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ASX Announcement | **29 January 2024**

OPTION TO EXPAND DANTE PROJECT

Highlights

- Option to acquire a contiguous tenement package covering 618km^2 located adjacent to Terra's flagship Dante copper-gold-platinum group metal-titanium-vanadium project ("Dante Project") in Western Australia.
- An all-scrip and low-cost acquisition allowing the Company to almost double its tenement position in the West Musgrave and consolidate its leading position in the region ahead of further exploration and appraisal drilling.
- The tenements contain extensions to the Jameson Layered Intrusion which hosts the Dante Reefs high-grade polymetallic Cu-Au-PGM-Ti-V discovery on existing tenements, analogous to the Bushveld Complex in South Africa.
- The option provides synergies in respect of logistics, manpower and importantly both tenement packages have signed native title agreements with the same Traditional Owners.
- The Company will continue to prioritise economic assessment of the Dante Reefs discovery, and testing of priority targets at the Dante Project while reviewing the optioned tenements for prospective drill targets.

Managing Director and CEO, Mr Thomas Line, commented: "*This is an opportunistic transaction to build upon our existing tenement holding in the West Musgrave region, which has the potential to become a globally significant critical minerals hub for Australia. We have achieved impressive milestones in our first year of exploration in the region, including:*

- *Drilled over 18,000 metres, over 3 successfully executed drilling programs;*
- *Made two large copper-gold-PGM-titanium-vanadium discoveries;*
- *Established site operations and a permanent camp in the West Musgrave;*
- *Built strong and long-lasting positive relationships with Traditional Owners;*
- *Received two Exploration Incentive Scheme ("EIS") grants from the WA Government, totalling $420,000 for exploration drilling and geophysics at the Dante Project; and*
- *Successfully completed two placements, raising over $8 million for exploration.*

The 12-month option is on favourable terms, and we will continue to prioritise assessment of the large polymetallic Dante Reefs copper-gold-platinum group metal-titanium-vanadium discoveries, as well as testing of new priority drill targets at the Dante Project."

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Summary

Terra Metals Limited (ASX:TM1) ("Terra" or "Company) is pleased to announce that it has entered into an option to acquire 100% of HRM Exploration Pty Ltd ("HRM") ("Acquisition"). HRM holds four (4) exploration licenses covering 618km^2 (Figures 1, 2 and 3) that are contiguous with Company's flagship Dante copper-gold-platinum group metal-titanium-vanadium ("Cu-Au-PGM-Ti-V") project ("Dante Project") in Western Australia.

The Acquisition will strengthen Terra's already substantial position in the highly prospective Jameson Layered Intrusion, which is analogous to the Bushveld Province of South Africa.

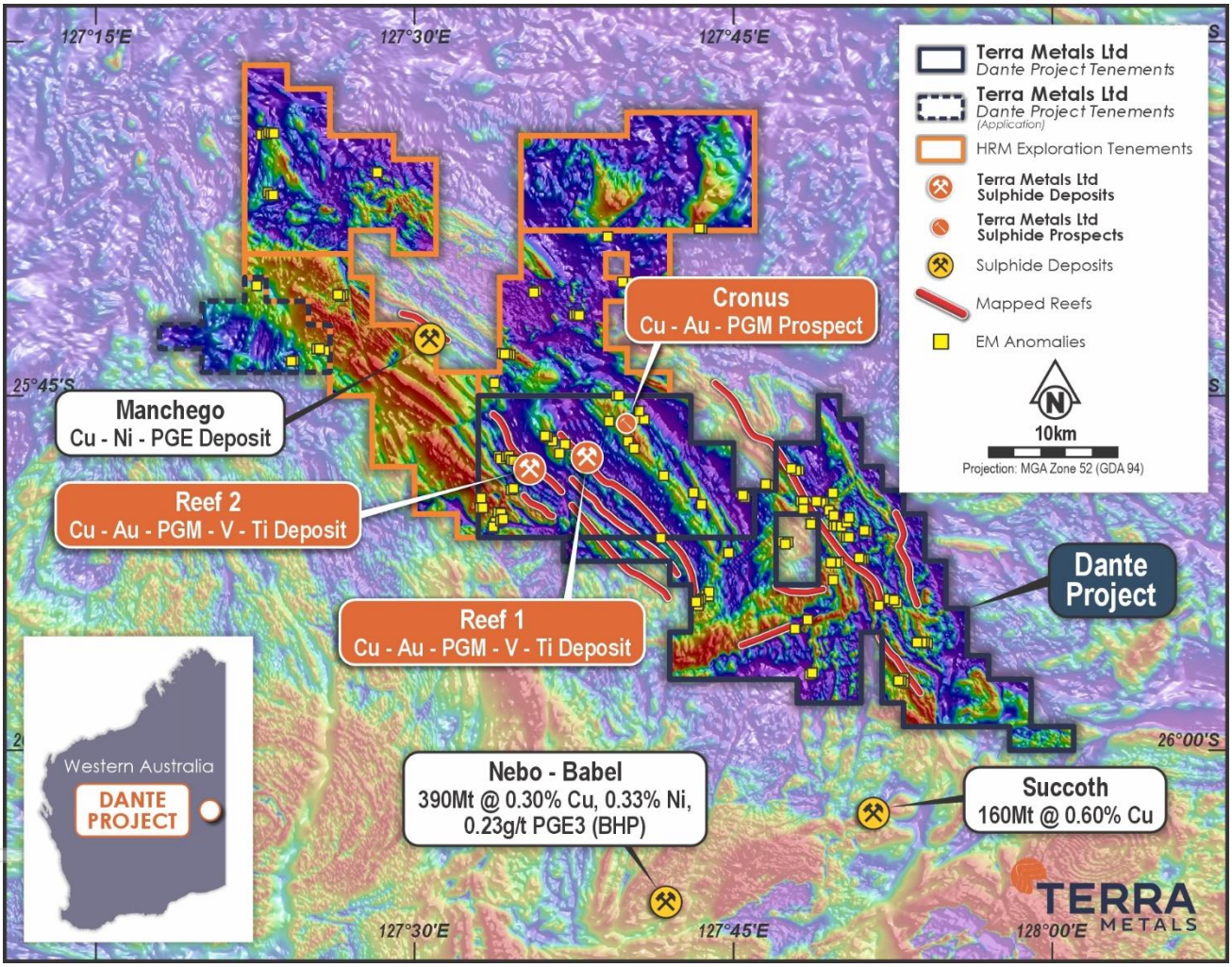


Figure 1. Reprocessed regional TM1 RTP geophysics image of the West Musgrave Region, showing the highly prospective Jameson Layered Intrusion, the existing significant deposits, Dante Project tenure, and the proposed HRM acquisition tenure.

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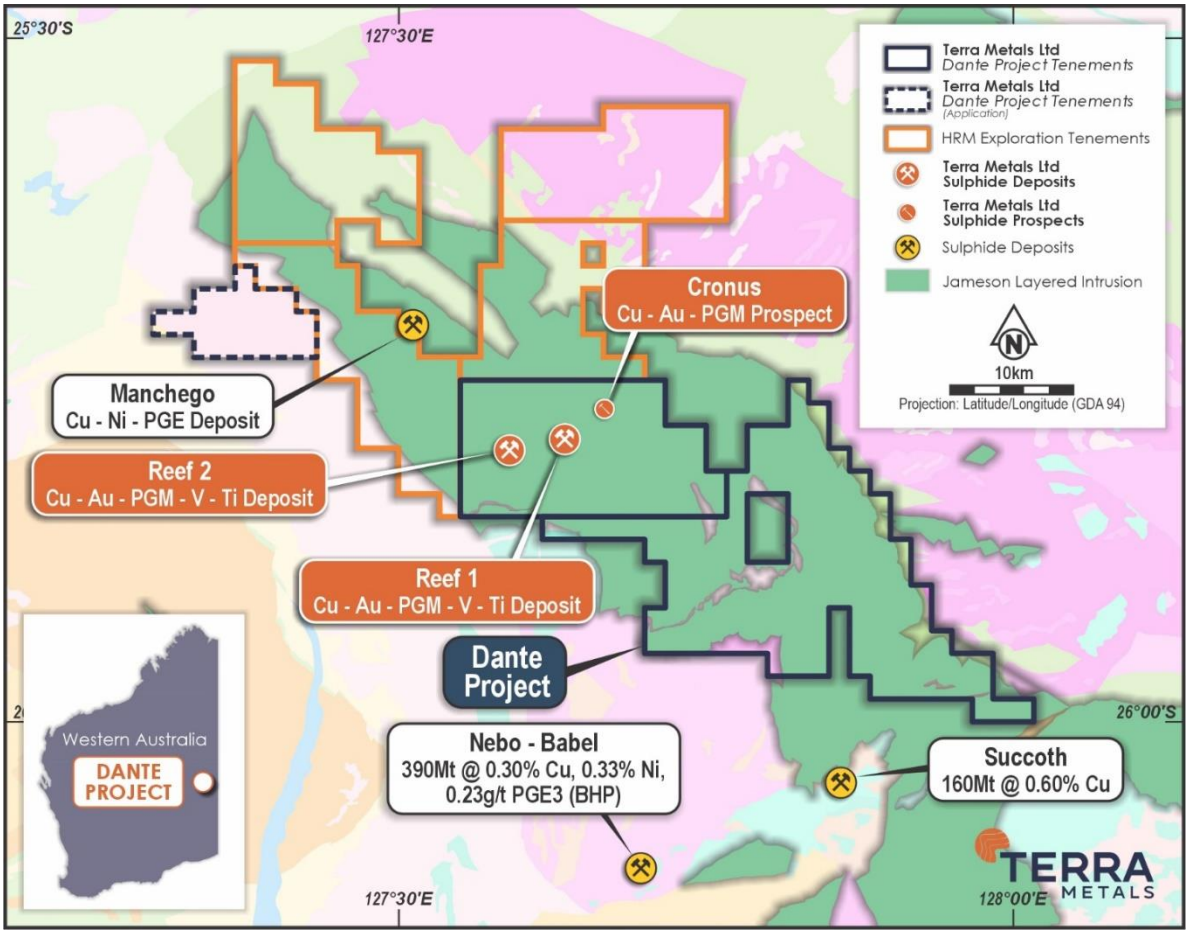


Figure 2. Geology map of the West Musgrave Region, showing the highly prospective Jameson Layered Intrusion, the existing significant deposits, Dante Project tenure, and the proposed HRM acquisition tenure.

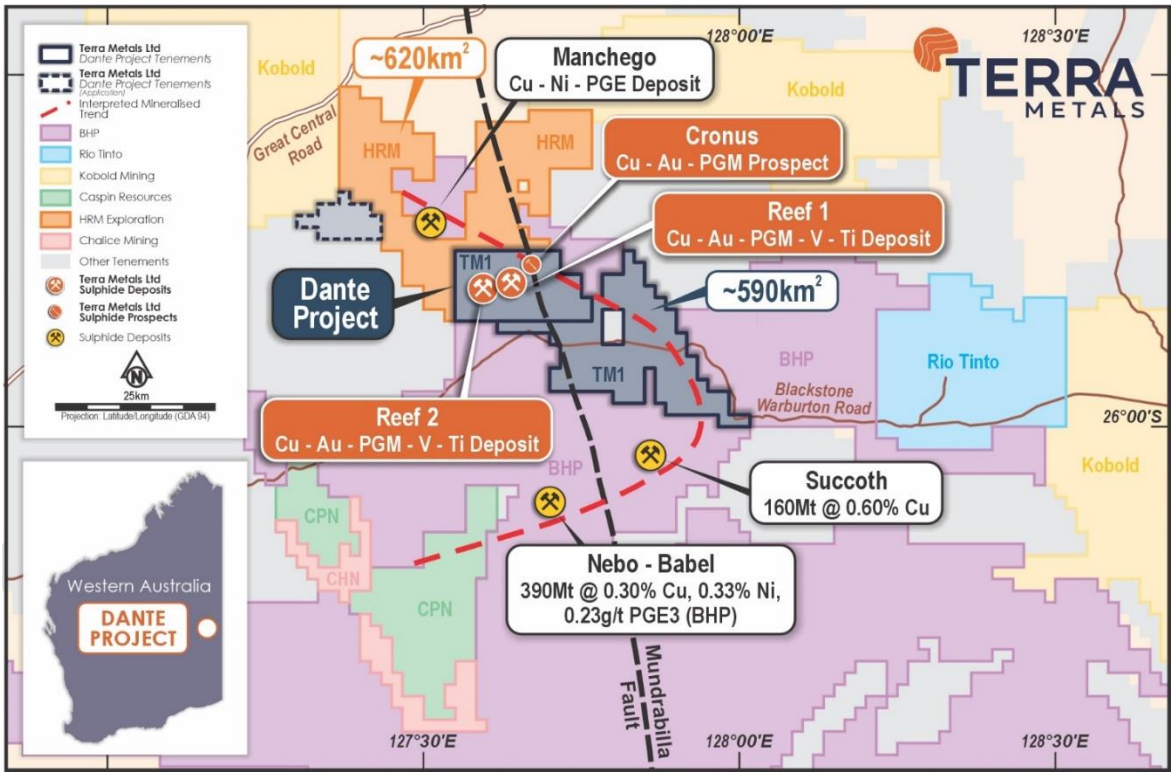


Figure 3. Dante Project location map displaying surrounding companies' tenure and major deposits.

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Commercial Terms

The Company, HRM and HRM's sole shareholder, Hardrock Minerals Limited, have executed a binding term sheet ("**Agreement**") that provides a 12-month exclusive option ("**Option**") for the Company to acquire 100% of the issued capital of HRM ("**Acquisition**").

In consideration for the Option, the Company has paid a non-refundable option fee comprising 8,333,333 fully paid ordinary shares in the capital of the Company.

HRM holds the following four (4) tenements ("**HRM Tenements**"):

Tenement Number	Status	Percentage Interest	Area
E69/3554	Granted	100%	157.63 km^2
E69/3555	Granted	100%	157.44 km^2
E69/3556	Granted	100%	148.22 km^2
E69/3557	Granted	100%	154.51 km^2

The Company can exercise the Option at any time during the 12-month option period. Upon exercise of the Option by the Company, the Consideration for the Acquisition shall comprise the following:

(a) 7,500,000 fully paid ordinary shares in the Company ("**Upfront Shares**") at settlement, with 3,750,000 shares subject to a 6-month escrow period and 3,750,000 shares subject to a 12-month escrow period from settlement; and

(b) Up to 11,250,000 fully paid ordinary shares in the Company ("**Deferred Shares**"), subject to performance conditions as follows:

(i) 3,750,000 fully paid ordinary shares in the Company after the latest to occur of:
A. the announcement by the Company to ASX of cumulative drill intercepts from new drilling to be completed by the Company post settlement (i.e. not from historical drilling results) on the HRM Tenements totalling not less than 10-% metres of Cu equivalent (including any combination of Ni, Cu, Co, Au, Pt, Pd, Rh) at a cut-off grade of not less than 0.5% of Cu equivalent; and
B. the Company achieving a VWAP of the Company's shares trading on the ASX in the ordinary course of trade of at least $0.10 over 20 consecutive trading days on which the Company's shares have actually traded,
on or before 28 August 2027 ("**Milestone 1**");

(ii) 3,750,000 fully paid ordinary shares in the Company after the latest to occur of:
A. the announcement by the Company to ASX of cumulative drill intercepts from new drilling to be completed by the Company post settlement (i.e. not from historical drilling results) on the HRM Tenements totalling not less than 20-% metres of Cu equivalent (including any combination of Ni, Cu, Co, Au, Pt, Pd, Rh) at a cut-off grade of not less than 0.5% of Cu equivalent; and
B. the Company achieving a VWAP of the Company's shares trading on the ASX in the ordinary course of trade of at least $0.15 over 20 consecutive trading days on which the Company's shares have actually traded,
on or before 28 August 2027 ("**Milestone 2**"); and

(iii) 3,750,000 fully paid ordinary shares in the Company after the announcement by the

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Company of an independently assessed JORC Code Mineral Resource from the HRM Tenements of not less than 150,000 tonnes of Cu equivalent (including any combination of Ni, Cu, Co, Au, Pt, Pd, Rh) a cut-off grade of not less than 0.5% Cu equivalent, on or before 28 August 2028 (the "**Milestone 3**").

Settlement of the Acquisition is conditional upon:

(a) the Company obtaining any necessary shareholder and regulatory approvals and/or waivers that are required to implement the Acquisition; and

(b) as at the date the above condition precedent is satisfied, the warranties provided by HRM being true and correct in all material respects and HRM not being in breach of its obligations under the Agreement.

The Agreement includes pre-completion obligations on HRM and standard representations and warranties. If the conditions precedent are not satisfied (or waived) on or before 31 January 2026 (or such other date as the Company and HRM agree) either party may give notice to the other party that the Agreement is terminated.

The Company will fund the following amounts during the option period: (a) any tenement rents on the HRM Tenements; (b) any payment due pursuant to the HRM's heritage protection agreement; and (c) the minimum expenditure requirements in relation to the HRM Tenements.

No capital raising is proposed by the Company in connection with the Acquisition.

About the Dante Project

The Dante Project, located in the West Musgrave region of Western Australia, contains large-scale magmatic copper ("Cu"), gold ("Au"), platinum group metal ("PGM"), titanium ("Ti") and vanadium ("V") discoveries in the same geological complex and in close proximity to one of the world's largest mining development projects, BHP's Nebo-Babel deposit.

During 2024, the Company made two large Bushveld-style Cu-Au-PGM-V-Ti reef discoveries (the "Dante Reefs") extending for at least 20km of strike. The Dante Reefs are large mineralised stratiform reefs hosted within the Jameson Layered Intrusion, part of the Giles Complex.

There are several other mapped (outcropping and sub-cropping) and interpreted reefs throughout the Dante Project, which are yet to be drill tested. These reefs are considered priority drill targets and may represent additional exploration upside potential.

It is common for different mineralised layers (reefs) within a large, layered intrusion to contain different economic metal assemblages. Accordingly, the Dante Project, which contains multiple mapped and interpreted mineralised layers in different stratigraphic positions, most of which remain untested, is considered prospective for a range of different Bushveld-like mineralisation styles or deposits depending on which reef layer is drilled. The following are economically important mineralised layers (sometimes referred to as reefs) in the Bushveld Complex:

1. **Magnetite layers** with **high-grade titanium and vanadium** (normally without copper, nickel and precious metals): Main Magnetite Layer (MML), *Upper Zone*

2. **Chromite layers** within massive chromitites +/- **platinum-group metals**, **gold** +/- nickel and **copper** in the *Critical Zone*: Upper Group Chromitite layers (UG1-UG2) and Middle Group Chromitite Layers (MG1 – MG4); and

3. **Silicates** bearing sulphide mineralisation containing **platinum-group metals**, **gold** +/- Ni and **copper** in the *Critical Zone*: e.g. Merensky Reef and Platreef.

Competent Person's Statement

The information in this announcement that relates to Exploration Results is based on, and fairly reflects, the information and supporting documentation prepared by Mr Ken Lomberg, a Competent Person who is a member of the South African Council for Natural Scientific Professions, a 'Recognised Professional Organization', and is a Professional Natural Scientist (Pr.Sci.Nat.). Mr Lomberg is the Director - Geology and Resources of Pivot Mining Consultants Pty Ltd. Mr Lomberg has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves'. Mr Lomberg consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Forward Looking Statements and Important Notice

Statements regarding plans with respect to the Company's projects are forward-looking statements. There can be no assurance that the Company's plans for development of its projects will proceed as currently expected. These forward-looking statements are based on the Company's expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of the Company, which could cause actual results to differ materially from such statements. The Company makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of that announcement.

This ASX announcement has been approved in accordance with the Company's published continuous disclosure policy and authorised for release by the CEO and Managing Director.

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