

31 Aug 2026

ASX Announcement

FY2026 Appendix 4E and Preliminary Financial Report

TerraCom Limited (ASX: TER) (**TerraCom** or **Company**) is pleased to provide a copy of the Appendix 4E and Preliminary Financial Report in respect of the result for the twelve months ended 30 June 2026.

The results are in the process of being audited. The Group is also finalising its impairment assessment, which remains subject to completion of the audit process and Board approval. Any resulting adjustments will be reflected in the audited Financial Report.

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

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About TerraCom Limited

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 terracom.au.

TerraCom

Financial Report

Appendix 4E and Preliminary Financial Report
For the year ended 30 June 2026

ASX: TER | terracom.au

FY2026



Authorised for release by the Board of TerraCom Limited
ABN 35 143 533 537
Level 6, 307 Queen Street
Brisbane City Queensland, Australia 4000

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Corporate Directory

Board of Directors

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

Executive Management

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

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Share Registry

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Email: support@cm.mpms.mufg.com

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

Appendix 4E and Preliminary 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\$45,630)	Down 5.1%
FY2025	(A\$43,418)	

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

	A\$'000	
FY2026	(A\$45,501)	Down 6.5%
FY2025	(A\$42,724)	

Net tangible assets per ordinary security

FY2026	7.35c	Down 50.8%
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 Preliminary Financial Report is based on statutory financial statements that are in the process of being audited.

Attachments and additional information

Additional information can be obtained from the attached Preliminary 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.

Review of Operations



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.

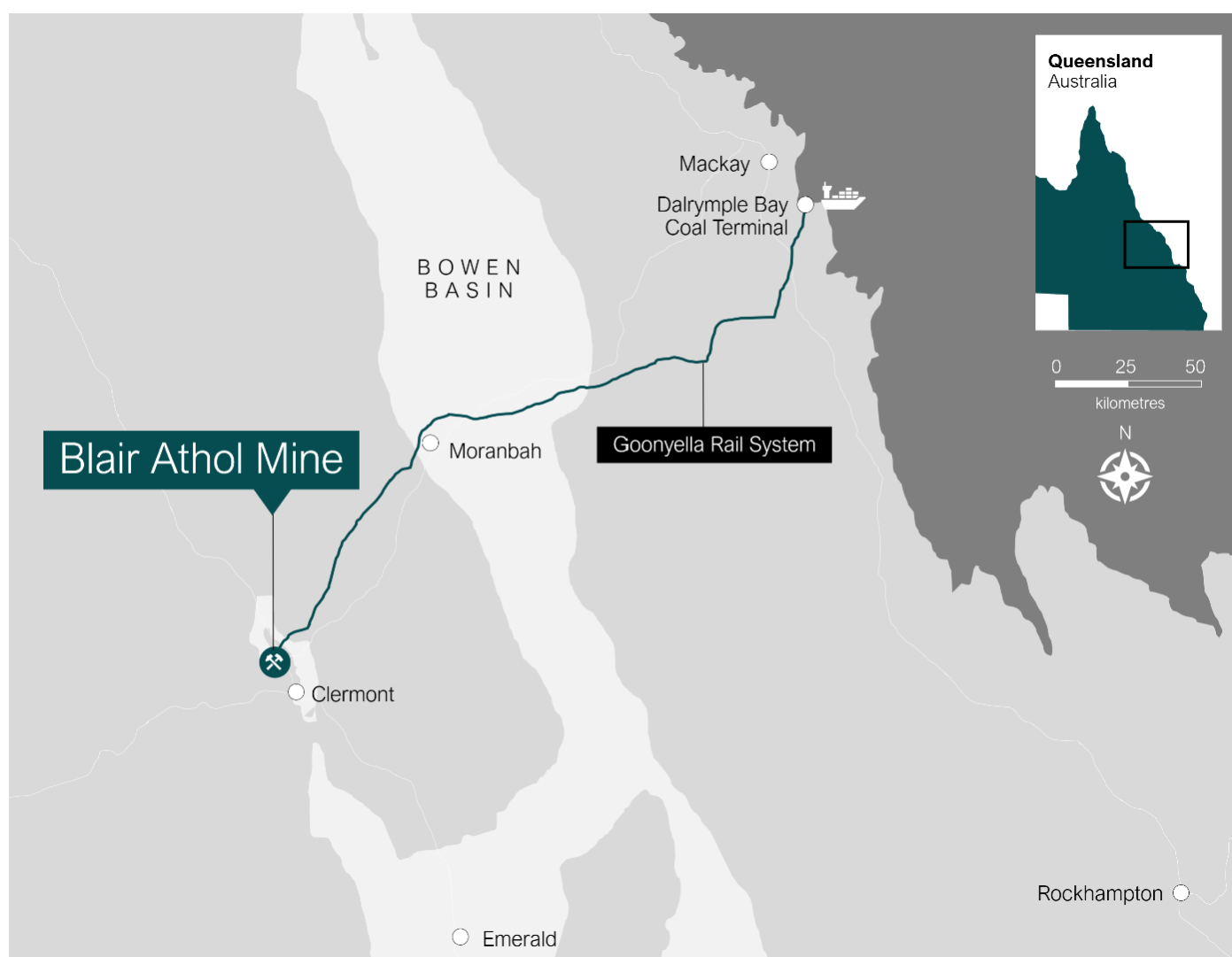


Figure 1. Blair Athol Project is located in Queensland's Bowen Basin and delivers coal to export markets via the Dalrymple Bay Coal Terminal near Mackay.

Blair Athol Mine

The Blair Athol Mine remained TerraCom's principal operating asset during FY2026. The operating environment was challenging throughout the year, with lower international thermal coal prices, adverse weather in Central Queensland and intermittent supply chain disruptions. Production and sales both finished below the prior year, and sales finished below the guidance maintained during the year.

Throughout the year, management remained focused on preserving margins through mine planning, cost control and operational efficiency. Blair Athol continued to supply high-quality thermal coal to long-standing customers across Asia.

The financial year commenced in line with the mine plan, with continued work on product quality and coal recovery. During the September 2025 quarter the Company announced an updated JORC Resource and Reserve Statement, extending the mine life to 2033.

During the December 2025 quarter, production moderated as mine sequencing progressed through planned lower-yield areas and seasonal weather affected mining and logistics. FY2026 sales guidance of approximately 1.6 million tonnes was maintained at that time on the expectation of a stronger second half. That guidance was not achieved.

Conditions deteriorated further during the March 2026 quarter as significant rainfall across Central Queensland disrupted mining and rail logistics. Coal sales fell to 253,000 tonnes, the lowest quarter of the year. The Company completed an A\$60 million entitlement offer during the year, which supported the balance sheet through the period of cyclical weakness in thermal coal markets.

Sales volumes recovered in the June 2026 quarter to 390,000 tonnes, although the operation continued to be affected by equipment availability and workforce availability. Blair Athol finished FY2026 with coal sales of approximately 1.45 million tonnes, below the 1.6 million tonne guidance maintained during the year. The shortfall reflected the cumulative effect of weather, mine sequencing and equipment and workforce availability across the second half.

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

Production snapshot

Blair Athol (tonnes)	Q1 Sept 25	Q2 Dec 25	Q3 Mar 26	Q4 Jun 26	FY2026	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

Safety remained a core operational priority throughout the year, with continued work on safety systems, workforce engagement and operational discipline across the Blair Athol operation.

The Company is planning for FY2027 coal sales in the range of 2.0 to 2.2 million tonnes. Equipment to support that volume is already in place: a third 350-tonne excavator is on site and operating in a dedicated pit, where it is completing the pre-strip needed to expose further coal.

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 joint venture 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.

South African Operations

Mpumalanga, South 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 6.07 million tonnes of run-of-mine coal and sold 4.45 million tonnes 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 producing South African 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.

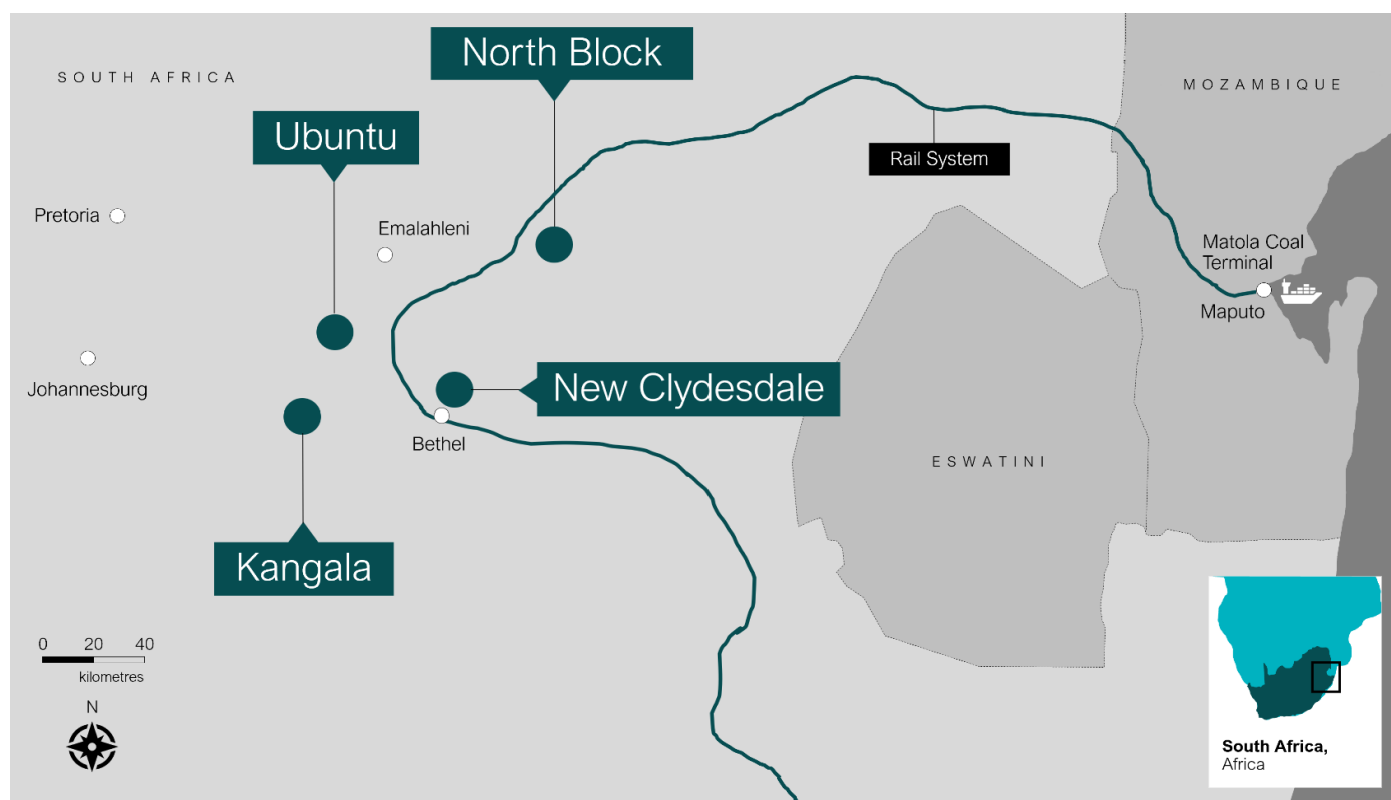


Figure 2. TerraCom holds an interest in a portfolio of producing, development and exploration assets located across South Africa's major coalfields.

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.

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.

South Africa Operations Snapshot

Total ROM Coal Mined
FY2026

6.07 Mt

Total Coal Sales¹
FY2026

4.45 Mt

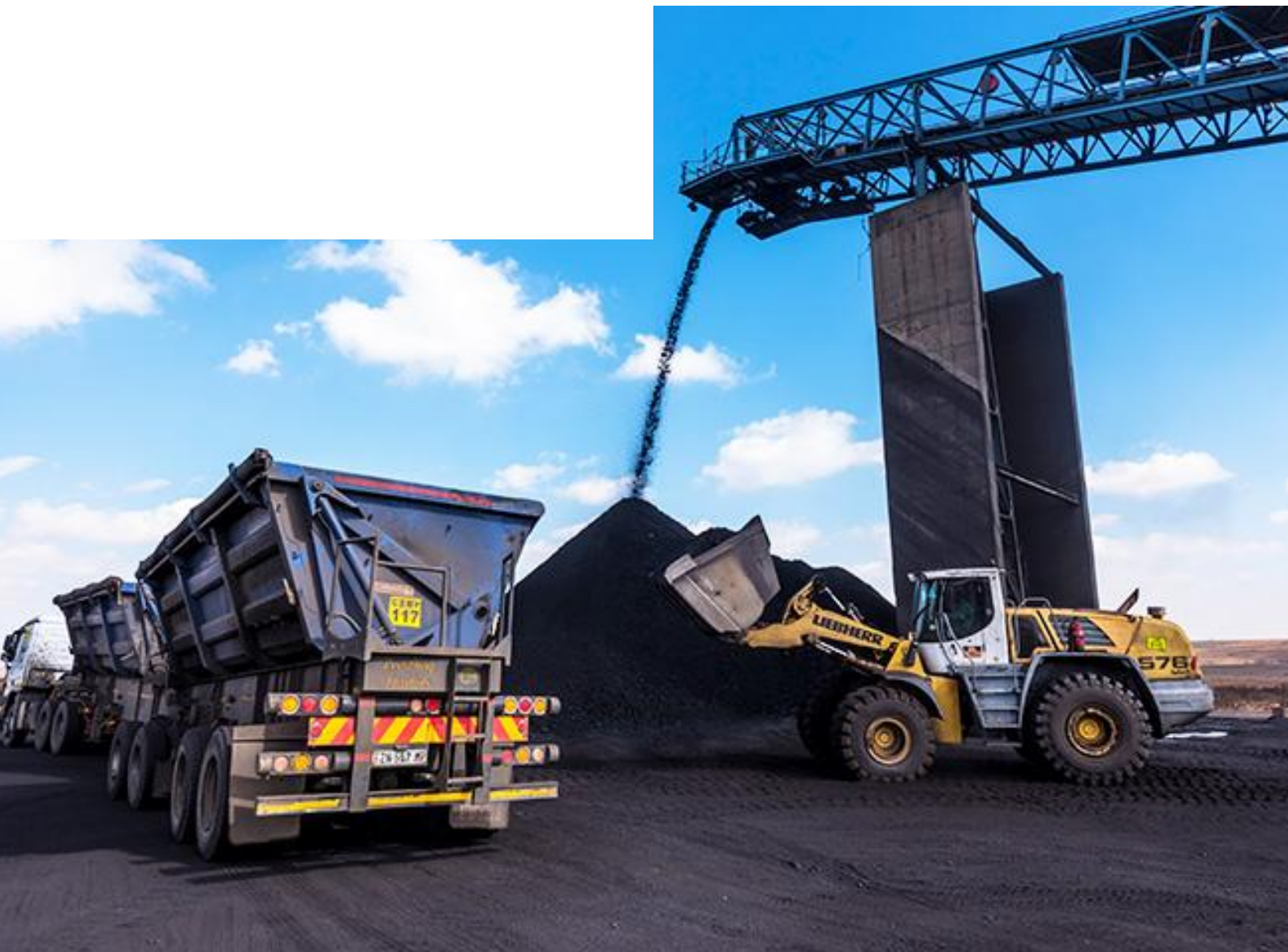
Production snapshot

South Africa (tonnes)	Q1 Sept 25	Q2 Dec 25	Q3 Mar 26	Q4 Jun 26	FY2026	FY2025
Run of Mine coal mined	1,582	1,507	1,355	1,622	6,066	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 2.42 million tonnes of run-of-mine (ROM) coal (FY2025: 2.73 million tonnes), and achieved total coal sales of 1.87 million tonnes (FY2025: 1.89 million tonnes). Logistics constraints continued to limit export volumes, which affected financial results for NCC. Domestic demand supported the balance of production.

NCC (tonnes)	Q1 Sept 25	Q2 Dec 25	Q3 Mar 26	Q4 Jun 26	FY2026	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 3.65 million tonnes of run-of-mine (ROM) coal (FY2025: 4.96 million tonnes), and achieved total coal sales of 2.58 million tonnes (FY2025: 3.18 million tonnes). The colliery met its offtake commitments to Eskom, with domestic coal sales of 2.34 million tonnes for the year. Export sales totalled 0.24 million tonnes, constrained by logistics.

NBC (tonnes)	Q1 Sept 25	Q2 Dec 25	Q3 Mar 26	Q4 Jun 26	FY2026	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.

Preliminary Consolidated Financial Statements

For the year ended 30 June 2026



GENERAL INFORMATION

The preliminary 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.



TERRACOM LIMITED

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PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2026

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	141	(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		(573)	(300)
Impairment of assets	7	-	(22,131)
Profit / (loss) before taxation		(47,114)	(51,891)
Income tax (expense) / benefit	28	1,484	8,473
Profit / (loss) after taxation		(45,630)	(43,418)
Profit / (loss) attributable to:			
Owners of TerraCom Limited		(45,501)	(42,724)
Non-controlling interest		(129)	(694)
		(45,630)	(43,418)
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		2,482	2,690
Total comprehensive income / (loss)		(43,148)	(40,728)
Total comprehensive income / (loss) attributable to:			
Owners of TerraCom Limited		(42,847)	(40,065)
Non-controlling interest		(301)	(663)
Total comprehensive income / (loss)		(43,148)	(40,728)
Earnings per share for profit/ (loss) attributable to the owners of TerraCom Limited			
Basic earnings per share (cents)	9	(3.69)	(5.33)
Diluted earnings per share (cents)	9	(3.69)	(5.33)

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



TERRACOM LIMITED

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PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2026

Consolidated statement of financial position as at 30 June 2026

		30-Jun-26	30-Jun-25
	Note(s)	\$'000	\$'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		577	2,549
		39,343	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	80,556	77,723
Other financial assets	14	3,537	3,019
Property, plant and equipment	15	63,469	82,049
Deferred tax asset	29	-	1,224
Other non-current assets	17	8,978	12,171
		213,362	236,618
Total Assets		252,705	286,073
LIABILITIES			
Current Liabilities			
Trade and other payables	18	35,898	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
		60,622	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		118,830	166,446
Net Assets		133,875	119,627

**TERRACOM LIMITED****PRELIMINARY FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026****Consolidated statement of financial position as at 30 June 2026**

		30-Jun-26	30-Jun-25
	Note(s)	\$ '000	\$ '000
EQUITY			
Issued capital	23	433,407	376,011
Reserves	25	27,246	24,592
Accumulated losses	26	(325,919)	(280,418)
Equity Attributable to equity holders of parent		134,734	120,185
Non-controlling interest	27	(859)	(558)
Total equity		133,875	119,627

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



TERRACOM LIMITED

PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2026

Consolidated statement of changes in equity for the year ended 30 June 2026

	Issued capital	Foreign currency translation reserve	Accumulated losses	Total Equity Attributable to the owners of TerraCom Limited	Non- controlling interest	Total equity
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Balance at 1 July 2024	376,011	21,933	(229,684)	168,260	(412)	167,848
Profit 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 for the year after income tax	-	-	(45,501)	(45,501)	(129)	(45,630)
Other comprehensive income	-	2,654	-	2,654	(172)	2,482
Total comprehensive income for the year	-	2,654	(45,501)	(42,847)	(301)	(43,148)
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	27,246	(325,919)	134,734	(859)	133,875

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



TERRACOM LIMITED

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PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2026

Consolidated statement of cashflows for the year ended 30 June 2026

		30-Jun-26	30-Jun-25
	Notes	\$ '000	\$ '000
Operating			
Cash receipts from customers (including GST/VAT)		160,068	266,035
Cash paid to suppliers and employees (including GST/VAT)		(223,946)	(207,060)
		(63,878)	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	(60,866)	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	-
Net cash from / (used in) financing activities		53,482	(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.



TERRACOM LIMITED

PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2026

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 consolidated financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As at 30 June 2026 the Group had a net current asset deficiency of \$21.279 million (30 June 2025: \$29.147 million). During the period the Group generated a loss after tax of \$45.630 million and cash outflows from operating activities of \$60.866 million. The coal prepayment arrangement entered into in April 2025 has since been fully repaid and the Group is currently debt free.

The Group has prepared a cash flow forecast, based on a cost base aligned to FY2027 forecast coal sales of 2.0-2.2MtMt, which indicates it will be able to meet its liabilities as and when they fall due, subject to the assumptions below.

Production at Blair Athol has been below plan during the early part of FY2027, deferring some coal deliveries and reducing sales volumes in the period. The forecast assumes production returns to planned rates and that the Group secures additional working capital funding to bridge the timing impact of those lower near-term volumes. The Company is progressing a number of initiatives to that end, including potential coal prepayment arrangements, further cost reductions and other capital management measures. No binding coal prepayment agreement had been entered into as at the date of this report, however active discussions continue to secure such an agreement with term sheets expected imminently. Based on those discussions, and noting that future outcomes cannot be assured, the directors presently expect that the Company will be able to secure a suitable arrangement on acceptable terms. The Group will need to explore additional funding solutions to supplement any prepayment arrangement that may be entered into in order to strengthen its balance sheet and reduce liquidity risks.

The directors have concluded that it remains appropriate to prepare the financial statements on the going concern basis, having regard to the initiatives described above and the Group's debt free position (excluding lease commitments). The financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts, or to the amounts or classification of liabilities, that might be necessary should the Group not continue as a going concern.

The assessment remains subject to completion of the audit process and Board consideration. Any resulting changes will be reflected in the audited Financial Report.

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.

**TERRACOM LIMITED****PRELIMINARY FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026****Notes to the Consolidated Financial Statements****1. Material accounting policies (Continued)****1.3 Investments and other financial assets (Continued)**

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.

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	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 Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the consolidated statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

1.6 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.

1.7 Rounding

The Company is of a kind referred to in Corporations Instrument 2016/183, 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.

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.

**TERRACOM LIMITED****PRELIMINARY FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026****Notes to the Consolidated Financial Statements****2. Critical accounting judgements, estimates and assumptions (Continued)**

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 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 15 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 39 for further information.

Carrying value of exploration and evaluation assets

Exploration and evaluation costs have been capitalised on the basis that the Group will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technological changes, which could impact on the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made. Refer to Note 16 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.

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.



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PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2026

Notes to the Consolidated Financial Statements

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 measure 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.

Operating segment information

2026	Australia \$ '000	South Africa \$ '000	Unallocated \$ '000	Total \$ '000
Consolidated - Year ended 30 June 2026				
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	-	141	-	141
Foreign exchange gain / (loss)	1,316	-	(104)	1,212
Net finance income / (expense)	(5,154)	(529)	283	(5,400)
Depreciation and amortisation expense	-	(220)	(353)	(573)
Profit / (loss) before taxation	(33,513)	(1,632)	(11,969)	(47,114)
Profit / (loss) before taxation				(47,114)
Income tax benefit				1,484
Profit / (loss) after taxation				(45,630)
Consolidated - 30 June 2026				
Assets				
Segment assets	158,792	85,403	8,510	252,705
Total assets	158,792	85,403	8,510	252,705
Total assets include additions and acquisitions of non-current assets				
Property, plant and equipment	62,039	402	1,028	63,469
	62,039	402	1,028	63,469
Liabilities				
Segment liabilities	97,545	13,834	7,451	118,830
Total liabilities	97,545	13,834	7,451	118,830



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PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2026

Notes to the Consolidated Financial Statements

3 Operating segments (continued)

Operating segment information (continued)

2025	Australia \$ '000	South Africa \$ '000	Unallocated \$ '000	Total \$ '000
Consolidated - Year ended 30 June 2025				
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	204,592	81,481	-	286,073
Total assets	204,592	81,481	-	286,073
Total assets include additions and acquisitions of non-current assets				
Property, plant and equipment	15,491	-	-	15,491
	15,491	-	-	15,491
Liabilities				
Segment liabilities	154,035	12,411	-	166,446
Total liabilities	154,035	12,411	-	166,446
Major customers				
	Year ended 30-Jun-26 \$ '000	%	Year ended 30-Jun-25 \$'000	%
Major customers				
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.

Geographic information

		30-Jun-26	30-Jun-25		
		\$ '000	\$ '000		
		Sales to external customers	Non-current assets	Sales to external customers	Non-current assets
Australia		178,918	129,269	226,671	155,627
South Africa		-	84,093	-	80,991
		178,918	213,362	226,671	236,618



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PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2026

Notes to the Consolidated Financial Statements

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

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 interest incurred on the coal prepayment facilities.

7 Impairment

As at the date of this preliminary report, the impairment assessment has not been finalised and no final impairment adjustment has been recognised for the year ended 30 June 2026. Any resulting adjustment will be reflected in the audited Financial Report.

	Note	30-Jun-26 \$ '000	30-Jun-25 \$ '000
Exploration and evaluation impairment	16	-	13,524
Investment in associates and joint ventures impairment	39	-	8,607
		-	22,131

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

	30-Jun-26 \$ '000	30-Jun-25 \$ '000
Australian Operation(1)	-	1,800
South Africa Operation	-	6,807
	-	8,607

(1) During the previous year there was a 100% impairment to investment previously held as fair value through profit & loss (FVTPL).

**TERRACOM LIMITED****PRELIMINARY FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026****Notes to the Consolidated Financial Statements****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:

	30-Jun-26	30-Jun-25
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities		
Audit or review of the consolidated financial statements	869,124	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
	886,403	881,885
Audit and other services		
BDO (Australia)	886,403	779,420
BDO (South Africa)	-	102,465
	886,403	881,885

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)	(3.69)	(5.33)

Basic earnings per share were based on loss of \$45.501 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	(45,501)	(42,724)
	(45,501)	(42,724)

Diluted earnings / (loss) per share

Diluted earnings / (loss) per share (cents per share)

Diluted earnings / (loss) per share was based on loss of \$45.501 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



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PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2026

Notes to the Consolidated Financial Statements

11 Trade and other receivables

Split between current and non-current portions:

Current

Trade receivables

Loan receivables – related parties

Prepayment

Other receivables

Total trade and other receivables - current

Non-Current

Long service leave and other receivables

Total trade and other receivables – non-current
Total trade and other receivables

	30-Jun-26 \$ '000	30-Jun-25 \$ '000
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

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

Coal Stock

Consumables and stores

	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.

13 Restricted Cash

Bank deposit

Security deposit

	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.



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PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2026

Notes to the Consolidated Financial Statements

14 Other financial assets

Mining rehabilitation guarantees

30-Jun-26 \$ '000	30-Jun-25 \$ '000
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.

15 Property, plant and equipment

Property, plant and equipment

30-Jun-26 \$ '000	30-Jun-25 \$ '000
63,469	82,049

Consolidated	Cost \$ '000	30-Jun-26 Accumulated depreciation \$ '000	Carrying Value \$ '000	Cost \$ '000	30-Jun-25 Accumulated depreciation \$ '000	Carrying value
Land and buildings	6,330	-	6,330	6,330	-	6,330
Plant and machinery	68,853	(46,435)	22,418	63,811	(37,938)	25,873
Mine development	156,373	(135,107)	21,266	167,832	(130,960)	36,872
Right-of-use assets – plant and	16,885	(6,187)	10,698	15,062	(4,396)	10,666
Capital – work in progress	2,757	-	2,757	2,308	-	2,308
Total	251,198	(187,729)	63,469	255,343	(173,294)	82,049

Reconciliation of property, plant and equipment 30 June 2026

	Opening balance \$ '000	Additions \$ '000	Disposals \$ '000	Transfers \$ '000	Derecognit- ion \$ '000	Change in estimate \$ '000	Exchange differences \$ '000	Depreciation \$ '000	Closing balance \$ '000
Land and buildings	6,330	-	-	-	-	-	-	-	6,330
Plant and equipment	25,873	557	-	4,507	(29)	-	7	(8,497)	22,418
Mine development	36,872	-	-	-	-	(11,459)	-	(4,147)	21,266
Right-of-use assets – plant & equipment	10,666	1,823	-	-	-	-	-	(1,791)	10,698
Capital – work in progress	2,308	5,174	-	(4,507)	(218)	-	-	-	2,757
	82,049	7,554	-	-	(247)	(11,459)	7	(14,435)	63,469

Reconciliation of property, plant and equipment 30 June 2025

	Opening balance \$ '000	Additions \$ '000	Disposals \$ '000	Transfers \$ '000	Derecognit- ion \$ '000	Change in estimate \$ '000	Exchange differences \$ '000	Depreciation \$ '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

**TERRACOM LIMITED****PRELIMINARY FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026****Notes to the Consolidated Financial Statements****15 Property, plant and equipment (Continued)****Impairment**

In the event that impairment testing is required for mining assets, the expected future cash flows are based on several factors, variables and assumptions. In most cases, the present value of future cash flows is most sensitive to estimates of future commodity prices, foreign exchange rates and discount rates. For the BA impairment assessment, the recoverable amount was determined using a value-in-use methodology, consistent with the requirements of AASB 136. The value-in-use calculation is based on estimates of economically recoverable coal reserves, forecast production profiles, commodity price assumptions, operating costs, future development capital required to access the reserves, and value attributable to additional resource and exploration opportunities based on the mine plan.

Future commodity prices are based on the Group's best estimate of future market prices with reference to external market analysts' forecasts, current spot prices and forward curves. The Group's coal price forecasts include the expected impact of climate change and potential policy responses as one of the many factors that can affect long term scenarios. The Group's independent research into forecast coal consumption suggests that the global demand for the Group's products will continue over the life of the respective assets. Future commodity prices are reviewed at least annually. Where volumes are contracted, future prices are based on the contracted price.

For the Australian CGU, management identified impairment indicators during the year ended 30 June 2026. These indicators included:

- 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 the 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 domestic and export sales volumes.
- Production volumes: Based on Board-approved mine plans and reserve estimates.
- Operating costs: Based on current budgets and mine plans, reflecting expected cost profiles over the life-of-mine.
- Discount rate: A post tax nominal discount rate derived using the Group's weighted average cost of capital methodology, adjusted for risks not already reflected in the underlying cash flows.
- Life-of-mine: Based on approved mine plans and estimated economically recoverable reserves.

As at the date of this preliminary report, the impairment assessment of property, plant and equipment has not been finalised and no final impairment adjustment has been recognised for the year ended 30 June 2026 (30 June 2025: NIL). Any resulting adjustment will be reflected in the audited Financial Report.

16 Exploration and evaluation assets

Consolidated	30-Jun-26			30-Jun-25		
	Cost \$ '000	Impairment \$ '000	Carrying value \$ '000	Cost \$ '000	Impairment \$ '000	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.



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PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2026

Notes to the Consolidated Financial Statements

16 Exploration and evaluation assets (Continued)

Tenement No.	Operation/Project	Location	2026	2025
EPC 1260	Northern Galilee (Clyde Park)	Charters	64%	64%
EPC 1300	Northern Galilee (Hughenden)	Charters	100%	100%
EPC 1394	Northern Galilee (Hughenden)	Charters	100%	100%
EPC 1477	Northern Galilee (Hughenden)	Charters	100%	100%
EPC 1478	Northern Galilee (Hughenden)	Charters	100%	100%
EPC 2049	Northern Galilee (Hughenden)	Charters	100%	100%
EPC 1890	Northern Galilee (Pentland)	Rockhampton,	100%	100%
EPC 1892	Northern Galilee (Pentland)	Rockhampton,	100%	100%
EPC 1893	Northern Galilee (Pentland)	Rockhampton,	100%	100%
EPC 1964	Northern Galilee (Pentland)	Rockhampton,	100%	100%
EPC 1674	Springsure (Springsure)	Emerald, Queensland,	90%	90%
MDL 3002	Springsure (Springsure)	Emerald, Queensland,	90%	90%
EPC 1103	Springsure (Fernlee)	Emerald, Queensland,	100%	100%
ML 1804	Blair Athol	Blair Athol, Queensland,	100%	100%

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%
MP30/5/1/2/2/10027 MR	Ubuntu Colliery (1)	Delmas, Mpumalanga Province, South Africa	49%	49%
MP30/5/1/2/2/10169 MR	Eloff Project (1)	Delmas, Mpumalanga Province, South Africa	49%	49%
MP30/5/1/2/1/326MR	North Block Complex (Glisa) (1)	Belfast, Mpumalanga Province, South Africa	49%	49%
MP30/5/1/2/2/10090 MR	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%

(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	19,672	20,944
ASIC settlement fee	-	8,500
Final legal award relating to Kangala- South Africa	-	1,133
Royalties	3,508	4,025
Accrued expenses	12,718	15,277
	35,898	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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PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2026

Notes to the Consolidated Financial Statements

19 Borrowings

Current borrowings

Standard Bank of South Africa facilities

30-Jun-26	30-Jun-25
\$ '000	\$ '000
-	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

Current deferred revenue

Non-current deferred revenue

30-Jun-26	30-Jun-25
\$ '000	\$ '000
16,378	19,499
-	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.

21 Lease liabilities

As at 1 July

Additions

Accretion of interest

Payments

Closing as at 30 June

30-Jun-26	30-Jun-25
\$ '000	\$ '000
10,249	563
1,943	10,761
898	280
(3,153)	(1,355)
9,937	10,249
2,329	1,933
7,608	8,316
9,937	10,249

Current liabilities

Non-current liabilities

The following are the amounts recognised in profit or loss

Depreciation expense

Interest expenses on lease liabilities

1,791	910
898	280
2,689	1,190



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PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2026

Notes to the Consolidated Financial Statements

22 Provisions

Mine rehabilitation and closure

	1-Jul-25	Change in estimate	Unwinding of discount	Rehabilitation	Exchange differences	30-Jun-26
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
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

Mine rehabilitation and closure

	1-Jul-24	Change in estimate	Unwinding of discount	Rehabilitation	Exchange differences	30-Jun-25
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
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.

Current Provision

	30-Jun-26	30-Jun-25
	\$ '000	\$ '000
Annual leave	3,678	4,333
Long service leave	2,339	2,211
	6,017	6,544

Non-current

	30-Jun-26	30-Jun-25
	\$ '000	\$ '000
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

Issued

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

Movements in ordinary share capital

2026

	Date	Shares	Issue price	\$ '000
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

	Date	Shares	Issue price	\$ '000
Opening balance	01-July-2024	800,966,235	-	376,011
Closing balance	30-June-2025	800,966,235	-	376,011



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PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2026

Notes to the Consolidated Financial Statements

23 Issued Capital (Continued)

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.

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

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

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	2,654	2,659
	27,246	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	(45,501)	(42,724)
Dividends paid	-	(8,010)
Accumulated losses at the end of the financial year	(325,919)	(280,418)

27 Other non-controlling interest

	30-Jun-26 \$ '000	30-Jun-25 \$ '000
Non-controlling interest	(859)	(558)
Opening balance	(558)	(412)
Loss attributable to non-controlling interest	(129)	(694)
NCI attributed to deconsolidation of deregistered entities	-	517
Other comprehensive income/(loss)	(172)	31
	(859)	(558)



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PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2026

Notes to the Consolidated Financial Statements

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.

Profit/(loss) before income tax (benefit) / expense	(47,114)	(51,891)
Tax at the applicable tax rate of 30% (2025: 30%)	(14,134)	(15,568)

Tax effect amounts which are not deductible/(taxable) in calculating taxable income

Non-taxable items	(42)	4,104
Adjustments in respect of current income tax of previous years	543	441
Foreign Exchange	311	2,550
Tax losses / temporary differences not recognised as deferred tax assets	11,838	-
	(1,484)	(8,473)
Difference in overseas tax rates	-	-
Income tax (benefit) / expense	(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

Tax losses relating to entities outside the tax consolidated group

30-Jun-26 \$'000	30-Jun-25 \$'000
4,914	4,233

29 Deferred Tax

Deferred tax assets comprise temporary differences attributable to:

Provision	14,438	19,880
Leases	2,695	3,075
Other	1,910	1,211
Tax losses	15,545	-
Deferred tax assets not brought to account as realisation is not probable	(11,838)	-
	22,750	24,166

Offset of deferred tax liability

(22,750)	(22,942)
-	1,224

Amounts recognised in equity

Transaction costs on share issue	-	-
Deferred tax asset – net	-	1,224



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PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2026

Notes to the Consolidated Financial Statements

29 Deferred Tax (Continued)

Deferred tax liability comprises temporary differences attributable to:

Property, plant and equipment
Secured deposits
Consumables
Leases
Other

Offset of deferred tax asset

Deferred tax asset (liability) – net

30-Jun-26 \$ '000	30-Jun-25 \$ '000
(2,186)	(9,397)
(16,905)	(9,972)
-	-
(3,174)	(3,459)
(485)	(114)
(22,750)	(22,942)
22,750	22,942
-	-

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 temporary differences and tax losses, pending completion of the Group's assessment under AASB 112 Income Taxes. Any resulting adjustment will be reflected in the audited Financial Report.

30 Key management personnel disclosures

Compensation to Executive KMP and Non-Executive Directors of the Group

Short-term employee benefits*
Contributions to superannuation plans
Termination benefit
Long-term employee benefits
Total compensation

30-Jun-26 \$	30-Jun-25 \$
2,316,634	4,102,134
175,348	125,101
926,923	-
3,542	102,011
3,422,447	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. The FY24 award vested in FY25 and was paid in FY26.



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PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2026

Notes to the Consolidated Financial Statements

31 Cash flow information

	30-Jun-26 \$ '000	30-Jun-25 \$ '000
Profit / (loss) after income tax for the year	(45,630)	(43,418)
Adjustments for non-cash items:		
Depreciation and amortisation	14,435	19,539
Write off of assets	247	-
Impairment expense	-	22,131
Foreign exchange differences	1,212	122
Share of loss/(profit) of investments accounted for using the equity method	(141)	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	(15,293)	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	(60,866)	18,184
Non cash financing activities		
Share issue cost netted off from share raising capital proceeds	3,897	-

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
	10,996	(3,914)	2,855	9,937
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 \$72.232 million (2025: \$76.026 million).

**TERRACOM LIMITED****PRELIMINARY FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026****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	35,898	35,898
Lease liabilities	21	9,937	9,937
		45,835	45,835

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.

**TERRACOM LIMITED****PRELIMINARY FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026****Notes to the Consolidated Financial Statements****33 Financial Instruments (Continued)****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.

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%	35,898	-	-	35,898
Interest bearing – variable					
Lease liabilities	4.50%	2,329	7,608	-	9,937
		38,227	7,608	-	45,835

**TERRACOM LIMITED****PRELIMINARY FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026****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**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.

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.



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PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2026

Notes to the Consolidated Financial Statements

34 Capital and leasing commitments

Committed at the reporting date but not recognised as liabilities, payable:

Within one year

One to five years

30-Jun-26	30-Jun-25
\$ '000	\$ '000
976	1,532
4,392	3,551
5,368	5,083

35 Contingent liabilities

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

36 Related parties

Relationships

Parent entity	TerraCom Limited is the parent entity
Subsidiaries	Interests in subsidiaries are set out in Note 39
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

Related party balances

Receivables

North Block Complex (Pty) Ltd loan payable to UCEHSA

Universal Coal Development IV (Pty) Ltd loan payable to UCEHSA

Universal Coal Development VII (Pty) Ltd loan payable to UCEHSA

30-Jun-26	30-Jun-25
\$	\$
-	174,039
-	572,827
-	-

Payables

Lewis Mining Consulting – Glen Lewis (director fees)

Services from Insignia Mining Pty Ltd - Glenn Splatt

-	14,667
3,718	-

Related party transactions

Minority shareholder related parties in South Africa

Interest earned from North Block Complex (Pty) Ltd

Interest earned from Universal Coal Development IV (Pty) Ltd

4,943	71,940
16,269	236,781

Directors with TerraCom or controlled subsidiaries of the Group

Services from Lewis Mining Consulting (director fees) - Glen Lewis

Services from Insignia Mining Pty Ltd - Glenn Splatt

122,310	167,500
3,718	-

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).

Loan receivable from Universal Coal Development VII (Pty) Ltd as at 30 June 2026 is \$2,077,734, this has been fully impaired in books.

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).

Terms and conditions

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

37 Events after reporting period

In the interval between the end of the financial year and the date of this report there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, 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, other than the following:

In July 2026, the Group fully settled outstanding customer prepayments totalling AUD 16.378 million (USD 11.25 million).

**TERRACOM LIMITED****PRELIMINARY FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2026****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	% 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.

Principal place of business / Country of incorporation	Principal activities	Parent		Non-controlling interest	
		Ownership interest 2026 %	Ownership interest 2025 %	Ownership interest 2026 %	Ownership interest 2025 %
Clyde Park Coal Pty Ltd	Exploration	64.40%	64.40%	35.60%	35.60%
Springsure Mining Pty Ltd	Exploration	90.07%	90.07%	9.93%	9.93%
Springsure Centre of Excellence Pty Ltd	Holding Company	90.07%	90.07%	9.93%	9.93%
Universal Coal Development I (Pty) Ltd	Care & Maintenance	70.50%	70.50%	29.50%	29.50%
Twin Cities Trading 374 (Pty) Ltd ⁽¹⁾	Holding Company	-	74.00%	-	26.00%
Episolve (Pty) Ltd ⁽¹⁾	Holding Company	-	74.00%	-	26.00%
Epsimax (Pty) Ltd	Company	74.00%	74.00%	26.00%	26.00%
Bold Moves 1765 (Pty) Ltd ⁽¹⁾	Holding Company	-	74.00%	-	26.00%
Universal Coal Logistics (Pty) Ltd ⁽¹⁾	Holding Company	-	49.00%	-	51.00%

(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.



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PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2026

Notes to the Consolidated Financial Statements

38 Interest in subsidiaries (Continued)

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)

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.

	30-Jun-26 \$ '000	30-Jun-25 \$ '000
Non-current assets		
Investment in associates and joint ventures	80,556	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 \$ '000	30-Jun-25 \$ '000
Carrying amount at beginning of financial year	77,723	85,011
Share of profit/(loss)	141	(3,412)
Effect of foreign exchange	2,692	2,931
Impairment	-	(6,807)
Closing carrying amount	80,556	77,723

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

	UCD VII	NBC	Berenice	Cygnus	Eloff & 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 \$'001
Current assets								
Cash and cash equivalents	-	4,012	-	-	1,377	-	6	5,395
Other current assets	1,104	27,672	20	-	15,746	15,232	31	59,805
Total current assets	1,104	31,684	20	-	17,123	15,232	37	65,200
Non-current assets	-	76,893	4,665	880	103,632	9,378	106	195,554
Current liabilities								
Financial liabilities (excluding trade payables)	-	-	-	-	-	-	-	-
Other current liabilities	6	19,493	21	7	18,769	15,922	31	54,249
Total current liabilities	6	19,493	21	7	18,769	15,922	31	54,249
Non-current liabilities								
Other non-current liabilities	2,078	30,830	-	-	62,227	48,372	-	143,507
Total non-current liabilities	2,078	30,830	-	-	62,227	48,372	-	143,507
Net assets	(980)	58,254	4,664	873	39,759	(39,684)	112	62,998
Group interest %	50%	49%	50%	50%	49%	49%	49%	49%
Group interest \$	-	28,545	2,332	437	19,482	-	55	50,851
Goodwill	-	2,430	2,742	609	30,958	-	-	36,739
Impairment (Refer note 7)	-	-	-	-	(7,034)	-	-	(7,034)
Carrying amount	-	30,975	5,074	1,046	43,406	-	55	80,556



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PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2026

Notes to the Consolidated Financial Statements

39 Investment in associates and joint ventures (Continued)

(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 2026 for South African operations ⁽¹⁾

	UCD VII	NBC	Berenice	Cygnus	Eloff & NCC	Ubuntu (2)	UCD8	Total
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2026	2026	2026	2026	2026	2026	2026	2026
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	-	186,226	-	-	152,729	77	-	339,032
Cost of goods sold	-	(171,030)	-	-	(140,064)	(25)	-	(311,119)
Other operating and administrative expense	-	(9,715)	-	-	(11,708)	(222)	-	(21,645)
Profit before income tax expense	-	5,481	-	-	957	(170)	-	6,268
Depreciation and amortisation expense	-	(93)	-	-	(51)	(19)	-	(163)
Net finance expenses	-	(1,321)	-	-	(3,839)	(2,079)	-	(7,239)
Net profit before income tax	-	4,067	-	-	(2,933)	(2,268)	-	(1,134)
Income tax expense	-	(1,078)	-	-	231	(19)	-	(866)
Profit after income tax expense	-	2,989	-	-	(2,702)	(2,287)	-	(2,000)
Statutory and underlying result for the year	-	2,989	-	-	(2,702)	(2,287)	-	(2,000)
Statutory total comprehensive	-	2,989	-	-	(2,702)	(2,287)	-	(2,000)
Group interest %	50%	49%	50%	50%	49%	49%	49%	
Group interest \$	-	1,464	-	-	(1,323)	-	-	141
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) During FY2026, management reassessed the accounting classification of UCD VII and determined that the entity was jointly controlled under the contractual arrangements that were already in place in the prior reporting period. The FY2025 comparative information has therefore been corrected to account for UCD VII as a joint venture rather than a subsidiary. The impact of the correction is immaterial to the Group.

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	30 June	30 June	30 June	30 June	30 June	30 June
	2025	2025	2025	2025	2025	2025	2025
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'001
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



TERRACOM LIMITED

PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2026

Notes to the Consolidated Financial Statements

39 Investment in associates and joint ventures (Continued)

(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.

	NBC	Berenice	Cygnus	Eloff & NCC	Ubuntu (2)	UCD8	Total
	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2025	2025	2025	2025	2025	2025	2025
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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 %	-	-	-	-	-	-	-
Group interest \$	49%	50%	50%	49%	49%	49%	
Dividends received from associates & joint ventures	3,998	(5)	(3)	(7,401)	-	(1)	(3,412)
	-	-	-	-	-	-	-

As at the date of this preliminary report, the impairment assessment of investments in associates and joint ventures has not been finalised and no final impairment adjustment has been recognised for the year ended 30 June 2026 (30 June 2025: \$6.807 million). Any resulting adjustment will be reflected in the audited Financial Report.