures, the ultimate impact on corporate margin is classified as minor.
Electricity price increase of >100% vs baseline	Transition Risk Horizons: All horizons	National decarbonisation policies and carbon pricing mechanisms can lead to: • A substantial increase in the cost of electricity.

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Risk/Opportunity	Type/Horizon	Description
		• Elevated cash costs per tonne of coal produced, directly compressing profit margins. A market transition event where the real price of grid electricity increases and is sustained at more than 100% relative to the baseline which is defined as the 2025-2026 average price. At this threshold, the increased expense elevates overall site operating expenditures (opex) to a point where the net financial impact on company margins is classified as moderate.
Insurance restrictions	Transition Risk Horizons: All horizons	Increasing insurer restrictions on coal-related activities can lead to: • higher premiums, deductibles or exclusions • inability to secure cover required by lenders, regulators, customers or contracts • increased self-insurance exposure or need for alternative insurance markets A transition risk event where the entity is unable to obtain required insurance cover, or can only obtain cover on materially less favourable terms, due to insurer restrictions on coal mining or climate-related underwriting policies. The risk is considered to occur where insurance cost, exclusions or availability materially affect operating costs, compliance obligations, financing arrangements or operational continuity.
Community expectations / reputation	Transition Risk Horizons: All horizons	Increasing community, regulator, investor and stakeholder expectations around coal production and climate transition can lead to: • increased scrutiny of licence extensions, environmental approvals and operating conditions • longer or more difficult approval processes due to objections, submissions or reputational concerns A transition risk event where changing community expectations, policy sentiment or reputational concerns associated with coal mining materially affect the entity's ability to obtain, renew or extend required licences, permits or approvals on expected terms. Approvals sensitivity is currently centred on secondary assets only, the impact is therefore classified as minor.
Fleet electrification	Opportunity Horizons: All - increasing over time	Electrification of heavy vehicle fleet could significantly reduce operating costs in the long-term A transition opportunity where replacement or partial replacement of diesel-powered extraction fleet with electric alternatives reduces fuel costs, emissions exposure and transition-related operating risk. The opportunity is most relevant to the entity's main asset because it has direct access to grid electricity and is heavily reliant on diesel-powered mobile equipment for extraction activities.

Effects on Business Model and Value Chain

The following table outlines the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain and where these are concentrated. The effects described are management's estimates, informed by climate scenario analysis, and involve judgement and estimation uncertainty. In this report, 'the facility'

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refers to the Blair Athol mine and its associated infrastructure, which is TerraCom's only facility covered by the Safeguard Mechanism and is the facility for which TerraCom reports under the NGER Act.

Risk/Opportunity	Details of current and anticipated effects on the entity's business model and value chain	Details on where effects in the business model and value chain are concentrated
Free on-Board Coal Price decreases by > 25% **Transition Risk**	Business model: The Entity's primary transition risk exposure relates to a substantial decrease in demand for coal and a substantial decrease in ex-tax sale price, driven by global decarbonisation policies, carbon pricing mechanisms and shifting supply dynamics under transition scenarios. Management considers that this would manifest as sustained downward pressure on ex-tax thermal coal sale prices, informed by the reduced long-term demand trajectories modelled under the SSP1-1.9 pathway. Value chain: The Entity's value chain, as scoped in this analysis, comprises key upstream inputs (diesel/power, reagents, explosives), site logistics, and rail and port logistics and insurance.	Effects are concentrated in realised coal sale pricing on an ex-tax/free-on-board basis. At a sustained price decrease greater than 25% below the FY2025–26 average baseline, the Entity may no longer operate with an adequate profit margin, creating potential for severe impacts on operating cash flow, asset recoverability and mine life.
Operational disruption due to flooding events **Physical Risk**	Business model: High-intensity rainfall events directly threaten the core extraction process by causing active mining pits to flood when water inflow exceeds dewatering capacity, forcing operations to temporarily halt. Value chain: Effects impact localised supply operations and workforce logistics. Flooding of unpaved track networks and surrounding access roads leads to increased operational overheads involving staff and suppliers, requiring site-level logistics adjustments and post-event track remediation before full production can resume.	Concentrated primarily within internal upstream operations—specifically the active mining pits and on-site road infrastructure (unpaved tracks)—as well as immediate regional logistics corridors that provide access to the site for suppliers and personnel.
Diesel price increase of >20% vs baseline **Transition Risk**	Business model; Wholesale diesel fuel is a primary, non-discretionary operational input required to sustain haulage and extraction activities across open-cut mining asset configurations. A sustained increase in cost directly compresses operational margins. Value chain: Effects are highly concentrated within internal upstream operations, as heavy earthmoving equipment and contract logistics networks rely entirely on regular diesel fuel supply volumes.	Heavily concentrated within upstream production processes and mine site logistics, specifically driving up fuel cost sub-categories within extraction and haulage operational expenditures.

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Risk/Opportunity	Details of current and anticipated effects on the entity's business model and value chain	Details on where effects in the business model and value chain are concentrated
Compliance costs and constraints from climate regulation **Transition Risk**	Business model: Compliance with the Safeguard Mechanism constrains operational flexibility, as covered Scope 1 emissions above the facility's baseline give rise to an obligation to acquire and surrender eligible carbon units. This affects operating cost but does not alter the fundamental extraction process. Value chain: Effects are confined to TerraCom's own operations, as the Safeguard Mechanism applies to covered Scope 1 emissions at the facility.	Concentrated at the facility level, specifically the cost of acquiring eligible carbon units where covered emissions exceed the facility's baseline.
Electricity price increase of >100% vs baseline **Transition Risk**	Business model: Core infrastructure processing and site utilities rely on stable grid-purchased electricity supply inputs. A sustained pricing spike over the >100% threshold directly inflates cash operating costs per product tonne, though it does not change the core extraction model. Value chain: Effects are concentrated upstream within internal operations, where processing plants and supporting facility networks consume electricity directly from the regional grid system.	Strictly concentrated in upstream operational expenditure (opex) utility categories, specifically the electricity purchasing costs allocated to site processing facilities and core infrastructure operations.
Insurance restrictions **Transition Risk**	Business model: Obtaining commercial insurance underpins regulatory licenses to operate and fulfills mandatory covenants within financing agreements. Insurer withdrawal changes corporate insurance procurement frameworks but does not alter physical extraction operations. Value chain: Effects are concentrated in downstream corporate financing, compliance, and risk placement structures rather than the direct physical processing supply chain.	Concentrated within corporate overhead expenditure and compliance frameworks, specifically impacting financial line premium allocations and broker placement fees.
Community expectations / reputation **Transition Risk**	Business model: Maintaining a social license to operate is necessary to preserve regulatory goodwill and protect corporate growth planning. Shifting external stakeholder expectations complicates long-term planning horizons but does not change day-to-day on-site physical processing or extraction techniques. Value chain: Effects are concentrated downstream within corporate approvals, legal frameworks, and talent attraction networks, rather than disrupting the direct upstream physical production supply chain.	Concentrated within corporate governance, regulatory approval tracking, human resource recruitment budgets, and legal administration sub-categories.
Fleet electrification	Business model: Transitioning from diesel-powered haulage to electric alternatives	Highly concentrated within internal upstream operations specifically fleet maintenance,

Risk/Opportunity	Details of current and anticipated effects on the entity's business model and value chain	Details on where effects in the business model and value chain are concentrated
Opportunity	fundamentally shifts the entity's primary energy input from volatile wholesale liquid fuels to grid or self-generated power systems. This alters the cost structure of core extraction activities and drives down Scope 1 emissions. Value chain: Effects are concentrated in upstream operations and infrastructure. Implementation requires structural integration with localised energy infrastructure grids and alters long-term capital procurement relationships with heavy machinery suppliers.	mine haulage logistics, and site electrical infrastructure capital configurations.

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Climate Transition Plan and Target Achievement Strategy

TerraCom operates facilities covered by Australia's Safeguard Mechanism. The Entity's climate-related transition planning is focused on maintaining compliance with Safeguard requirements while continuing to operate its approved coal mining assets.

The Safeguard Mechanism is the Australian Government scheme that applies to facilities with covered Scope 1 emissions above 100,000 tonnes CO_2-e in a financial year. Covered facilities are allocated a legislated emissions baseline that declines annually, and a facility whose covered emissions exceed its baseline in a compliance period must surrender eligible carbon units for the excess. The Blair Athol mine first became a covered facility on the basis of its FY2025 emissions, and its continued inclusion depends on covered emissions remaining above the 100,000 tonne threshold.

At the reporting date, TerraCom's transition planning and target achievement strategy includes:

* Monitoring and managing emissions performance against applicable Safeguard baselines.
* Implementing operational measures to improve emissions intensity where practicable, including energy-efficiency initiatives and methane management activities.
* Acquiring and surrendering eligible carbon units where covered emissions exceed the facility's baseline, as described under Carbon Credits Strategy and Use.

TerraCom does not have a separate or time-bound decarbonisation pathway beyond compliance with existing regulatory requirements.

TerraCom's transition planning is based on the following assumptions:

* The Safeguard Mechanism will remain the primary climate-related regulatory framework applicable to the Entity's operations in Australia.
* Compliance pathways under the Safeguard Mechanism will continue to be available and operational.
* Emissions-management measures can be implemented without materially impacting the safety or economic viability of the operations.

TerraCom's transition planning depends on:

* The ongoing design, administration, and stability of the Safeguard Mechanism and related regulations.
* Availability and cost of Safeguard compliance options.

Current and Anticipated Changes to the Business Model

In response to climate-related risks and opportunities, TerraCom periodically evaluates its business model and resource allocation in the context of regulatory developments, market conditions, and the transition to a lower-emissions economy.
At the reporting date, TerraCom has not identified any anticipated changes to its business model. The mitigation and adaptation activities described below are operational responses within the existing business model and do not alter how TerraCom generates revenue, its product, or its markets.

Mitigation and Adaptation Efforts

Current and anticipated direct efforts
TerraCom currently manages physical exposure through existing dewatering capacity, drainage and water management infrastructure, site coal stockpile buffers, and on-site inventory of critical consumables (diesel, explosives and reagents). It anticipates increasing dewatering capacity and undertaking further road hardening and drainage works as rainfall intensity increases.

On transition and emissions, TerraCom currently operates a fuel-efficiency program (load optimisation and idle reduction) to reduce diesel consumption per tonne and monitors its Safeguard Mechanism position through the annual NGER cycle. It is assessing, but has not committed to, a staged fleet electrification roadmap.

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TerraCom is not pursuing relocation of facilities, material workforce restructuring or changes to product specification as climate-related responses. The product is thermal coal supplied to fixed customer specifications, and the finite economic life of the current asset base means adaptation is directed at operating within the existing footprint and defined closure pathway rather than transforming or relocating the operation.

Current and anticipated indirect efforts

TerraCom sells its coal to overseas customers under long-term offtake agreements, which provide volume certainty over the contract periods. Pricing under these agreements is referenced to market coal prices, so they do not reduce TerraCom's exposure to movements in coal prices. It manages transport and logistics disruption through supplier scheduling, buffer inventory and alternative access arrangements, and anticipates formalising contingency logistics protocols with alternative carriers and rail operators. TerraCom will acquire and surrender eligible carbon units to meet its Safeguard Mechanism compliance obligation for the current reporting period, and will continue to engage the carbon market in any future period where covered emissions exceed the facility's baseline.

Resourcing of Climate-Related Activities

TerraCom funds its climate-related mitigation and adaptation activities through operating cash flow and its established capital allocation and budgeting processes. Current activities are managed within existing operational budgets, and any material future investment would be assessed and prioritised through TerraCom's normal capital allocation process alongside other business needs. Given the finite economic life of the current asset base, resourcing is directed toward activities proportionate to the remaining mine life rather than long-payback structural investment.

Progress Against Previously Disclosed Plans

As this is the first financial period TerraCom is implementing AASB S2 climate-related reporting, no disclosure of progress is made.

Financial Effects of Climate-Related Risks and Opportunities

The following table sets out how climate-related factors have affected the entity's financial position, financial performance and cash flows during the current reporting period, together with the effects anticipated in the next reporting period. Current period effects reflect actual outcomes. Anticipated effects are management's estimates, informed by climate scenario analysis, and involve judgement and estimation uncertainty.

Current Financial Effects and Potential Material Adjustments

Risk/Opportunity	Current Period	Next Reporting Period
Free on-Board Coal Price decreases by > 25% **Transition Risk**	For the initial reporting cycle, the effect of this risk has been assessed qualitatively against a management-defined price threshold, informed by climate scenario analysis, rather than quantified. No point-estimate financial adjustments have been made to the current reporting period's financial statements in respect of this risk, due to the underlying estimation uncertainty.	This risk has been explicitly identified as a key source of estimation uncertainty under the reporting framework. Due to significant measurement uncertainty in long-term global coal demand trajectories under divergent climate pathways, supportable, entity-specific financial projections are currently unavailable. To support future reporting cycles, the Entity will evaluate the necessity and feasibility of commissioning localised, independent commodity pricing assessments as regional transition variables evolve. Accordingly, this risk is not assessed as giving rise to a significant risk of a material adjustment to the carrying amounts of assets or liabilities in the next annual reporting period.

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Risk/Opportunity	Current Period	Next Reporting Period
Operational disruption due to flooding events **Physical Risk**	This risk had a material operational impact during the current reporting period. Significant rainfall events in FY2025 and FY2026 directly disrupted open-cut extraction activities at the Blair Athol facility. Notably, the March 2026 quarter recorded localized rainfall exceeding 1.5 times the 10-year historical average, which directly disrupted more than one-third of total operational days and increased site operating expenses due to extended dewatering and road repairs.	In response to recent disruption patterns, targeted operational expenditure (opex) adjustments are anticipated to support site-level adaptation controls. Budgeting will incorporate planned adjustments for increasing on-site dewatering capacity and executing road-hardening and drainage civil works to mitigate future pit inflow risks. Strategic coal stockpile buffers will be maintained at the site to insulate sales delivery continuity from short-duration extraction stoppages. The anticipated effects are operating expenditure in nature and are not assessed as giving rise to a significant risk of a material adjustment to the carrying amounts of assets or liabilities in the next annual reporting period.
Diesel price increase of >20% vs baseline **Transition Risk**	For the current reporting period, diesel consumption has been monitored and recorded through General Ledger account matching and supplier invoice reconciliations. Wholesale fuel price volatility remained within expected short-term baseline tolerances during the cycle, and the current cost impact was successfully contained within routine operational budget limits.	No carrying amount adjustments to assets or liabilities are expected in the next financial reporting period. Management intends to mitigate near-term exposure by leveraging commercial fuel hedging instruments and bulk procurement contracts to lock in baseline price structures.
Compliance costs and constraints from climate regulation **Transition Risk**	Blair Athol facility has been covered by the Safeguard Mechanism since FY2025, when its covered Scope 1 emissions first exceeded 100,000 tCO_2-e. Scope 1 and Scope 2 emissions for the current reporting period have been measured and recorded using NGER methodologies. Covered emissions for FY2026 exceeded the facility's baseline, giving rise to an obligation to surrender eligible units in respect of the excess, which will be settled in the next reporting period. During the period, TerraCom acquired and surrendered Australian Carbon Credit Units in respect of the FY2025 compliance period at a cost of approximately $73,184. The cost of Safeguard compliance, including any units surrendered during the period in respect of FY2025, is not expected to have a material effect on TerraCom's financial position, financial performance or cash flows for the period.	Management expects to acquire and surrender Australian Carbon Credit Units or Safeguard Mechanism Credits during the next reporting period to settle the FY2026 obligation. The cost will depend on prevailing unit prices at the time of purchase. No other material adjustments to carrying amounts are expected. Management will continue to monitor covered emissions against the declining baseline and to track changes to Safeguard settings.
Electricity price increase of >100% vs baseline	For the current reporting period, electricity consumption has been monitored, captured, and tracked using General Ledger account structures and direct utility supplier invoices.	No material adjustments to the carrying amounts of assets or liabilities are expected in the next financial reporting period arising from increased volatility in the retail electricity

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Risk/Opportunity	Current Period	Next Reporting Period
Transition Risk	Volatility in the retail electricity market remained within expected short-term budget baseline tolerances during this cycle, avoiding any material over-runs or adverse financial performance adjustments.	market. Electricity costs are expected to remain within operational budget tolerances, supported by existing electricity supply arrangements.
Insurance restrictions **Transition Risk**	For the current reporting period, all mandatory corporate insurance placements and renewals were successfully completed. While global underwriting constraints remain an active monitoring point, the current financial impacts were completely managed within standard operational overhead budgets, resulting in no material financial impact or baseline deviations during the cycle.	No material adjustments or changes to asset carrying amounts are expected within the next reporting period. Management intends to maintain deep engagement with specialty global brokerage markets to secure near-term capacity well ahead of seasonal renewal deadlines, avoiding any sudden structural cost overruns.
Community expectations / reputation **Transition Risk**	For the current reporting period, all active operational approvals and key statutory permissions remained fully intact. Corporate recruitment pipelines met baseline expectations, and stakeholder relations were successfully managed through ongoing engagement programs, resulting in no financial impact on the entity's performance or position.	No material financial or carrying amount adjustments are expected within the next reporting period. Management intends to maintain proactive community engagement, transparent environmental reporting, and localised recruitment incentives to manage talent pools and avoid sudden project friction.
Fleet electrification **Opportunity**	For the current reporting period, there were no material financial statement performance or position impacts from this opportunity. Activities were confined to qualitative monitoring of industry technology maturity curves, and global commercial trials.	No material adjustments or capital allocations are planned for the next financial reporting period. In line with avoiding premature, binding commercial commitments, management intends to continue evaluating the technology landscape as part of routine long-term capital planning.

Anticipated Financial Impact by Horizon

Risk/Opportunity	Details
Free on-Board Coal Price decreases by > 25% **Transition Risk**	Short term (2 years) Unlikely to cause material divergence from current operational financial planning projections, as pricing is expected to be governed by existing short-term market dynamics and baseline policy conditions. Medium term (5 years) Transition variables begin to diverge progressively, exposing coal pricing models to emerging global policy interventions and shifting demand expectations. Long term (10 years) Over the long-term horizon, thermal coal pricing is subject to material uncertainty arising from the pace of global decarbonisation policy, carbon pricing and shifts in long-term demand. The direction of this exposure is downward, but the extent is not reliably

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Risk/Opportunity	Details
	estimable at the reporting date and has not been quantified for this cycle. This is disclosed as an area of estimation uncertainty.
Operational disruption due to flooding events **Physical Risk**	Short term (2 years): Financial effects are expected to be operating expenditure in nature, arising from post-rainfall pit dewatering, track maintenance, localised supply delays and the planned dewatering and road-hardening works. As disclosed in the Current Financial Effects and Potential Material Adjustments table, they are not expected to give rise to a significant risk of a material adjustment to the carrying amounts of assets or liabilities in the next annual reporting period. Medium term (5 years): As baseline climatic conditions shift, financial impacts are expected to involve increased recurring site operating costs to maintain up-scaled pumping infrastructure and frequent unpaved road rework, alongside potential minor volume at risk during severe multi-day events. Long term (10 years): Management's assessment reflects a progressive increase in the intensity of extreme rainfall events across Eastern Australia, consistent with climate modelling considered in TerraCom's scenario analysis. Without sustained execution of the identified adaptation controls (dewatering expansion and road hardening), this presents a persistent threat of major financial impacts from structural pit downtime, asset repair capex and elevated supply chain overheads.
Diesel price increase of >20% vs baseline **Transition Risk**	Short term (2 years) Near-term financial effects are expected to be contained within routine operational budget variances. As noted in the Current Financial Effects and Potential Material Adjustments table, management is considering commercial fuel-hedging instruments to manage near-term exposure to diesel price movements. Medium term (5 years) Emerging carbon policy frameworks and market structural shifts are anticipated to place incremental upward pressure on non-discretionary diesel input costs. Long term (10 years) Management's assessment reflects the potential for sustained upward pressure on liquid fuel costs under an accelerated global transition, consistent with the pathways considered in TerraCom's scenario analysis.
Compliance costs and constraints from climate regulation **Transition Risk**	Short term (2 years) The facility is covered by the Safeguard Mechanism, and its baseline declines by 4.9% each year to 2030. Unless covered emissions fall at a similar rate, near-term compliance costs are expected to arise from acquiring and surrendering eligible units, together with ongoing monitoring, reporting and assurance obligations. These costs, principally the acquisition and surrender of Australian Carbon Credit Units or Safeguard Mechanism Credits to settle any excess of covered emissions over the baseline (including the FY2026 obligation), are expected to be met within existing operating budgets. Medium term (5 years) Continued exposure depends on whether covered emissions exceed the coverage threshold in each compliance period, which is driven by activity levels at the facility rather than by changes to the regulatory settings. Where emissions exceed the threshold, operating expenditure increases through the purchase of eligible carbon units,

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Risk/Opportunity	Details
	with the cost determined by the extent of the exceedance above the facility's baseline and prevailing unit prices. Management regards the extent of this cost as uncertain. Long term (10 years) Over the long term, compliance costs remain contingent on facility emissions and on the future design of the Safeguard Mechanism, neither of which can be reliably estimated at the reporting date. Where an obligation arises, it would present as margin compression from the cost of acquiring eligible carbon units, which supports continued evaluation of parallel opportunities such as fleet electrification to reduce the underlying Scope 1 footprint.
Electricity price increase of >100% vs baseline **Transition Risk**	Short term (2 years): Near-term retail electricity prices and network charges are expected to remain within standard operational budget tolerances, supported by existing electricity supply contracts. Medium term (5 years): Grid decarbonisation policy and regional transmission investment are expected to place upward pressure on industrial electricity costs through network and tariff pass-throughs. The extent of any increase is uncertain and depends on contract renewal timing and prevailing market conditions. Long term (10 years): A sustained increase of the magnitude described would compress operating margin on fixed grid-connected infrastructure. Management regards an increase of this scale as possible but highly uncertain, and it has not been quantified at the reporting date. This exposure supports continued evaluation of fixed-tariff structures or commercial power purchase arrangements to improve price certainty.
Insurance restrictions **Transition Risk**	Short term (2 years): Near-term insurance renewals may see capacity tightening or premium increases as global commercial underwriting appetite for coal-related risks adjusts. Impacts are expected to remain manageable within current operational overhead budgets. Medium term (5 years): Continued withdrawal of underwriting capacity from thermal coal risks is expected to place upward pressure on premiums and deductibles. The extent depends on the pace of insurer policy change and conditions in the specialty and alternative placement markets at each renewal. Long term (10 years): Sustained restriction of available capacity would increase the cost of alternative risk placement and could require higher retained risk or self-insured structures. Management regards the extent of this exposure as uncertain and has not quantified it at the reporting date, noting that the relevant period is bounded by the remaining economic life of the asset base.
Community expectations / reputation **Transition Risk**	Short term (2 years): Operating approvals and statutory permissions for current operations are in place, so near-term financial effects are expected to be negligible. Medium term (5 years): Shifting stakeholder expectations may increase approval friction or extend consultation timelines for any future approvals, with potential effects on administrative and legal

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Risk/Opportunity	Details
	costs. Management regards both the likelihood and the extent of any such effect as highly uncertain, as it depends on matters largely outside the entity's control, including public sentiment, regulator behaviour and local labour market conditions. Long term (10 years): Sustained change in community and stakeholder expectations could contribute to increased administrative cost or recruitment difficulty. This exposure is not reliably estimable at the reporting date and has not been quantified, and any effect is bounded by the remaining economic life of the asset base.
Fleet electrification **Opportunity**	Short term (2 years): Near-term financial effects are immaterial, as the existing heavy haulage fleet operates within its planned useful asset lifecycles. Activity is limited to monitoring technology maturity. Medium term (5 years): Improving commercial availability of electric haulage units in the Australian mining sector may support pilot studies or infrastructure trials, with any associated capital tracked through normal capital planning. Long term (10 years): Where commercially mature technology becomes available within the remaining economic life of the asset base, fleet electrification presents a potential opportunity to reduce operating expenditure through the differential between diesel and electricity costs and to lower the operation's Scope 1 emissions. Realisation of this opportunity is uncertain and depends on technology maturity, capital availability and remaining mine life.

Anticipated Financial Impact and Planned Sources of Funding

TerraCom expects its financial position to remain broadly stable over the short term, with climate-related activity managed within existing operational budgets. Over the medium to long term, its position is shaped principally by the finite economic life of the current asset base, with sustaining capital, asset retirement and associated closure and rehabilitation obligations following the mine plan and managed through existing provisioning.

(i) Investment and disposal plans. TerraCom has no committed climate-related capital expenditure at the reporting date. Potential future investment — staged fleet electrification, and drainage and dewatering upgrades — is at the assessment or feasibility stage, not contractually committed, and would be scaled to the remaining mine life and assessed through normal capital allocation. TerraCom is not planning major climate-related acquisitions, divestments or business transformation, but retains flexibility to adjust production, defer sustaining capital or bring forward asset retirement.

(ii) Planned sources of funding. TerraCom expects to fund these activities through operating cash flow and its established capital allocation process, and is not reliant on new external financing to implement its current strategy.

Expected changes in financial performance and cash flows

Over the short term, TerraCom does not expect a material effect on financial performance or cash flows beyond normal operating variability. Over the medium to long term, the most significant potential effect is a sustained decline in thermal coal prices, which would compress operating margin and, if sustained, affect cash flow, asset recoverability and remaining mine life; TerraCom regards this as an area of estimation uncertainty and has not quantified it for the current cycle, with long-term offtake arrangements partially mitigating price volatility. TerraCom also anticipates upward

pressure on operating costs from higher diesel and electricity prices and from Safeguard Mechanism compliance costs, which arise in any period where covered emissions exceed the coverage threshold, together with the cost of the mitigation and adaptation activities described above and intermittent costs from physical disruption and asset repair.

Financial items exposed to the identified risks and opportunities

Financial Item	Line Total	R1	R2	R3	R4	R5	R6	R7	O1
Coal Revenue	$178,917,872	Y	Y	-	Y	-	-	-	-
Fuel Costs	$17,036,453	-	-	Y	Y	-	-	-	Y
Electricity Costs	$3,983,859	-	-	-	-	Y	-	-	Y
Net Operating Cash Flows	$56,992,000	Y	Y	Y	Y	Y	Y	Y	Y

* The values in the above table indicate the total amounts in those line items for the existing period, they do not represent any estimated effects. Estimated effects on those values are detailed elsewhere in this report.

Risks and opportunities codes

R1	Free on-Board Coal Price decreases by > 25%
R2	Operational disruption due to flooding events
R3	Diesel price increase of >20% vs baseline
R4	Compliance costs and constraints from climate regulation
R5	Electricity price increase of >100% vs baseline
R6	Insurance restrictions
R7	Community expectations / reputation
O1	Fleet electrification

Disclosure Where Quantitative Information Is Not Provided

Where TerraCom has not been able to quantify the anticipated financial effect of a climate-related risk or opportunity, an explanation and qualitative information have been provided about those financial effects, including identifying line items in the related financial statements that are likely to be affected. For the long-term coal price exposure, quantification is not practicable because the level of measurement uncertainty is so high that the resulting information would not be useful to users. For the remaining risks and opportunities, the anticipated effects depend on future events and conditions that cannot be reliably estimated at the reporting date, including the timing and extent of price movements, insurer and community responses, and the availability of technology. The same applies where information about combined financial effects would not provide meaningful insight to users of this report.TerraCom intends to revisit the extent of quantitative disclosure in future reporting periods.

Climate Resilience

TerraCom has assessed the resilience of its strategy and business model using the scenario analysis described elsewhere, covering an orderly-transition pathway (SSP1-1.9, below 1.5°C warming) and a high-physical-risk pathway (SSP5-8.5, above 2.5°C warming) across short (2-year), medium (5-year) and long-term (10-year) horizons.
Overall, TerraCom assesses its strategy and business model as resilient over the short term, with material exposure emerging over the medium to long term. The exposure is principally to transition drivers under the orderly-transition pathway rather than to physical drivers, which the scenarios indicate would affect operating cost and production continuity but not the viability of the operation.

This assessment reflects the finite economic life of the current asset base. The transition outcomes that would most affect TerraCom develop over periods extending toward and beyond the remaining life of the operation, which limits the exposure carried by the business model but also reduces the value of long-payback adaptation investment. TerraCom's

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responses are accordingly operational rather than structural, and can be implemented within existing capital allocation and operating structures without a change to the business model.

Those responses would reduce but not remove the exposures identified under the scenarios tested. The exposure most capable of altering this conclusion is a sustained decline in coal prices under the orderly-transition pathway, which if it occurred earlier or more severely than the scenarios indicate would affect operating cash flow, asset recoverability and remaining mine life. TerraCom has treated this as an area of estimation uncertainty and has not quantified it for the current reporting period.

Implications for Strategy and Business Model

The scenarios tested indicate that the business model is most exposed to three drivers: a sustained decrease in the free-on-board coal price, a sustained increase in the diesel price, and flooding of active pits.

Of these, the coal price exposure is the most significant to the business model, as a sustained decline would affect operating cash flow, asset recoverability and remaining mine life. It is most pronounced under SSP1-1.9, where weaker long-term thermal coal demand coincides with rising carbon, fuel and electricity costs.

TerraCom would respond through its existing levers rather than a change in business model:

* long-term offtake agreements with key Japanese and South Korean utilities to provide volume certainty;
- a fuel-efficiency program and assessing staged fleet electrification to reduce diesel dependency;
* increased dewatering and drainage capacity for flood exposure.

Given the defined and relatively short mine life, the entity also retains the option to adjust production, defer sustaining capital, or bring forward closure in preference to committing to long-payback transformation.

Impact of uncertainty

The most significant uncertainty is the long-term thermal coal price and demand trajectory. Given the divergence, TerraCom has treated it as an estimation uncertainty rather than a single-point financial projection and will evaluate the necessity and feasibility of commissioning a localised, independent commodity pricing assessment ahead of the next reporting cycle.

Capacity to Adapt and Respond to Climate Change

TerraCom has evaluated its capacity to adjust or adapt its strategy and business model in response to climate-related risks and opportunities over the short, medium, and long-term considering the flexibility of its financial resources, the adaptability of its asset base, and the alignment of its current and planned investments with climate resilience objectives.

TerraCom's capacity to remain resilient to climate change is influenced by maintaining financial flexibility to allocate capital efficiently towards emerging climate priorities. This enables TerraCom to respond should risks and opportunities change because of shifting global and national action.

The principal response available to a sustained decline in coal prices is operational rather than structural. Given the defined remaining mine life, TerraCom retains the ability to adjust production levels, defer sustaining capital and, if required, bring forward closure, in preference to committing to long-payback transformation of the operation. TerraCom's long-term offtake agreements provide volume certainty over the contract periods but are priced by reference to market coal prices, so they do not reduce its exposure to a sustained decline in coal prices.

In response to a material and sustained increase in fuel costs, TerraCom could review the timing of fleet electrification. The cost, benefit and impact of that response would depend on the cost and availability of suitable vehicles at the time. TerraCom expects any such investment to be funded through operating cash flow and its established capital allocation process.

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Scenario analysis

To assess the resilience of its strategy and business model, TerraCom has selected climate-related scenarios that reflect a diverse range of plausible future climate-related pathways. These scenarios are drawn from authoritative sources the IPCC Sixth Assessment Report (AR6) and the associated SSP scenario database (see Sources below) and have been selected to test the Entity's exposure to climate-related risks under materially different global temperature trajectories.

The selected scenarios are intended to capture both transition risks, including changes in policy, regulation, and market conditions, and physical climate risks, including potential changes in climate conditions affecting operations. By considering scenarios at opposite ends of the range of plausible outcomes, TerraCom seeks to assess its resilience across a broad spectrum of potential future conditions, rather than relying on a single assumed pathway.

The following climate-related scenarios were used in the analysis, together with their source datasets:

Scenario: Global warming limited to 1.5°C above pre-industrial levels

Modelled data set: SSP1-1.9

Scenario: Global warming well exceeding 2.5°C above pre-industrial levels

Modelled data set: SSP5-8.5

The scenario analysis was carried out during the 2025–2026 financial year.

Among the scenarios considered, TerraCom included a scenario aligned with the temperature goal of the Paris Agreement, using the IPCC SSP1-1.9 pathway

Scenario Relevance, Time Horizon and Scope

TerraCom has considered the relevance of each selected climate-related scenario to its operations, geographic footprint, and exposure to climate-related risks and opportunities. The scenarios have been selected to reflect a broad range of plausible future conditions and to enable assessment of TerraCom's exposure to both transition and physical climate-related risks under materially different global temperature pathways.

The scenario analysis reflects the scope of operations relevant to TerraCom's business model and climate exposure. This includes consideration of TerraCom's geographic locations, business units and operational activities that are likely to be affected by climate-related risks and opportunities. The scope of the analysis covers TerraCom's Australian coal mining operations. Interests held through entities over which TerraCom does not exercise operational control were considered and were not included in the analysis, as they are not expected to materially affect its prospects over the horizons applied.

TerraCom's value chain was also considered in identifying climate-related risks and opportunities. Upstream exposure is primarily to fuel, explosives and purchased electricity, where transition-related carbon costs would be expected to pass through in supplier pricing. Outbound logistics relies on contracted rail haulage and port capacity, creating exposure to cost pass-through under transition scenarios and to disruption from flooding and cyclone activity under physical scenarios. Downstream exposure is material: thermal coal is sold into the seaborne export market, and TerraCom's revenue, asset values and access to finance and insurance are exposed to customer decarbonisation, demand contraction and market access constraints. Downstream exposure has accordingly been carried through to the assessment of transition risk. Value chain exposures that were not considered capable of materially affecting TerraCom's prospects were not carried through to the assessment.

The time horizons applied in the scenario analysis are consistent with the short-, medium- and long-term time horizons disclosed elsewhere in the Strategy section of this report. These horizons align with TerraCom's strategic and operational planning processes, existing management and governance processes, and the expected remaining life of its operating assets.

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Judgement and Assumptions Applied in Scenario Analysis

TerraCom used direct and derived variables from the selected SSP scenarios to inform climate-related scenarios for the medium- and long-term planning horizons. For the short-term horizon (first two years), the Entity assumed no material change to relevant physical or socio-economic variables, so conditions over the next 24 months are expected to remain broadly consistent with the current operating environment for both physical climate conditions and regulatory settings.

This short-term assumption reflects that significant regulatory changes not already announced or formally proposed are unlikely to be decided, implemented and take effect within 24 months, and that no credible physical climate models indicate material changes to Australian climate conditions over this period.

The key assumptions underlying the analysis were:

- Climate-related policies: Policy assumptions are drawn from SSP scenario modelling outputs. Over the short-term horizon, policy settings are assumed to remain in line with current settings, because major decarbonisation policies not already announced are unlikely to be legislated, implemented and have an effect within two years, regardless of policy intention. Divergence between pathways is therefore assumed to emerge over the medium and long-term horizons.

- Macroeconomic trends: Macroeconomic inputs are limited to transition-related variables directly relevant to the assessed risks and opportunities — primarily fuel and commodity cost variables derived from SSP scenario datasets.

- Energy usage and mix: Energy-related assumptions are taken from the energy price and energy mix pathways implied by the selected SSP scenarios; no entity-specific assumptions about future energy consumption or fuel switching have been overlaid.

- National- and regional-level variables: Physical climate inputs are limited to national and regional-scale climate variables derived from IPCC modelling outputs relevant to the Entity's operating region. The analysis does not incorporate projected changes in demographics, land use, infrastructure development or resource availability.

- Technology: No specific technological developments, breakthroughs or entity-specific future technology deployments have been assumed.

The Entity considers the exclusion of broader socio-economic variables (demographics, land use, infrastructure, resource availability and similar second-order effects) appropriate because the objective of the analysis is to assess direct climate-related and transition drivers relevant to the Entity's operations, rather than to model wider societal responses to climate change. Incorporating these variables would require substantial additional modelling complexity and assumptions about indirect economic and societal responses at an entity level, with limited benefit to the assessment.

The scenario analysis was undertaken during the FY2025–FY2026 reporting period using information available at the analysis date.

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Metrics and Targets

GHG Emissions

The following table contains gross greenhouse gas (GHG) emissions generated, without accounting for any carbon offsets or removals. The table below details the entity's absolute gross GHG emissions across relevant scopes and categories for the reporting period.

100% of emissions are attributed to the consolidated group.

	Latest (tCO_2e)
Scope 1	100,505
Scope 2	15,943

Scope 2 emissions are location-based. The entity does not have any relevant contractual instruments covering the Scope 2 calculations.

Measurement Approach

The GHG inventory has been prepared in accordance with the GHG Protocol Corporate Accounting and Reporting Standard.

TerraCom applies the operational control approach to define its reporting boundary, accounting for 100% of the GHG emissions from the Blair Athol mine and associated facilities, and its corporate head office. Operational control has been applied on the basis that it reflects how TerraCom manages its activities and ensures consistency with its reporting under the NGER Act.

TerraCom's South African interests are not included in the Scope 1 and Scope 2 inventory. TerraCom does not hold the authority to introduce and implement operating policies at any South African facility. The coal processing facility in which it holds a majority interest is operated exclusively by a third party under a tolling arrangement, under which no greenhouse gas compliance obligations transfer to TerraCom. The remaining South African interests are minority or equally held joint arrangements over which TerraCom does not exercise operational control, or are holding entities with no emission-generating assets.

Scope 1 and Scope 2 emission sources have been identified in accordance with the GHG Protocol, with those sources not covered by the NGER Measurement Determination measured under the GHG Protocol. Fugitive emissions from open cut coal mining and from sulphur hexafluoride are included in the reported totals. Other fugitive, process and biogenic emissions have been assessed and were not material to TerraCom's reported emissions.

In accordance with the transitional relief available in the first annual reporting period under AASB S2, TerraCom has not disclosed its Scope 3 greenhouse gas emissions for the reporting period.

Assumptions
* Fuel-consuming assets with no specific tag are assumed to be mobile machinery.
* Diesel issued to the train load out siding is drawn from the bulk fuel supply and is captured within site fuel records.

Measurement of Greenhouse Gas Emissions

The tables below set out the approach, inputs and assumptions applied in measuring TerraCom's Scope 1 and Scope 2 greenhouse gas emissions during the reporting period.

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Scope 1 emissions category	Element	Detail
Mobile combustion	**Approach**	Activity-based calculation using NGER Method 1, whereby fuel consumption quantities are multiplied by NGER Measurement Determination energy content and emission factors. Method 2 is applied for methane and nitrous oxide from post-2004 road-registered vehicles, using the applicable vehicle class factors. Factors from the NGER Measurement Determination 2008 - Compilation No. 20 were applied for the reporting period.
	Inputs	Diesel consumed by light vehicles, mobile mining equipment and transport machinery at the Blair Athol mine. Consumption data is sourced from general ledger entries against assets tagged as mobile or transport machinery.
	Assumptions	Fuel-consuming assets with no specific asset tag are assumed to be mobile machinery. Diesel issued to the train load out siding is drawn from the bulk fuel supply and is captured within site fuel records.
	Justification	NGER-compliant methodology using applicable NGER Measurement Determination energy content and emission factors.
Stationary combustion	**Approach**	Activity-based calculation using NGER Method 1, whereby fuel consumption quantities are multiplied by NGER Measurement Determination energy content and emission factors. Factors from the NGER Measurement Determination 2008 - Compilation No. 20 were applied for the reporting period.
	Inputs	Diesel consumed in stationary equipment, and petroleum based oils and greases, at the Blair Athol mine. Consumption data is sourced from general ledger entries by asset tag.
	Assumptions	None.
	Justification	NGER-compliant methodology using applicable NGER Measurement Determination energy content and emission factors.
Electricity generation	**Approach**	Activity-based calculation using NGER Method 1, applied to diesel consumed in on-site electricity generation. Factors from the NGER Measurement Determination 2008 - Compilation No. 20 were applied for the reporting period.
	Inputs	Diesel consumed by on-site generation equipment at the Blair Athol mine, sourced from general ledger entries against assets tagged for electricity generation.
	Assumptions	None.
	Justification	Emissions arise from fuel combusted at a facility under TerraCom's operational control and are reported as Scope 1 rather than Scope 2.
Fugitive emissions – open cut coal mining	**Approach**	Calculated using NGER Method 1, which applies a State-based default emission factor for methane expressed in tonnes CO_2-e per tonne of run-of-mine coal extracted. Emission factors for open cut mines are sourced from Chapter 3 of the NGER Measurement Determination 2008 (Compilation 20).

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Scope 1 emissions category	Element	Detail
	Inputs	Run-of-mine coal production tonnages for the Blair Athol mine, reconciled to management production records.
	Assumptions	Method 1 applies a State-average emission factor rather than site-specific gas content data. Where facility emissions remain above 100,000 tCO_2-e, TerraCom will be required to apply Method 2 from FY2027, using site-specific gas content sampling and analysis.
	Justification	Method 1 is an approved method under the NGER Measurement Determination for open cut coal mine fugitive emissions and is applied consistently with TerraCom's NGER reporting.
Other sources	**Approach**	Sulphur hexafluoride emissions are calculated on an average data basis. Screening-level estimation was applied to other potential fugitive and process emission sources.
	Inputs	Equipment inventories and operational records.
	Assumptions	Sulphur hexafluoride emissions are included in the reported totals. Other fugitive and process emission sources were assessed against TerraCom's materiality threshold and were not material. Biogenic carbon dioxide is excluded from Scope 1 in accordance with GHG Protocol convention.
	Justification	Sources assessed as immaterial, both quantitatively and in terms of their relevance to users of the climate statements, are excluded from the inventory.

Scope 2 emissions category	Element	Detail
Purchased electricity – Blair Athol mine	**Approach**	Calculated using the NGER Measurement Determination Method A1 grid-average emission factor for the Queensland electricity grid, consistent with the NGER location-based method for purchased electricity. Factors from the NGER Measurement Determination 2008 - Compilation No. 20 were applied for the reporting period.
	Inputs	Electricity consumption (kWh) at the Blair Athol mine, sourced from supplier invoices. The site draws electricity from the Queensland grid.
	Assumptions	A grid-average emission factor is applied as no supplier-specific contractual instrument conveying renewable energy certificates or other environmental attributes is in place.
	Justification	Grid-average factors are the NGER-compliant approach for grid-connected electricity consumption where no supplier-specific contractual instrument is in place.
Purchased electricity – accommodation camp	**Approach**	Calculated using the NGER Measurement Determination Method A1 grid-average emission factor for the Queensland electricity grid, consistent with the NGER location-based method for purchased electricity. Factors from the NGER Measurement Determination 2008 - Compilation No. 20 were applied for the reporting period.

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Scope 2 emissions category	Element	Detail
	Inputs	Electricity consumption (kWh) at the Clermont accommodation camp, sourced from supplier invoices. The site draws electricity from the Queensland grid.
	Assumptions	A grid-average emission factor is applied as no supplier-specific contractual instrument conveying renewable energy certificates or other environmental attributes is in place.
	Justification	The camp is under TerraCom's operational control and its purchased electricity is included in the Scope 2 inventory.
Purchased electricity – corporate head office	**Approach**	Calculated using the NGER Measurement Determination Method A1 grid-average emission factor for the Queensland electricity grid, consistent with the NGER location-based method for purchased electricity. Factors from the NGER Measurement Determination 2008 - Compilation No. 20 were applied for the reporting period.
	Inputs	Electricity consumption (kWh) at the corporate head office, sourced from supplier invoices. The site draws electricity from the Queensland grid.
	Assumptions	A grid-average emission factor is applied as no supplier-specific contractual instrument conveying renewable energy certificates or other environmental attributes is in place.
	Justification	The head office is under TerraCom's operational control and its purchased electricity is included in the Scope 2 inventory, notwithstanding that it sits outside the NGER facility boundary.

Changes in Measurement Approach

This reporting period is the first application of AASB S2 and therefore, there are no reportable changes to measurement approach, inputs or assumptions during this reporting period.

Other Cross-Industry Metrics

The entity has assessed the extent to which its assets, capital and business activities are exposed to or deployed in relation to climate-related risks and climate-related opportunities. The table below discloses these amounts and percentages:

Climate-related metric category	Metric
Assets or business activities vulnerable to climate-related transition risks	TerraCom has one operating asset, the Blair Athol open-cut thermal coal mine in Queensland (100% ownership), which is exposed to climate-related transition risks arising from demand for thermal coal, its reliance on diesel for mining and haulage, and its Safeguard Mechanism compliance obligations.
Assets or business activities vulnerable to climate-related physical risks	The Blair Athol mine is exposed to climate-related physical risks, principally rainfall-driven flooding of active pits and disruption to site access, given its location in the Bowen Basin region of Central Queensland.

Climate-related metric category	Metric
Assets or business activities aligned with climate-related opportunities	TerraCom has identified staged fleet electrification as potential opportunities. No capital has been approved and no assets are currently aligned to these.
Capital deployed towards climate-related risks and opportunities	Capital deployed towards climate-related risks and opportunities was approximately $220,000 in FY26, comprising sustainability report preparation and assurance costs of approximately $170,000 and other costs of approximately $50,000. This amount excludes the cost of carbon units acquired and surrendered under the Safeguard Mechanism, which is disclosed under Financial Effects of Climate-Related Risks and Opportunities.

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Use of Internal Carbon Pricing

TerraCom has determined not to implement an internal carbon price during the 2026 reporting period and does not currently plan to apply one within the next reporting period.

Climate-Related Executive Remuneration Metrics

No climate-related considerations were factored into executive remuneration during the current period. For this purpose, executive remuneration covers the remuneration of TerraCom's Key Management Personnel, as disclosed in the Remuneration Report, and of the other members of the management team with climate-related responsibilities described under Management's Role in Climate Governance. Accordingly, 0% of executive management remuneration recognised in the current period is linked to climate-related considerations.

Carbon Credits Strategy and Use

TerraCom's emissions target is its Safeguard Mechanism baseline. TerraCom uses carbon credits only to the extent covered emissions exceed the baseline in a compliance period. During the reporting period, TerraCom acquired and surrendered Australian Carbon Credit Units in respect of the FY2025 compliance period. Covered Scope 1 emissions for the current reporting period also exceeded the baseline, giving rise to a further surrender obligation in respect of the excess. Eligible units will be acquired and surrendered in the next reporting period in accordance with the Safeguard compliance cycle. TerraCom expects to meet that obligation using Australian Carbon Credit Units or Safeguard Mechanism Credits, sourced through the market rather than from projects it operates. The cost of units acquired and surrendered is disclosed under Financial Effects of Climate-Related Risks and Opportunities.

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Targets: Climate-related targets, including those related to greenhouse gas (GHG) emissions and other non-emissions climate objectives.

Target Name	Safeguard Mechanism emissions baseline
Metric used to set the target	Facility-level covered Scope 1 greenhouse gas emissions
Objective of the target	Maintain compliance with legislated Safeguard Mechanism emissions baselines
Scope of the target	All scope 1 emissions at the coal mine
Period over which the target applies	FY2023–FY2030
Base period	FY2018-FY2022
Milestones and interim targets	The calculated target for FY2026 was 100,000tCO_2e
Target Type	Quantitative - Gross
Link to international agreement	Aligned with Australia's commitment under the Paris Agreement to reach net zero by 2050
Third-party validation	Not applicable. The target is set under legislation and administered by the Clean Energy Regulator, so no third-party validation of the target is required.
Process for reviewing the target	The target is set under legislation. The baseline is determined by the Clean Energy Regulator under the Safeguard Mechanism rules and is not subject to review or revision by TerraCom. Management confirms the applicable baseline each year through the annual NGER reporting and Safeguard compliance cycle.
Metrics used to monitor progress	Total Scope 1 emissions (tCO_2e)
Revisions and explanation	Baselines decline annually in line with legislated Safeguard Mechanism settings
Performance against target	For FY2026, facility emissions of 100,505 tCO_2-e exceeded the Safeguard Mechanism baseline of 100,000 tCO_2-e by 505 tCO_2-e.
GHGs covered	CO_2, CH_4, N_2O
GHG scopes covered	Scope 1
Gross or net target	Gross
Derived using a sectoral decarbonisation approach?	No

Directors' Declaration – Sustainability Report

In the opinion of the directors of TerraCom Limited, the Company has taken reasonable steps to ensure that the substantive provisions of the sustainability report for the financial year ended 30 June 2026, set out on pages 115 to 144, are in accordance with the Corporations Act 2001 (Cth), including:

(a) section 296C (compliance with Australian Sustainability Reporting Standard AASB S2 Climate-related Disclosures), and
(b) section 296D (climate statement disclosures).

This declaration is made in accordance with a resolution of the board of directors of TerraCom Limited, and is signed for and on behalf of the board of directors by:

Andrew Coles
Non-Executive Chairman

Brisbane, 6 October 2026

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INDEPENDENT AUDITORS REVIEW REPORT ON SPECIFED SUSTAINABILITY DISCLOSURES OF TERRACOM LIMITED

To the Members of TerraCom Limited

Review conclusion

We have conducted a review of the following specified Sustainability Disclosures in the Sustainability Report of TerraCom Limited (the Company) and its controlled entities (collectively the Group) for the year ended 30 June 2026 as required by Australian Standards on Sustainability Assurance ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports* (ASSA 5010) under the *Corporations Act 2001* issued by the Auditing and Assurance Standards Board (AUASB):

Sustainability Disclosures	Reporting requirement of Australian Sustainability Reporting Standard AASB S2 Climate-related Disclosures (AASB S2) (including related general disclosures required by Appendix D)	Location in Sustainability Report
Governance	Paragraph 6	Governance section on pages 117 to 120
Strategy (risk and opportunities)	Subparagraphs 9(a), 10(a) and 10(b)	Identified Climate-Related Risks and Opportunities section on pages 122 to 124
Scope 1 emissions	Subparagraphs 29(a)(i)(1) and 29(a)(ii) to (iv)	Metrics and Targets section on pages 139 to 142
Scope 2 emissions	Subparagraphs 29(a)(i)(2) and 29(a)(ii) to (v)	Metrics and Targets section on pages 139 to 142

The requirements of AASB S2 identified in the table above form the criteria relevant to the specified Sustainability Disclosures and apply under Division 1 of Part 2M.3 of the *Corporations Act 2001* (the Act).

We have not become aware of any matter in the course of our review that makes us believe that the Sustainability Disclosures specified in the table above do not comply with Division 1 of Part 2M.3 of the *Corporations Act 2001*.

Basis for conclusion

Our review has been conducted in accordance with Australian Standard on Sustainability Assurance ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000) issued by the AUASB. Our review includes obtaining limited assurance about whether the specified Sustainability Disclosures are free from material misstatement.

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In applying the relevant criteria, we note that subsection 296C (1) of the Act includes a requirement to comply with AASB S2.

Our conclusion is based on the procedures we have performed and the evidence we have obtained in accordance with ASSA 5000. The procedures in a review vary in nature and timing from, and are less in extent than for, an audit. Consequently, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an audit been performed. See the 'Summary of the Work Performed' section of our report below.

Our responsibilities under ASSA 5000 are further described in the Auditor's Responsibilities section of this report.

Our independence and quality management

We are independent of the Company in accordance with the applicable ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (November 2018 incorporating all amendments to July 2025 , as applicable (the Code), together with the ethical requirements in the Act, that are relevant to our review of the specified Sustainability Disclosures and public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code.

We confirm that the independence declaration required by the Act, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

Our firm applies Australian Standard on Quality Management ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other information

The directors of the Company are responsible for the other information. The other information comprises the Annual report, including the Financial Report and Sustainability Report, but excluding the specified Sustainability Disclosures subject to our review and our review report thereon.

Our conclusion on the specified Sustainability Disclosures does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our review of the specified Sustainability Disclosures, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the specified Sustainability Disclosures, or our knowledge obtained when conducting the review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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TerraCom Limited's responsibilities for the specified Sustainability Disclosures

The directors of the Company are responsible for:

- The preparation of the specified Sustainability Disclosures in accordance with the Act; and
- Designing, implementing and maintaining such internal control necessary to enable the preparation of the specified Sustainability Disclosures, in accordance with the Act that are free from material misstatement, whether due to fraud or error.

Inherent limitations in preparing the specified Sustainability Disclosures

The Sustainability Report contains forward-looking information, including climate scenarios, targets, assumptions, climate projections, forecasts and estimates. Such information is inherently uncertain and may not materialise as anticipated. We do not provide assurance in respect of this prospective information.

Greenhouse gas emissions quantification is subject to significant measurement uncertainty, which arises because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases. The comparability of sustainability information between entities and over time may be affected by inconsistencies in the methods to estimate or measure those emissions, due to different, but acceptable, methods applied.

Auditor's responsibilities

Our objectives are to plan and perform the review to obtain limited assurance about whether the specified Sustainability Disclosures are free from material misstatement, whether due to fraud or error, and to issue a review report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the specified Sustainability Disclosures

As part of a review in accordance with ASSA 5000, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.
- Design and perform procedures responsive to assessed risks of material misstatement at the disclosure level. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

A review is a limited assurance engagement and involves performing procedures to obtain evidence about the specified Sustainability Disclosures. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosure level, whether due to fraud or error. In conducting our review, we:

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- Performed enquiries of management and examined underlying evidence to assess the completeness and accuracy of the establishment of the organisational boundary, and sources of emissions, in the context of the specified Sustainability Disclosures.
- Identified and assessed risks of material misstatement, whether due to fraud or error, at the disclosure level.
- With respect to Governance disclosures:
    - Enquired with relevant personnel to understand the governance structures and reporting process.
    - Reviewed internal documentation including policies, charters, minutes of meetings, risk management frameworks, and basis of preparation documents.
- With respect to Strategy (risks and opportunities) disclosures:
    - Obtained an understanding of the Group's process for identifying and assessing its climate-related risks and opportunities across its reporting boundary, including management's materiality assessment process, by performing inquiries to understand the sources of the information used by management and inspecting the Group's internal documentation of this process.
    - Assessed whether the climate-related risks and opportunities disclosed are appropriate and complete, based on management's process and judgements, and whether they have been accurately described and classified.
- With respect to Scope 1 and 2 emissions disclosures:
    - Considered appropriateness of measurement methodologies applied and re-performed related calculations for scope 1 & scope 2 emissions.
    - Reviewed general ledger expense headings to ensure completeness of identified scope 1 and scope 2 emissions categories.
    - Evaluated the appropriateness of the emissions factors applied in the greenhouse gas emission processes.
    - Agreed a sample of the underlying emissions data to supporting documentation and checked the mathematical accuracy of management's calculations.
- Evaluated the presentation and disclosure of the specified Sustainability Disclosures against the requirements of AASB S2.

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R M Swaby
Director

Brisbane, 6 October 2026

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Additional Shareholder Information For Listed Public Companies

as at 30 September 2026

The following additional information is required by the ASX Listing Rules and is not shown elsewhere in this report. The information is current as at 30 September 2026.

Distribution of Shareholders

Range	Securities	%	No. of shareholders	%
100,001 and Over	1,743,982,513	95.69	719	13.33
10,001 to 100,000	69,337,379	3.80	1,870	34.67
5,001 to 10,000	5,641,312	0.31	716	13.28
1,001 to 5,000	3,162,505	0.17	1,191	22.08
1 to 1,000	399,441	0.03	897	16.64
Total	**1,822,523,150**	**100.00**	**5,393**	**100**

20 Largest Shareholders

Rank	Name	Shares held (as at 30 September 2026)	% of Issued Capital
1	ORBIT MARKETING PTE LTD	826,819,505	45.37
2	BNP PARIBAS NOMINEES PTY LTD	125,102,195	6.86
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	111,356,254	6.11
4	CITICORP NOMINEES PTY LIMITED	110,166,970	6.04
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	42,884,142	2.35
6	MR FREDERICK BART	39,963,139	2.19
7	BNP PARIBAS NOMS PTY LTD	21,975,935	1.21
8	7 FOURTH WEST DEVELOPMENTS PTY LTD	19,216,072	1.05
9	MR JASON XIE	17,000,000	0.93
10	BART SUPERANNUATION PTY LIMITED	11,800,000	0.65
11	J X PTY LTD	10,500,000	0.58
12	BNP PARIBAS NOMINEES PTY LTD	10,484,496	0.58
13	MR NYAN WIN & MRS AYE AYE KYAW	9,912,729	0.54
14	MR DANNY VINCENT CURRAN	9,551,388	0.52
15	MR KAI CHEN	6,900,000	0.38
16	COMMUNICATIONS POWER INCORPORATED (AUST) PTY LTD	6,600,000	0.36
17	BST VENTURES PTY LTD	5,230,000	0.29
18	PHEASANT DIME INVESTMENTS LTD	5,220,022	0.29
19	MR WAN CHEUNG DANNY CHENG	5,000,000	0.27
20	MR SCOTT DAVID ALLEN	4,800,000	0.26
	Total	**1,400,482,847**	**76.83**

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Substantial Shareholders

The substantial Shareholders as disclosed in substantial shareholder notices given to the Company are as follows:

Name	Shares Held	% of issued capital
ORBIT MARKETING PTE LTD	826,819,505	45.37

Unmarketable Parcels

The number of investors holding less than a marketable parcel of Shares (being 6,329 Shares based on the last traded price of $0.079 per Share) is 2,277. As at 30 September 2026, these investors hold a total of 4,657,874 Shares.

Other Equity Securities

The Company's only class of equity securities on issue is fully paid ordinary shares (Shares), which are quoted on the ASX.

Listing Venues

The Company is not admitted to the official list of any listing venue other than ASX.

Voting Rights

All Shares carry voting rights on a one-for-one basis.

Buy-Backs

There is no current on-market buy-back of Shares.

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