TerraCom

Quarterly Activity Report

For the quarter ended 31 December 2025

ASX: TER | terracom.au

Quarterly Overview

For the quarter ended 31 December 2025

CORPORATE

Closing cash at bank[3] was A$6.4 million, with an additional A$54.4 million held as restricted cash for rehabilitation bonding purposes associated with the Blair Athol mine.

On 23 December 2025, the Company announced a A$60.0 million renounceable entitlement offer to provide additional working capital and liquidity and to strengthen the balance sheet. The target raise amount was achieved, signalling strong support by existing shareholders.

The Board remains focused on liquidity discipline and maintaining balance sheet flexibility through the cycle. As a result, and given current thermal coal price conditions, the Board has determined that no dividend will be declared for the three months ended 31 December 2025.

OPERATIONS

Blair Athol's mine life was extended to 2033, based on the updated Resources and Reserves statement announced to the ASX in October 2025, reflecting the strength of the resource base and confidence in the long term mine plan.

Blair Athol Mine – Queensland, Australia

- Run of Mine (ROM) production: 429 kt (34 percent lower quarter on quarter)
- Saleable coal production: 373 kt (19 percent lower quarter on quarter)
- Total coal sales: 369 kt (16 percent lower quarter on quarter)
- Total equivalent saleable coal stocks: 62 kt at period end
- The Company maintains Blair Athol's FY26 sales guidance of 1.6 Mt

Total Coal Sales[1]
2Q FY2026

1.36 Mt

25% lower than prior quarter

Total Equity Coal Sales[2]
2Q FY2026

0.86 Mt

24% lower than prior quarter

Cash at Bank[3]
31 December 2025

$6.4M

LTIFR December 2025 quarter

1.8

TRIFR December 2025 quarter

3.6

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[1] **Total Tonnes** – Represents total production and sales volumes on a 100 percent ownership basis and includes 100 percent of output from the South African operations. TerraCom's equity interests in these operations range from 48.9 percent to 49.0 percent.

[2] **Equity Tonnes** – Represents TerraCom's attributable share of production and sales based on its equity ownership percentage.

[3] **Cash at Bank** – Represents operational cash holdings and is not equivalent to the cash amount reported under International Financial Reporting Standards (IFRS) from a consolidation perspective. Movements in cash from the September 2025 quarter primarily reflect receipts from revenue, offset by costs of sales, operating expenses and regulatory payments including tax.

The average coal price achieved for the quarter was A$121.94 per tonne, broadly in line with the September quarter and reflective of prevailing market conditions.

The FY26 mine plan continues to emphasise value over volume, supported by a responsive production strategy underpinned by disciplined operating controls and a lean cost base. Blair Athol's FOB operating costs excluding royalties were temporarily elevated during the December quarter due to low shipping volumes and higher logistics costs; however, they remain on track to be within the Company's FY26 target range of A$105 to A$115 per tonne sold.

South Africa Operations

The Company's South African operations continued to deliver steady performance, supported by disciplined operating practices and continued improvements in plant availability, productivity and cost control across the regional mines.

SAFETY

Group safety performance for the December 2025 quarter reflected continued focus on TerraCom's commitment to a safe and responsible workplace.

- Lost Time Injury Frequency Rate (LTIFR): 1.8
- Total Recordable Injury Frequency Rate (TRIFR): 3.6

These results reflect continued emphasis on safety leadership and disciplined risk management across the Group.

Managing Director's Report

Dear Shareholders

The December 2025 quarter delivered safe and stable operating performance across the Group. Blair Athol continued to perform to plan; however, external rail and port constraints impacted shipment timing, revenue conversion and cash receipts.

Blair Athol: stable operations, disrupted logistics

Throughout the quarter, mining, processing and coal handling activities at Blair Athol continued without interruption, with the site remaining fully operational and performing in line with plan.

Rail and broader supply chain constraints affected the timing of coal deliveries from Blair Athol to the Dalrymple Bay Coal Terminal (DBCT), which in turn impacted vessel loading windows and the timing of revenue recognition and cash receipts during the quarter. Importantly, these constraints related to shipment timing rather than mine performance or product quality.

In November, we held elevated coal stocks at site and port, and the resulting build-up of saleable product created short term working capital and cash flow impacts until contracted haulage levels normalised. Five vessels were shipped during the quarter. Further shipments scheduled for late December were delayed into January due to ongoing constraints, and were subsequently impacted by severe weather events commencing in the first week of January, after quarter end.

While logistics constraints can also increase supply chain costs (including rehandling around coal stockpiles), our focus remained on disciplined cost management and maintaining a competitive operating base at Blair Athol.

Strengthening liquidity and balance sheet resilience

Given the period of constrained cash receipts associated with shipment timing, the Company announced a partially underwritten, renounceable entitlement offer to raise up to approximately A$60 million to strengthen the balance sheet and restore liquidity headroom.

The entitlement offer comprised a 1.25 for 1 (equivalent to 5 for 4) renounceable offer at an issue price of A$0.06 per share, with proceeds intended to be applied to reduce regulatory, statutory and operational creditor balances, strengthen the balance sheet and support working capital.

This initiative represents a responsible step to improve liquidity resilience and financial flexibility through a period of shipment timing variability and sustained coal price pressure, while keeping management focus firmly on safe, efficient operations and execution of priority work programs.

The Entitlement Offer was completed successfully, raising the full A$60 million, exceeding the initial A$40 million underwritten amount at launch. The outcome reflects strong support from existing shareholders and participation from Directors and management.

We appreciate substantial shareholder Orbit Marketing Pte Ltd's continued support and increased investment through the Entitlement Offer. Orbit brings coal sector experience and capital markets capability that aligns with TerraCom's strategy in Australia and internationally.

This Entitlement Offer strengthens our balance sheet and improves liquidity headroom. Our focus remains on disciplined execution, improving reliability, and converting stable operating performance into stronger cash conversion through 2026.

Project and portfolio progress

During the quarter, the Company progressed key workstreams associated with the Moorlands development project. The Company expects to provide an update during the March 2026 quarter regarding commercial negotiations and anticipated project commencement timing, subject to receipt of federal environmental approvals.

In South Africa, the Company continued discussions with interested parties regarding a potential divestment.

Growth opportunities

TerraCom continues to assess a range of strategic growth opportunities that align with the Company's disciplined operating model and focus on value accretive execution.

Our intent is to selectively expand in jurisdictions within Australia and internationally that offer stable political, regulatory and fiscal settings supportive of responsible development and long term investment. We are targeting opportunities that complement the existing portfolio, broaden geographic diversity and strengthen resilience through market cycles.

Any growth initiative will be pursued only where it meets clear value, risk and funding thresholds, and where it can be executed without compromising safety, operating performance or liquidity discipline.

Outlook

We remain confident in the Company's underlying operating capability and the longer-term outlook for global energy demand. As logistics availability normalises, our priority is converting operational performance into improved cash conversion, supported by disciplined cost control, prudent balance sheet management and clear focus on delivery.

Finally, I thank our people and contracting partners for their continued professionalism and commitment during a quarter where external constraints demanded agility, discipline and a relentless focus on safe execution.

Yours sincerely

Danny McCarthy
Managing Director
TerraCom Limited

Production and sales performance

Total tonnes (continuing operations)[1]

	DECEMBER 2025 QUARTER			SEPTEMBER 2025 QUARTER		
	Export (000s)	Domestic (000s)	Total (000s)	Export (000s)	Domestic (000s)	Total (000s)
Australia	369	0	369	440	0	440
South Africa	82	914	996	59	1,326	1,385
TOTAL	451	914	1,365	499	1,326	1,825

Equity tonnes (continuing operations)[1]

	DECEMBER 2025 QUARTER			SEPTEMBER 2025 QUARTER		
	Export (000s)	Domestic (000s)	Total (000s)	Export (000s)	Domestic (000s)	Total (000s)
Australia	369	0	369	440	0	440
South Africa	40	448	488	29	650	679
TOTAL	409	448	857	469	650	1,119

Financial year-to-date operational results

	TOTAL TONNES[1]			EQUITY TONNES[2]		
	Export (000s)	Domestic (000s)	Total (000s)	Export (000s)	Domestic (000s)	Total (000s)
Australia	809	0	809	809	0	809
South Africa	141	2,240	2,381	69	1,098	1,167
TOTAL	950	2,240	3,190	878	1,098	1,976

Production and sales performance

Australia Business Unit

Blair Athol – 100% equity interest

Thousands of tonnes (Kt)	Dec 2Q FY2026	Sep 2Q FY2026	Change %	Dec 2Q FY2025	Change %
ROM Coal Production	429	653	(34%)	558	(23%)
Saleable Coal	373	463	(19%)	402	(7%)
Coal Sales	369	440	(16%)	314	18%
Inventory (ROM)	8	51	(84%)	14	(43%)
Inventory (Saleable)	55	44	25%	111	(50%)

ROM coal production for the December 2025 quarter was 429 kt, down 34 percent on the September quarter and 23 percent lower than the prior corresponding period. Saleable coal production of 373 kt was 19 percent below the September quarter and 7 percent lower year on year, consistent with the lower ROM feed.

Coal sales and shipment timing at Blair Athol were impacted by rail and broader supply chain constraints, which disrupted deliveries to DBCT and vessel loading windows. This resulted in elevated on site and port stockpiles despite uninterrupted mining operations and stable underlying production performance. Coal sales for the quarter totaled 369 kt, representing a 16 percent reduction from the September 2025 quarter and an 18 percent increase on the prior corresponding period.

Total coal stockpiles closed the quarter at 63 kt, comprising 8 kt of ROM and 55 kt of saleable coal.

The operational focus for FY26 remains on maintaining high dragline availability, optimising mining performance, and sustaining a competitive unit cost base to underpin consistent and efficient production from Blair Athol.

In October 2025, TerraCom reported that Blair Athol's life of mine had been extended to 2033 based on an updated JORC Code Resource and Reserve statement prepared by independent experts, JB Mining Services Pty Ltd and The Minserve Group Pty Ltd.

The 2025 JORC Code assessment reinforces Blair Athol as a long life, resilient operation capable of sustained value creation through all market conditions. The update reflects the quality of the deposit, the discipline of the operating team, and the mine's demonstrated ability to reliably convert production into cash flow over time.

Blair Athol – JORC Code
Resource and Reserve Summary (Rounded)[1]

Year ended 30 June	Coal Resources Mt	Coal Reserves Mt	Marketable Coal Reserves Mt	LOM Years (@1.8Mtpa)
2022	25.0	23.0	18.1	10.1
2023	31.0	22.0	15.8	8.8
2024	28.0	19.6	14.1	7.8
2025	27.0	18.0	14.0	7.8

South Africa Business Unit

Thousands of tonnes (Kt)	Dec 2Q FY2026	Sep 2Q FY2026	Change %	Dec 2Q FY2025	Change %
ROM Coal Production	1,507	1,582	(5%)	2,040	(26%)
Saleable Coal	1,005	1,347	(25%)	1,083	(7%)
Coal Sales	996	1,385	(28%)	1,265	(21%)
Inventory (ROM)	282	131	115%	285	(1%)
Inventory (Saleable)	152	91	67%	101	50%

The South African operations achieved combined coal sales of 996 kt for the December 2025 quarter, 28 percent lower than the prior quarter.

New Clydesdale Colliery (NCC) – 49% equity interest

Thousands of tonnes (Kt)	Dec 2Q FY2026	Sep 2Q FY2026	Change %	Dec 2Q FY2025	Change %
ROM Coal Production	501	582	(14%)	794	(37%)
Saleable Coal	344	448	(23%)	433	(21%)
Coal Sales	387	532	(27%)	464	(17%)
Inventory (ROM)	136	87	56%	204	(33%)
Inventory (Saleable)	82	39	110%	62	32%

NCC achieved total coal sales of 387 kt for the December Quarter, down 27% on the September Quarter. Sales to Eskom accounted for 305 kt of this result and export coal sales were 82 kt. Export sales were down 32% from previous quarter.

ROM production for the quarter totalled 501 kt, down 14% on the previous quarter, while the saleable coal production decreased 23% to 344 kt.

[1]As announced to ASX on 15 October 2025

North Block Complex (NBC) – 49% equity interest

Thousands of tonnes (Kt)	Dec 2Q FY2026	Sep 2Q FY2026	Change %	Dec 2Q FY2025	Change %
ROM Coal Production	1,006	1,001	0%	1,246	(19%)
Saleable Coal	661	899	(26%)	650	2%
Coal Sales	609	853	(29%)	801	(24%)
Inventory (ROM)	146	44	232%	81	80%
Inventory (Saleable)	70	52	35%	39	79%

ROM production for the quarter totalled 1,006 kt, broadly in line with the prior quarter, while saleable coal production declined 26% to 661 kt in line with lower processing volumes.

Corporate

Renounceable Entitlement Offer

On 23 December 2025, TerraCom announced a partially underwritten 1.25 for 1 (equivalent to 5 for 4) renounceable entitlement offer of new shares at an offer price of A$0.06 per share to eligible shareholders to raise gross proceeds of up to approximately A$60 million. The structure of the offer as a renounceable entitlement enabled eligible shareholders to participate on an equitable basis as TerraCom undertook a balance sheet reset.

The target of A$60 million was achieved, reflecting strong support from all shareholders, along with participation from Directors and management.

During the quarter, the Company also released $3.8 million of restricted cash associated with Blair Athol's revised Estimated Rehabilitation Cost (ERC).

Market outlook

Thermal coal prices were stable during the quarter, with the NEWC 6,000 kcal benchmark trading predominantly between US$105 and US$110 per tonne through late December 2025 and into early January 2026. Market conditions reflected steady seaborne demand and disciplined supply, supporting consistent pricing outcomes.

Demand across TerraCom's core markets remained resilient. North Asian utilities continued to prioritise secure, high quality thermal coal supply, with a preference for established producers capable of delivering consistent specifications. In India, import demand was underpinned by power generation requirements, with buying activity increasing as domestic inventories normalised and electricity demand strengthened.

Medium energy, low impurity thermal coal continues to attract solid demand from customers focused on plant efficiency and reliability. TerraCom's product quality and established customer relationships position the Company well to capture value across both contracted and spot sales channels.

Looking forward, seaborne thermal coal markets are expected to remain supported by the ongoing role of coal in electricity generation, particularly in emerging markets, alongside limited new additional supply. These conditions provide a constructive backdrop for producers with reliable operations and competitive cost structures.

The Company remains focused on maintaining safe, reliable operations and disciplined cost control to support consistent cash generation and long term value creation.

Financial information

Production costs

Blair Athol's Free on Board (FOB) operating costs excluding royalties for the December 2025 Quarter averaged A$127.1 per tonne, temporarily elevated by lower shipments and higher demurrage and logistics costs.

For FY26, FOB costs excluding royalties are expected to remain broadly stable on an overall basis, targeting A$105 to $115 per tonne sold. TerraCom continues to prioritise a sustainable low cost operating structure and is advancing value improvement programs across both Australian and South African operations.

Foreign exchange

As at 31 December 2025, TerraCom had no foreign exchange hedges in place for USD denominated coal sales. The Group continues to monitor currency movements and assess the potential benefits of implementing currency hedging programs to support effective exposure management objectives.

Cooperation Agreement with Wintime Energy Group Co. Ltd

TerraCom and Wintime continued to progress approvals and planning during the quarter, with commercial negotiations well advanced. The Company will provide further updates as discussions progress, subject to the timing of regulatory approvals and customary conditions.

Mining tenements

Mining tenements held at the end of December 2025 quarter

Operation/ Project	Tenement	% interest at the start of the quarter	% interest at the end of the quarter	Location	Commodity
Blair Athol	ML1804	100	100	Australia	Coal
New Clydesdale Colliery	MP30/5/1/2/2/429MR	49	49	South Africa	Coal
Norh Block Complex	MP30/5/1/2/1/326MR MR30/5/1/1/2/19MR (10068MR)	49	49	South Africa	Coal
Ubuntu	MP30/5/1/2/2/10027MR	48.9	48.9	South Africa	Coal
Eloff	MP30/5/1/2/2/10169MR	49	49	South Africa	Coal
Kangala	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
Berenice	Prospecting Right (PR) LP30/5/1/1/2/376PR Mining Right: LP30/5/1/1/2/10131MR – under application	50	50	South Africa	Coal
Cygnus	LP30/5/1/1/2/1276PR Mining Right application LP30/5/1/1/2/10169MR	50	50	South Africa	Coal
Northern Galilee (Hughenden)	EPC1300, EPC1394, EPC1477, EPC1478, EPC2049	100	100	Australia	Coal
Northern Galilee (Pentland)	EPC1890, EPC1892, EPC1893, EPC1964	100	100	Australia	Coal
Northern Galilee (Clyde Park)	EPC1260	64.4	64.4	Australia	Coal
Springsure (Springsure)	EPC1674, MDL3002	90.1	90.1	Australia	Coal
Springsure (Fernlee)	EPC1103	100	100	Australia	Coal

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

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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**

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.

If reported, operating EBITDA results, 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%.

Operating EBITDA data does not include the TerraCom corporate costs.

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