

31 October 2024

## Quarterly Activities Report for period ended 30 September 2024

*"In the September Quarter, the business achieved 2.5Mt of Total Run-of-Mine (ROM) Coal production<sup>1</sup> and 1.8Mt in Total coal sales<sup>1</sup>.*

*Blair Athol (BA) achieved forecast total coal sales of 404kt for the September Quarter, production and shipping cadence are aligned with the annual mine plan and BA remains on track to meet the forecast guidance of 1.8Mt for the full year to 30 June 2025. BA coal sales for the Quarter were a combination of index-linked and fixed-price cargoes with an overall achieved price of A\$149.5 per sold tonne.*

*Our operations in South Africa (SA) faced challenges this Quarter, delivering 1.3Mt total coal sales from the New Clydesdale Colliery and the North Block Complex; a 12% decrease from the June Quarter. Despite expectations for improved railing performance, logistics constraints persisted, limiting train availability to both operations during the September Quarter. This resulted in lower than anticipated export sales of 141kt on a combined basis; a 30% drop from the June Quarter. Domestic sales to Eskom also fell below the expected run rate, totalling 1.2Mt for the September Quarter; a 9% decrease from the June Quarter. However, we remain optimistic about improving export sales performance for our SA operations.*

*The announcement of the Cooperation Agreement in August 2024 with Wintime Energy Group Co., Ltd (Wintime) is a significant achievement for TerraCom and our team. I am honored by the trust that Wintime has placed in TerraCom to bring the Moorlands Project to fruition and to explore global development opportunities to expand the reach of both TerraCom and Wintime."*

*Managing Director, Danny McCarthy*

To view the quarterly Q&A presentation please visit – <https://youtu.be/81-BBoPvLFc?feature=shared>

### HIGHLIGHTS

#### SEPTEMBER QUARTER

- September Quarter achievements:
  - Total coal sales<sup>1</sup> of 1.75Mt.
  - Total Equity coal sales<sup>2</sup> of 1.1Mt.
- Blair Athol (BA)
  - ROM production of 535kt.
  - Coal sales of 404kt and saleable coal stocks at the end of the reporting period of 27kt.
- In August 2024 the Company announced the Cooperation Agreement with Wintime Energy Group Co., Ltd to jointly develop and operate the Moorlands Thermal Coal Project in Queensland, as well as pursue other strategic opportunities in complementary markets and industries.
- TerraCom closing cash at bank<sup>3</sup> at 30 September 2024 was \$16.7 million together with restricted cash of \$58.2 million.
- Annual JORC update establishes BA life of mine at approximately 8 years based on 1.8Mt coal sales run rate per annum.

#### DIVIDEND UPDATE

- The Directors have declared a fully franked dividend of 1 cent per fully paid ordinary share for the quarter ended 30 September 2024. Refer to the dividend declaration announcement for further details.

#### SAFETY

- Group safety performance for the September Quarter resulted in a lost time injury frequency rate (LTIFR) of 0.5 and a total recordable injury frequency rate (TRIFR) of 1.0, on a 12-month rolling basis this is a consistent result Quarter on Quarter (QoQ).
- Management remains committed to achieving outstanding safety outcomes with the overall safety performance of the Group consistently performing better than the benchmarked industry average.



## PRODUCTION AND SALES PERFORMANCE

### TOTAL TONNES<sup>1</sup> (CONTINUING OPERATIONS)

	SEPTEMBER QUARTER			JUNE QUARTER		
	Export (000's)	Domestic (000's)	Total (000's)	Export (000's)	Domestic (000's)	Total (000's)
Australia	404	-	404	408	-	408
South Africa	141	1,205	1,346	202	1,328	1,530
<b>Total</b>	<b>545</b>	<b>1,205</b>	<b>1,750</b>	<b>610</b>	<b>1,328</b>	<b>1,938</b>

### EQUITY TONNES<sup>2</sup> (CONTINUING OPERATIONS)

	SEPTEMBER QUARTER			JUNE QUARTER		
	Export (000's)	Domestic (000's)	Total (000's)	Export (000's)	Domestic (000's)	Total (000's)
Australia	404	-	404	408	-	408
South Africa	68	591	659	99	651	750
<b>Total</b>	<b>472</b>	<b>591</b>	<b>1,063</b>	<b>507</b>	<b>651</b>	<b>1,158</b>

### YEAR-TO-DATE OPERATIONAL RESULTS

	TOTAL TONNES <sup>1</sup>			EQUITY TONNES <sup>2</sup>		
	Export (000's)	Domestic (000's)	Total (000's)	Export (000's)	Domestic (000's)	Total (000's)
Australia	404	-	404	404	-	404
South Africa	141	1,205	1,346	68	591	659
<b>Total</b>	<b>545</b>	<b>1,205</b>	<b>1,750</b>	<b>472</b>	<b>591</b>	<b>1,063</b>



## OPERATIONS

### AUSTRALIA BUSINESS UNIT

#### Blair Athol (BA) – 100% EQUITY INTEREST

Thousands of tonnes (kt)	Sept 2024 QTR	Sept 2023 QTR	Change %	Sept 2024 QTR	Jun 2024 QTR	Change %
<b>ROM Coal Production</b>	535	482	11%	535	487	10%
<b>Saleable Coal</b>	386	399	(3%)	386	366	5%
<b>Coal Sales</b>	404	426	(5%)	404	408	(1%)
<b>Inventory (ROM)</b>	5	-	100%	5	15	(66%)
<b>Inventory (Saleable)</b>	27	70	(61%)	27	39	(31%)

BA sold 404kt for the September Quarter and remains on track to deliver its forecast guidance of 1.8Mt for the full year to 30 June 2025.

Coal sales during the September Quarter were a combination of index-linked and fixed-price sales to long-term trading partners. Market support for our highly sought-after thermal coal product is evident with ongoing demand from existing customers and 85% of coal sales for the December Quarter already secured, including long term repeat business for the remainder of the financial year.

BA mine pictures at end of September 2024.



Blair Athol Train Load Out



Blair Athol Aerial Image



Blair Athol Dozer Push



Blair Athol Coal Handling and Preparation Plant



## SOUTH AFRICA BUSINESS UNIT

Thousands of tonnes (kt)	Sept 2024 QTR	Sept 2023 QTR	Change %	Sept 2024 QTR	Jun 2024 QTR	Change %
<b>ROM Coal Production</b>	1,957	1,973	(1%)	1,957	2,102	(7%)
<b>Saleable Coal</b>	1,397	1,558	(10%)	1,397	1,628	(14%)
<b>Coal Sales</b>	1,346	1,598	(16%)	1,346	1,530	(12%)
<b>Inventory (ROM)</b>	155	222	(30%)	155	210	(26%)
<b>Inventory (Saleable)</b>	79	151	(48%)	79	78	0%

The SA operations achieved combined coal sales of 1.3Mt with the North Block Complex being a major contributor to the result.

### New Clydesdale Colliery (NCC) – 49% EQUITY INTEREST

Thousands of tonnes (kt)	Sept 2024 QTR	Sept 2023 QTR	Change %	Sept 2024 QTR	Jun 2024 QTR	Change %
<b>ROM Coal Production</b>	805	853	(6%)	805	970	(17%)
<b>Saleable Coal</b>	579	602	(4%)	579	731	(21%)
<b>Coal Sales</b>	558	664	(16%)	558	646	(14%)
<b>Inventory (ROM)</b>	103	78	32%	103	167	(39%)
<b>Inventory (Saleable)</b>	45	127	(64%)	45	65	(31%)

NCC achieved total coal sales of 558kt for the September Quarter, down 14% on the June Quarter. Sales to Eskom accounted for 454kt of this result and export coal sales were 104kt. Train allocation remains an issue in South Africa and we are working on strategies to improve the position in order to achieve forecast sales. Short-term relief to keep product sales moving is by way of Free On Train (FOT) mine gate sales contracts to reputable coal traders.

### North Block Complex (NBC) – 49% EQUITY INTEREST

Thousands of tonnes (kt)	Sept 2024 QTR	Sept 2023 QTR	Change %	Sept 2024 QTR	Jun 2024 QTR	Change %
<b>ROM Coal Production</b>	1,152	1,120	3%	1,152	1,132	2%
<b>Saleable Coal</b>	818	956	(14%)	818	897	(9%)
<b>Coal Sales</b>	788	934	(16%)	788	884	(11%)
<b>Inventory (ROM)</b>	53	144	(63%)	53	43	21%
<b>Inventory (Saleable)</b>	34	24	41%	34	13	>100%

ROM coal production for NBC was 1,152kt for the September Quarter, a 2% increase on the June Quarter.

Logistics constraints in South Africa have not improved, and supply chain alternatives, such as trucking, continue to be used for NBC export coal sales. NBC achieved total export coal sales of only 37kt for the September Quarter, a 51% decrease from the June Quarter. Deliveries to Eskom were 751kt, maintaining a consistent result for the colliery.



## **Ubuntu Colliery – 48.9% EQUITY INTEREST**

Ubuntu remains on care and maintenance since February 2023 following the conclusion of the Eskom Coal Supply Agreement in December 2022. Management continues to explore other domestic coal sales opportunities for the colliery to enable it to return to an operational state and an asset disposal process is currently underway with our partner Ndalamo to divest Ubuntu.

## **THERMAL COAL MARKET INFORMATION AND OUTLOOK**

Thermal coal pricing during the September Quarter was relatively stable with the NEWC6000 achieving an average price of US\$140.34 for the period. The short to near-term outlook appears similarly stable.

Pricing for the December Quarter is expected to be supported by strong restocking demand from the Asia-Pacific region, with upside weather risk being a key demand driver as winter weather conditions in our primary markets develop.

Consistent with the previous period, we anticipate steady demand from our key markets and long-term customers in Japan, South Korea and India to continue for the remainder of the 2024 calendar year.

## **FINANCIAL INFORMATION**

### **Production costs**

Free on Board (FOB) operating costs, excluding royalty, for BA were \$118 per tonne for the September Quarter. Annual FOB cost is expected to be within the range of \$105 - \$110 per tonne based on forecast coal sales of 1.8Mt per annum, noting that costs are significantly impacted by revenue linked costs (including government royalties) and other inflationary pressures. We remain cost conscious and continue to investigate and implement value yielding initiatives to ensure we maintain the lowest possible costs.

### **Foreign exchange**

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

## **COOPERATION AGREEMENT WITH WINTIME ENERGY GROUP CO., LTD**

As announced on 12 August 2024, TerraCom entered into a Cooperation Agreement with Wintime Energy Group Co., Ltd to jointly develop and operate the Moorlands Thermal Coal Project in Queensland, as well as pursue other strategic opportunities in the complementary markets and industries.

TerraCom and Wintime are progressing the negotiation of definitive project documents for the development and operations phases of the Moorlands Project.

### **About the Moorlands Project**

The Moorlands Project is a thermal coal development opportunity located in the Western Bowen Basin of Queensland, approximately 14 kilometres northwest of the TerraCom Blair Athol Coal Mine and 25 kilometres northwest of the Clermont township.

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

The tenements comprising the Moorlands Project have a 378mt resource (JORC 2012), with initial studies indicating support for a robust open cut thermal coal mining operation to provide long-term supply for Wintime's coal-fired power generation in China.

TerraCom will be engaged to provide development, management, mining services, logistics, and processing services through to the mine gate.

TerraCom will leverage capacity in the existing infrastructure at Blair Athol, to establish a dual processing and logistics hub for Blair Athol and Moorlands coal, whilst maintaining steady state ROM production from the Blair Athol resource.



TerraCom and Wintime will now work with regulatory authorities and technical consultants with a view to targeting first coal from the Moorlands Project in FY26.

## REFERENCES

1. **Total Tonnes** – The data represents total tonnes and assumes 100% ownership of the South African operations, noting TerraCom's interest in the operating mines ranges from 48.9% to 49.0%.
2. **Equity Tonnes** – The data represents equity tonnes, being the attributable tonnes to the TerraCom's equity ownership.
3. **Cash at Bank** – amount includes \$14.8 million cash held by TerraCom Limited, as parent entity, cash held by all Australian subsidiaries and cash held by Universal Coal Holdings South Africa (Pty) Ltd (wholly-owned subsidiary of TerraCom), plus \$1.9 million cash attributable to TerraCom from other South African subsidiaries based on the equity interest held by TerraCom. This number does not represent the cash amount to be reported in accordance with IFRS from a consolidation point of view. The movement in cash from the September Quarter is receipts of revenue less costs of sales, other expenses and other regulatory payments including tax.





## MINING TENEMENTS HELD AT THE END OF SEPTEMBER 2024 QUARTER

Operation /Project	Tenement	Interest at the start of qtr	Interest at the end of qtr	Location	Commodity
<b>Blair Athol</b>	ML1804	100%	100%	Australia	Coal
<b>New Clydesdale Colliery (NCC)</b>	MP30/5/1/2/2/429MR	49.0%	49.0%	South Africa	Coal
<b>North Block Complex (NBC)</b>	MP30/5/1/2/1/326MR MP30/5/1/1/2/19MR (10068MR) MP30/5/1/2/2/10090MR	49.0%	49.0%	South Africa	Coal
<b>Ubuntu</b>	MP30/5/1/2/2/10027MR	48.9%	48.9%	South Africa	Coal
<b>Eloff</b>	MP30/5/1/2/2/10169MR	49.0%	49.0%	South Africa	Coal
<b>Kangala</b>	MP30/5/1/2/2/429MR MP30/5/1/1/2/641PR Mining Right application MP30/5/1/1/2/10179MR	70.5%	70.5%	South Africa	Coal
<b>Berenice</b>	Prospecting Right (PR) LP30/5/1/1/2/376PR Mining Right: LP30/5/1/1/2/10131MR – underapplication	50%	50%	South Africa	Coal
<b>Cygnus</b>	LP30/5/1/1/2/1276PR Mining Right application LP30/5/1/1/2/10169MR	50%	50%	South Africa	Coal
<b>Northern Galilee (Hughenden)</b>	EPC1300, EPC1394, EPC1477, EPC1478,, EPC2049	100%	100%	Australia	Coal
<b>Northern Galilee (Pentland)</b>	EPC1890, EPC1892, EPC1893,, EPC1964	100%	100%	Australia	Coal
<b>Northern Galilee (Clyde Park)</b>	EPC1260	64.4%	64.4%	Australia	Coal
<b>Springsure (Springsure)</b>	EPC1674, MDL3002	90%	90%	Australia	Coal
<b>Springsure (Fernlee)</b>	EPC1103	100%	100%	Australia	Coal

**This announcement has been approved by the board for release.**

For further enquiries please contact:

**Danny McCarthy**  
Managing Director

**Megan Etcell**  
Chief Financial Officer & Company Secretary

**Investor Relations**  
Jane Morgan Management  
E: [info@janemorganmanagement.com.au](mailto:info@janemorganmanagement.com.au)  
P: + 61 405 555 618



## About TerraCom Limited

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*TerraCom Limited (ASX: TER) is an Australian-based mining resources company with a global footprint, comprising a large portfolio of operating assets in Australia and South Africa within the coal sectors. We are a renowned low-cost producer focused on delivering exceptional outcomes from our high yielding diversified asset portfolio for its investors. To learn more about TerraCom visit [terracomresources.com](http://terracomresources.com).*

## FORWARD LOOKING STATEMENT

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

All numbers presented with a \$ or A\$ represent the Company's presentation currency, being Australian dollars.

Operating EBITDA results reported, unless stated, represent 100% of the result from the South Africa Business Unit and therefore includes other equity holders. TerraCom's equity interest in the operating mines ranges from 48.9% to 49.0%. The operating EBITDA data presented does not include the TerraCom corporate costs.

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