2025 ANNUAL REPORT



TerraCom

For personal use only

CORPORATE INFORMATION

For personal use only

REGISTERED OFFICE

Level 6, 307 Queen Street,
Brisbane City, QLD, 4000, Australia

CONTACT ADDRESS

PO Box 131
Clermont, Queensland, 4721, Australia

WEBSITE

www.terracom.au

COUNTRY OF INCORPORATION

Australia
ABN 35 143 533 537

STOCK EXCHANGE LISTING

Australian Securities Exchange Ltd
ASX Code: TER

SERVICE PROVIDERS

Share Registry

MUFG Corporate Markets (AU) Limited
Liberty Place, Level 41, 161 Castlereagh St,
Sydney, NSW, Australia, 2000

T +61 1300 554 474
E support@cm.mpms.mufg.com

Auditors

BDO Audit Pty Limited
Level 10, 12 Creek Street
Brisbane, Queensland, 4810, Australia

PEOPLE

Directors

Mark Lochtenberg (Non-Executive Chairman)
Danny McCarthy (Managing Director)
Glen Lewis (Non-Executive Director)
Mark Ludski (Non-Executive Director)
David Norris (Non-Executive Director)

Executive Management

Jen Williams (Chief Financial Officer & Company Secretary)
Chris Bourke (Chief Operating Officer)

For personal use only

Table of Contents

APPENDIX 4E 4

COMPANY OVERVIEW 6

Chairman's letter to shareholders 7
Managing Director update 9
Current operations and project structure 12
Current mining tenements held 15
Vision, purpose and values 17

JORC RESOURCES AND RESERVES STATEMENT 18

DIRECTORS' REPORT 26

Principal Activities 27
Directors 28
Executive Management 30
Directors' Interests 31
Meetings of Directors 32
Operating and Financial Review 33

Remuneration Report 49

Auditor Independence and non-audit services 61
Auditor's Independence Declaration 62

CONSOLIDATED FINANCIAL STATEMENTS 63

General Information 64
Consolidated statement of profit or loss 65
Consolidated statement of other comprehensive income 66
Consolidated statement of financial position 67
Consolidated statement of changes in equity 69
Consolidated statement of cash flows 70
Notes to the consolidated financial statements 71
Consolidated Entity Disclosure Statement 121
Directors' declaration 123
Independent Auditor's report 124

ASX ADDITIONAL SHAREHOLDER INFORMATION 129

APPENDIX 4E AND ANNUAL FINANCIAL REPORT

Name of entity: **TerraCom Limited**
ABN: **35 143 533 537**
Reporting Period: **For the year ended 30 June 2025**
Previous Period: **For the year ended 30 June 2024**

Results for announcement to the market for the year ended 30 June 2025

				FY2025	FY2024
Revenue from ordinary activities	down	13%	13%	226,671	259,143
Profit from ordinary activities for the year after income tax	down	>100%	273%	(43,418)	25,039
Profit for the year after income tax attributable to the owners of TerraCom Limited	down	>100%	265%	(42,724)	25,951

Net Tangible Assets

	Reporting Period (cents)	Previous Period (cents)
Net tangible assets per ordinary security	14.94	20.96

Dividends

Paid during the year

Dividends of $8.010 million were paid to shareholders during the year ended 30 June 2025 (2024: $24.030 million).

	Declaration Date	Paid Date	Amount (cents per share)	Franked Amount (cents per share)
September 2024 Quarterly Dividend	31 October 2024	6 December 2024	$0.01	$0.01

Declared after end of year

Nil.

For personal use only

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 report is based on the audited financial statements of the Company and its controlled entities.

Attachments and additional information

Additional information can be obtained from the attached financial statements, accompanying Notes and Directors' report.

2025 Annual General Meeting

The proposed date for the 2025 Annual General Meeting is 27 November 2025. Based on proposed timing, closing date for Director Nominations is no later than 9 October 2025.

For personal use only

For personal use only

COMPANY OVERVIEW

IN THIS SECTION

Chairman’s letter to shareholders	7
Managing Director update	9
Current operations and project structure	12
Current mining tenements held	15
Vision, purpose and values	17



CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders,

FY25 was a year of contrasts, a period where early promise gave way to disruption and where discipline and focus were required to navigate changing market conditions and operational challenges. TerraCom remained anchored to its purpose: operating safely, efficiently, and responsibly while continuing to create value for shareholders.

The year began positively, with strong production performance and solid pricing in the first half. Weather events and logistical constraints limited our ability to achieve the initial 1.8 million tonne sales guidance. The team responded with focus and determination, and Blair Athol finished the year producing at a 2.0 million tonne annualised run rate for the June quarter. Total sales for FY25 of 1.52 million tonnes reflect both the quality of the asset and the tenacity of our people.

Cost control remained a key focus, particularly at Blair Athol, where procurement discipline and contractor optimisation helped protect margins through periods of market volatility. The fully franked dividend of 1 cent per share paid in October 2024 underscored the Board's confidence in TerraCom's financial fundamentals, even amid market uncertainty. The Board remains committed to ensuring that every dollar contributes to performance and profitability, both short and long term.

A key development during the year was the progress made on the Moorlands Project. The signing of the Infrastructure Access and Use Deed marked an important step, providing access to critical infrastructure and strengthening our working relationship with Wintime Energy. Moorlands continues to represent a valuable opportunity for the company, with the potential to expand our production base and deliver benefits for shareholders and the regional communities where we operate.

Safety performance during the year did not meet the Board's expectations. Our injury rates were higher than we wanted them to be, which shows there is more work to do to meet the standards we are striving for. These results have highlighted opportunities to strengthen our controls and further embed safe behaviours across the business. The Board considers this a key focus area and supports management's initiatives to build a stronger safety culture, improve systems, and ensure that safety is at the centre of every decision. Our commitment remains that everyone goes home safe every day.

Our South African operations faced a demanding environment, with logistics bottlenecks and operational challenges weighing on results. The Eloff Project and finalisation of a Coal Sales Agreement with Eskom remain key priorities and important levers for unlocking value. The Board is actively engaged with management to ensure a disciplined and commercially robust path forward for these assets.

For personal use only

CHAIRMAN UPDATE

What stood out most this year was the commitment of our people. Across the company, teams adapted with resilience, made necessary adjustments, and kept the business moving forward. Their professionalism and resolve continue to define TerraCom's character and give confidence in our ability to meet the future with clarity.

Looking ahead to FY26, our priorities are clear: pursue operational excellence, deliver growth through Moorlands and other accretive opportunities, and continue strengthening the culture that underpins long term success. TerraCom enters the year with a sharper focus, a leaner structure, and a clear strategy to create sustainable value for all stakeholders.

On behalf of the Board, I thank our shareholders for your support, and our management team, employees, and their families for their dedication. Your contribution is the foundation of TerraCom's progress and future success.

Thank you for your continued confidence in TerraCom.

Mark Lochtenberg
Chairman



For personal use only



MANAGING DIRECTORS LETTER TO SHAREHOLDERS

Dear Shareholders,

FY25 unfolded in a global environment of volatility, shifting energy policies, and heightened expectations of the resources sector. Through it all, TerraCom remained focused on delivering high quality thermal coal safely, reliably, and responsibly. This clarity of purpose guided every decision during a year that tested us like few others. Reflecting on FY25, I am proud of what we achieved and confident in the path ahead.

We began the year strongly and were firmly on track to meet our 1.8 million tonne sales guidance. Unseasonal rainfall and logistics disruptions in the second and third quarters created persistent setbacks. Yet true strength is measured not by the absence of challenge but by how we respond. TerraCom responded with urgency and determination, adapting quickly while keeping our core operations moving.

At Blair Athol, despite the headwinds, we fought our way back and closed the year producing at a two million tonne annualised rate in the June quarter. FY25 coal sales totalled 1.52 million tonnes. This recovery was not luck but the outcome of teamwork, resilience, and discipline. I want to thank the entire Blair Athol team whose efforts restored momentum during a challenging period.

Market conditions shifted significantly. The first half benefited from stronger pricing while the second half saw a meaningful decline across our export markets. These movements reinforced the importance of operational discipline and cost focus. In October, we paid a fully franked one cent dividend, reflecting confidence in the underlying strength of our business. Throughout the year, we sharpened procurement processes, improved contractor utilisation, and prioritised efficiency. Every dollar was assessed for its contribution to performance or long-term value. These measures protected our cost position and laid a stronger foundation for the future.

Progress on the Moorlands Project was a highlight, with our partnership with Wintime Energy advancing into an active delivery phase. A joint steering committee was established, a project lead appointed, and planning accelerated. Signing the Infrastructure Access and Use Deed formalised access to critical shared infrastructure and reinforced trust between the parties. Blair Athol is positioned to serve as the processing and logistics hub, unlocking synergies across both operations. Moorlands remains a cornerstone growth opportunity expected to generate long term value, regional employment, and enduring benefits for the communities in which we operate.

Our safety performance did not meet expectations, and most importantly, people were hurt. That is not acceptable. At TerraCom, safety is a core value. It defines how we lead, how we operate, and how we care for each other. We have taken clear steps to address the gaps, strengthen our systems, and embed safe thinking into every part of the business. Safety is not a slogan, but a responsibility shared by every person, every day.

For personal use only

We also launched TerraRISE, our Women in Mining initiative, designed to support, develop, and retain women across the organisation. Female participation in our Australian workforce increased again this year, supported by leadership development, mentoring, and a culture that values capability. In the year ahead, our focus is on ensuring these programs are not only visible but embedded and enduring.

Supporting the communities where we operate remained central to our work. In FY25, we invested in local infrastructure, regional employment, and supply chain opportunities across Central Queensland and Mpumalanga in South Africa. At Blair Athol, our operations supported local businesses, while our partnerships delivered outcomes in education, training, and wellbeing. We remain committed to creating lasting economic value and opportunity well into the future.

In South Africa, logistics challenges constrained export sales, but domestic demand remained strong and supported steady performance at North Block Complex and New Clydesdale Colliery. Our teams maintained safe and cost-effective output under pressure, showing resilience and discipline. The Eloff Project remains shovel ready, pending finalisation of the Coal Supply Agreement, while Ubuntu and Kangala remain in care and maintenance. Eloff is a valuable asset that will be monetised or transitioned in line with our long-term capital strategy. Our approach is deliberate, focused on value creation, and designed to deliver responsible outcomes for all stakeholders.

Nothing impressed me more this year than the way our people responded on the ground. Site teams recalibrated schedules, resequenced production, and worked relentlessly to restore momentum. Culture and leadership were at the centre of it all. From the frontline to the executive team, our people stepped up, made hard calls, and delivered under pressure. What defines TerraCom is not only the quality of our assets but the quality of our people. Their willingness to adapt, to persevere, and to lead from the front is what gives this company its resilience and strength. That spirit will continue to set us apart in the years ahead.

We closed FY25 leaner, sharper, and more aware of both our strengths and the areas where we must continue to improve. Discipline in capital allocation, agility in the face of change, and alignment on what matters most have positioned TerraCom to meet the future with clarity and purpose.

I want to thank our shareholders for your belief and patience through a demanding year. Your support has been constant as we navigated challenges and made disciplined decisions for the long term. To our customers, thank you for your trust and the enduring partnerships we have built. To my fellow directors, thank you for your counsel and stewardship.

To the entire TerraCom team, from the dig face to the boardroom, thank you. Your resilience defines this business and sets the foundation for everything ahead. I also want to acknowledge the families who support our people. The long hours, the travel, and the demands of this industry are real. None of what we do is possible without the patience, encouragement, and understanding of loved ones at home. You are part of this story too, and we thank you.

For personal use only

MANAGING DIRECTOR UPDATE

FY26 will be a year of delivery and definition. Dependable and responsibly produced thermal coal remains essential to energy security across our core markets. As demand dynamics evolve, TerraCom's role as a reliable and responsive partner becomes even more important. We enter the year with renewed discipline, improved resilience, and a sharper understanding of our priorities. Our focus will remain on operational excellence, the advancement of Moorlands, and strengthening the culture that underpins long term success. We will stay focused, stay disciplined, and keep doing what we do best: producing safely, adapting quickly, and delivering value every day.

Danny McCarthy
Managing Director



For personal use only

CURRENT OPERATIONS AND PROJECT STRUCTURE



SOUTH AFRICA
New Clydesdale Colliery
North Block Complex
Ubuntu Colliery *
Kangala & Eloff Colliery *

AUSTRALIA
Blair Athol

* *in care and maintenance*

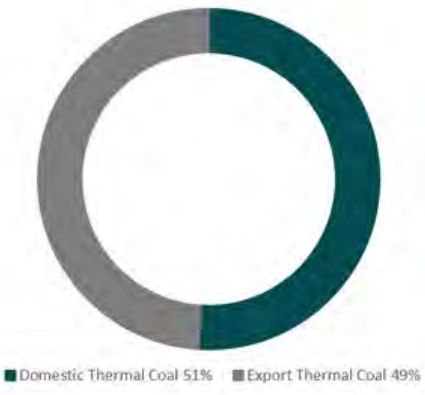
Operations	Commodity	Annual ROM Production (Mt)	Life of Mine
AUSTRALIA			
Blair Athol	Thermal Coal	2.25	Approximately 7 years at current operational run rate
SOUTH AFRICA *			
Kangala and Eloff	Thermal Coal	3.2	Approximately 10 years subject to finalisation of domestic sales contract
NCC	Thermal Coal	4.4	11 years
NBC	Thermal Coal	5.1	7 years

* *subject to coal sales contracts*

Current Commodity Composition



Current Sales Profile



For personal use only

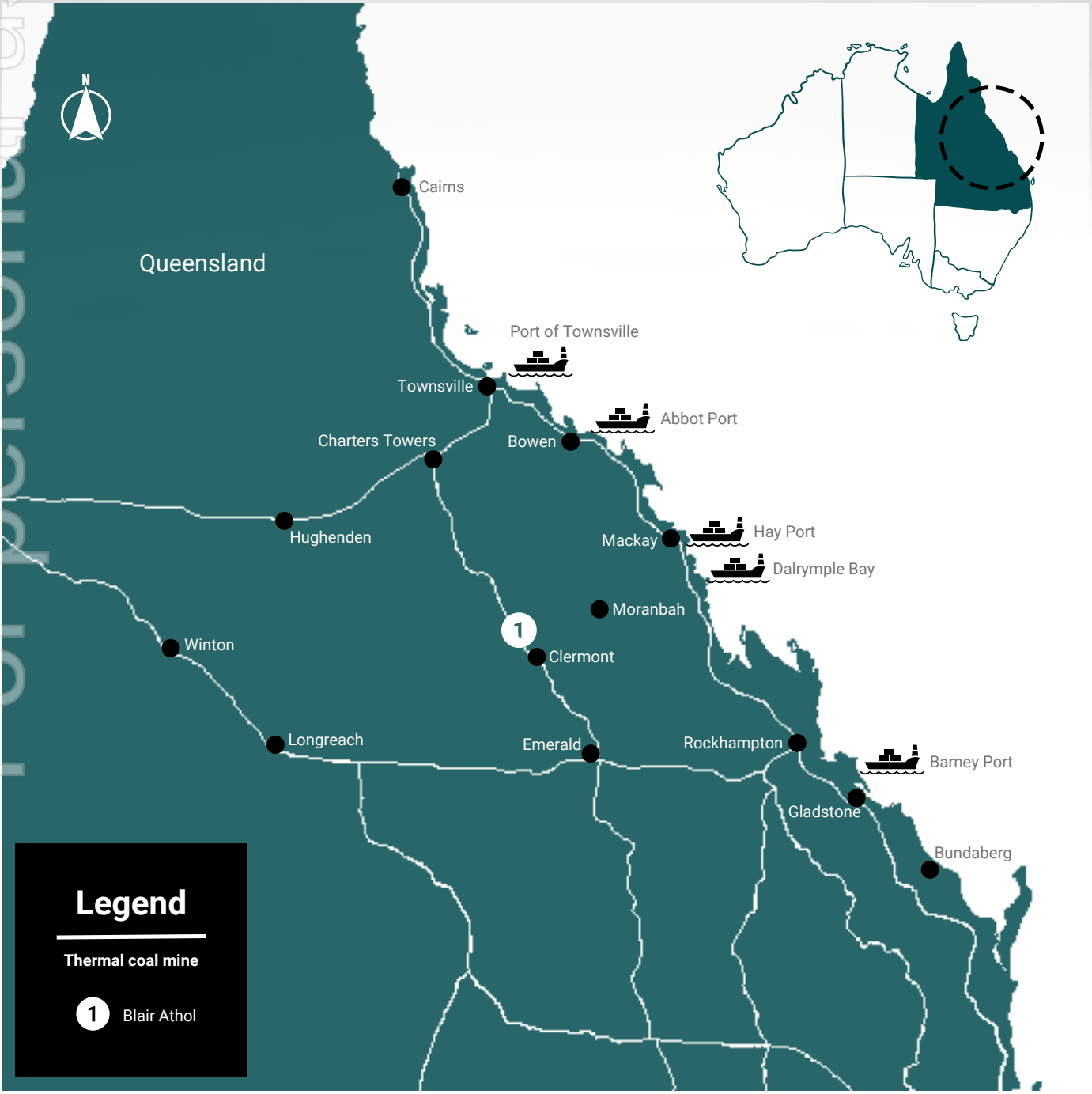
Location of Operations

AUSTRALIA

For personal use only

TerraCom's flagship Blair Athol Coal Mine, located in Clermont, Queensland and acquired in 2017 has successfully restarted operations and exports approximately 1.8 million tonnes per annum of high-quality, low impurity thermal coal.

Rehabilitation at the site is progressive and forms part of the ongoing mining operations. The Blair Athol mine is an open pit operation producing thermal coal for export primarily to Japan and South Korea for their power generation markets and to India's sponge iron market. The Moorlands development project will see Blair Athol utilised as a processing precinct for many decades to come



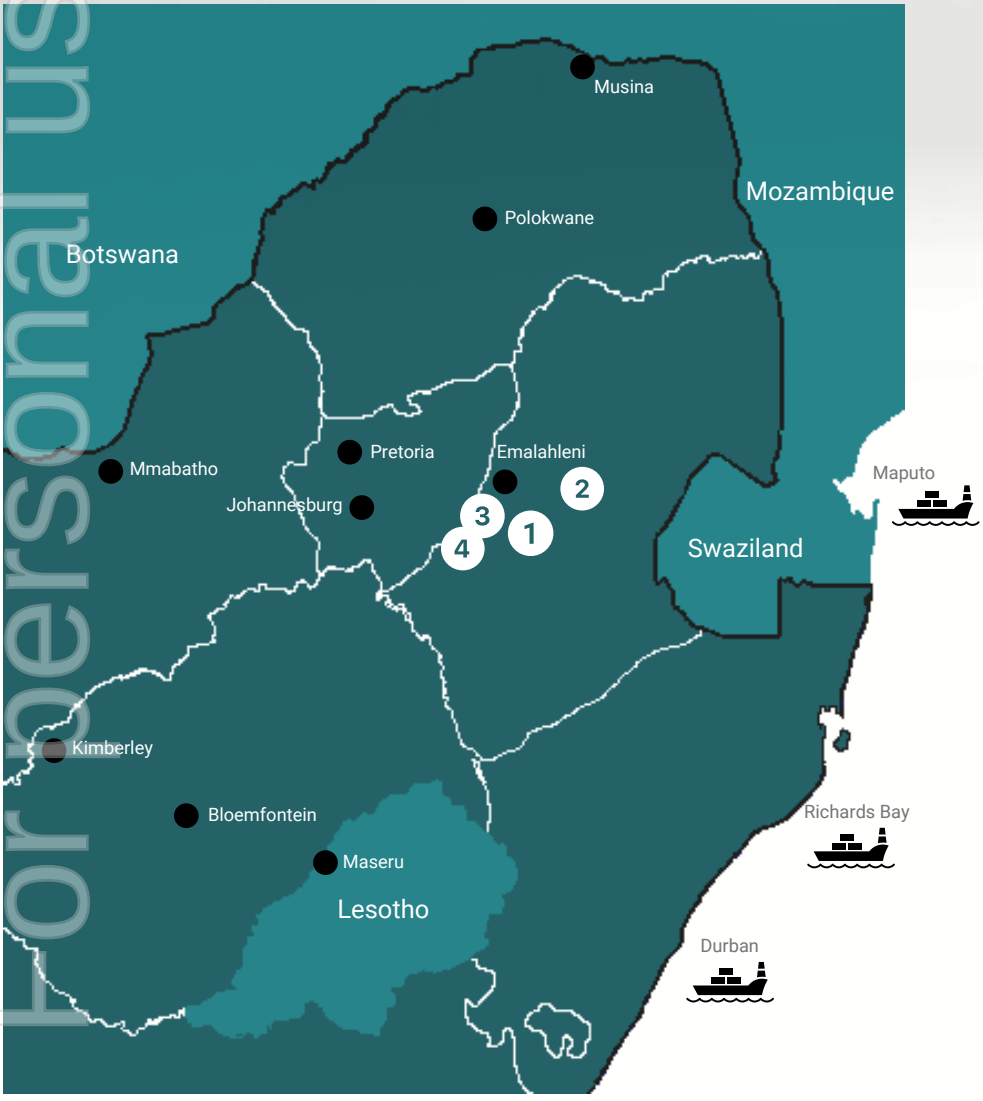
Location of Operations

SOUTH AFRICA

For personal use only

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.

The South African operations provide domestic quality coal to Eskom (South Africa's government owned power utility) and also provide export coal to customers via the Richards Bay port.





Legend

Thermal coal mines

1. NCC
2. NBC
3. Ubuntu *
4. Kangala/Eloff Extension *

** in care and maintenance*

CURRENT MINING TENEMENTS HELD



AUSTRALIA

Tenement number	Operation/project	Location	%
ML 1804	Blair Athol	Blair Athol, Queensland, Australia	100.00%
EPC 1260	Northern Galilee (Clyde Park)	Charter Towers, Queensland, Australia	64.40%
EPC 1300	Northern Galilee (Hughenden)	Charter Towers, Queensland, Australia	100.00%
EPC 1394	Northern Galilee (Hughenden)	Charter Towers, Queensland, Australia	100.00%
EPC 1477	Northern Galilee (Hughenden)	Charter Towers, Queensland, Australia	100.00%
EPC 1478	Northern Galilee (Hughenden)	Charter Towers, Queensland, Australia	100.00%
EPC 2049	Northern Galilee (Hughenden)	Charter Towers, Queensland, Australia	100.00%
EPC 1890	Northern Galilee (Pentland)	Rockhampton, Queensland, Australia	100.00%
EPC 1892	Northern Galilee (Pentland)	Rockhampton, Queensland, Australia	100.00%
EPC 1893	Northern Galilee (Pentland)	Rockhampton, Queensland, Australia	100.00%
EPC 1964	Northern Galilee (Pentland)	Rockhampton, Queensland, Australia	100.00%
EPC 1674	Springsure (Springsure)	Emerald, Queensland, Australia	90.07%
MDL 3002	Springsure (Springsure)	Emerald, Queensland, Australia	90.07%
EPC 1103	Springsure (Fernlee)	Emerald, Queensland, Australia	100.00%

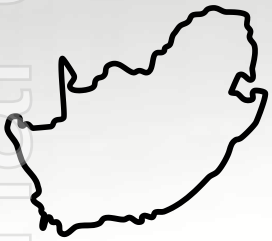
For personal use only

CURRENT MINING TENEMENTS HELD









SOUTH AFRICA

Tenement number	Operation/project	Location	%
MP30/5/1/2/2/429MR	Kangala Colliery	Delmas, Mpumalanga Province, South Africa	70.5%
LP30/5/1/2/3/2/1 (10131) MR	Berenice Project *	Waterpoort, Limpopo Province, South Africa	50%
MP30/5/1/2/2/10027MR	Ubuntu Colliery *	Delmas, Mpumalanga Province, South Africa	48.9%
MP30/5/1/2/2/10169MR	Eloff Project *	Delmas, Mpumalanga Province, South Africa	49%
MP30/5/1/2/1/326MR	North Block Complex (Glisa) *	Belfast, Mpumalanga Province, South Africa	49%
MP30/5/1/2/2/10090MR	North Block Complex (Paardeplaats) *	Belfast, Mpumalanga Province, South Africa	49%
LP 30/5/1/2/2/10169MR	Cygnus Project *	All Days (Waterpoort), Limpopo Province, South Africa	50%

** Held through equity accounted investment*

For personal use only

For personal use only

OUR VISION, PURPOSE AND VALUES

OUR VISION

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

OUR PURPOSE

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

OUR VALUES



People

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



Performance

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



Passion

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



Partnerships

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

ANNUAL CORPORATE GOVERNANCE STATEMENT

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

For personal use only



JORC RESOURCES AND RESERVES STATEMENT

JORC RESOURCES AND RESERVES STATEMENT

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

Australia

JORC Reserves - Australia

	Location	Status	Licence Number	Commodity	Proved	Probable	2025 Financial Year Total	2024 Financial Year Total	2025 Report Date
Recoverable Reserves - JORC 2012									
Blair Athol	Clermont, Queensland, Australia	Mine	ML1804	Thermal Coal	15.9	2.1	**18**	19.6	30 June 2025
Marketable Reserves - JORC 2012									
Blair Athol	Clermont, Queensland, Australia	Mine	ML1804	Thermal Coal	12.7	1.3	**14**	14.1	30 June 2025

Competent Persons Statement

Annual Coal Reserves Summary

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

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

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

For personal use only

JORC Resources - Australia

	Location	Status	Licence Number	Commodity	Measured	Indicated	Inferred	2025 Financial Year Total	2024 Financial Year Total	2025 Report Date
JORC 2012										
Blair Athol	Clermont, Queensland, Australia	Mine	ML1804	Thermal Coal	21.12	4.6	1	**27**	28	30 June 2025
JORC 2004										
Springsure [1]	Southern Bowen Basin, Springsure, Queensland, Australia	Exploration	MDL3002 EPC1674	PCI Coal and Thermal Coal	-	43	148	**191**	191	29 November 2013
Hughenden	Galilee Basin, Hughenden, Queensland, Australia	Exploration	EPC1300 EPC1394 EPC1477 EPC1478 EPC2049	Thermal Coal	-	133	1,076	**1,209**	1,209	8 February 2013
Clyde Park [2]	North Eastern Galilee Basin, Hughenden, Queensland, Australia	Exploration	EPC1260	Thermal Coal	-	51	677	**728**	728	8 February 2013
Total								**2,155**	**2,156**	

[1] *Figures shown are 100% of the total resources. TerraCom's ownership is 90.07%.*
[2] *Figures shown are 100% of the total resources. TerraCom's ownership is 64.40%.*

Competent Persons Statement

Blair Athol - Resources

The information in this report relating to Coal Resources is based on work compiled by Greg Jones, a qualified geologist with over 30 years' experience in coal geology and over 15 years' experience in resource evaluation, and who is a Member of The Australasian Institute of Mining and Metallurgy (AusIMM) and a Member of the Australia Institute of Geoscientists (AIG). Mr Greg Jones is employed by JB Mining Services Pty Ltd.

The Company has used its significant working knowledge of the Blair Athol resource and together worked with Mr Greg Jones who 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 Resources and Ore Reserves".

For personal use only

JORC RESOURCES AND RESERVES STATEMENT

Clyde Park – Resources

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

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

Springsure – Resources

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

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

Hughenden – Resources

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

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



For personal use only

South Africa

JORC Resources and Reserves - South Africa (as at 30 June 2025)

	Deposit	Location	Licence Number	Status	Commodity
Thermal Coal					
A	Kangala Colliery – Wolwenfontein	Delmas, Mpumalanga Province, South Africa	Mining Right: MP30/5/1/2/2/429MR Mining Right application: MP30/5/1/1/2/10179MR	Valid Mining Right Granting of Mining Right pending In progress	Thermal Coal
B	New Clydesdale Colliery *	Kriel, Mpumalanga Province, South Africa	Mining Right: MP30/5/1/2/2/429MR	Valid Mining Right	Thermal Coal
C	North Block Complex * – Glisa Paardeplaats Eerstellingsfontein	Belfast, Mpumalanga Province, South Africa	Mining Right: MP30/5/1/2/1/326MR Mining Right: MP30/5/1/1/2/19MR (10068MR) Mining Right: MP30/5/1/2/2/10090MR	Valid Mining Right	Thermal Coal
D	Ubuntu Colliery*	Delmas, Mpumalanga Province, South Africa	Mining Right: MP30/5/1/2/2/10027MR	Valid Mining Right	Thermal Coal
E	Eloff Project*	Delmas, Mpumalanga Province, South Africa	Mining Right: MP30/5/1/2/2/10169MR	Mining Right granted and executed. Registration of the mining right is underway.	Thermal Coal
Sub-total					
Coking Coal					
F	Berenice/ Cygnus Project*	Waterpoort, Limpopo Province, South Africa	Mining Right: LP30/5/1/1/2/10131MR Mining Right application: LP30/5/1/1/2/10169MR	Granting of Mining Right pending due to an appeal against issuance of Environmental Authorisation. In progress. Mining Right Application lodged and accepted. Granting of Mining right pending. In progress	Thermal Coal/ Metallurgical Coal
Sub-total					
Total thermal and coking coal					

* *Held through equity accounted investment*

For personal use only

JORC RESOURCES AND RESERVES STATEMENT

	Proved Mt	Probable Mt	2025 Financial Year Total [2]	2024 Financial Year Total	Measured Mt	Indicated Mt	Inferred Mt	2025 Financial Year Total [2]	2024 Financial Year Total	TerraCom interest %	Report Date
A	-	-	-	-	47.3	15	32.3	**94.6**	**94.6**	70.5	12 October 2017
B[1]	25.3	15.6	**40.9**	**43**	66.4	31.4	7.7	**105.5**	**108.1**	49.0	30 June 2025
C[1]	40.1	-	**40.1**	**15.7**	68.8	9.2	6.7	**84.7**	**88.8**	49.0	30 June 2025
D	-	6.3	**6.3**	**6.3**	20.6	2	14.3	**36.9**	**36.9**	48.9	13 January 2015
E	-	-	-	-	399.3	188.4	107.5	**695.2**	**695.2**	49.0	9 July 2017 + 20 March 2019 (correction) + 27 January 2022
Sub-total	**65.4**	**21.9**	**87.3**	**65**	**602.4**	**246**	**168.5**	**1,016.9**	**1,023.6**		
F	-	-	-	-	424.9	800.9	124.3	**1,350.1**	**1,350.1**	50.0	23 February 2013
Sub-total	**-**	**-**	**-**	**-**	**424.9**	**800.9**	**124.3**	**1,350.1**	**1,350.1**		
Total thermal and coking coal	**65.4**	**21.9**	**87.3**	**65**	**1,027.3**	**1,046.9**	**292.8**	**2,367**	**2,373.7**		

RESOURCE SUMMARY

(1) Reduction in Resources and Reserves on all operating mines from July 2024 to end June 2025 is due to production.
(2) Rounding may cause computational discrepancies.
(A-F) For ease of Deposit reference in report table.

For personal use only

JORC Reserves - South Africa (30 June 2025)

Ore Reserves

		2025 Financial Year Proved (Mt)	2025 Financial Year Probable (Mt)	2025 Financial Year Total (Mt)	2024 Financial Year Proved (Mt)	2024 Financial Year Probable (Mt)	2024 Financial Year Total (Mt)
Reserves at Operating Mines							
NCC	O/C & U/G	**25.3**	**15.6**	**40.9**	15.6	27.4	43.0
NBC	O/C	**40.1**	**-**	**40.1**	11.5	4.2	15.7
Ubuntu	O/C	**-**	**6.3**	**6.3**	-	6.3	6.3
Total *		**65.4**	**21.9**	**87.3**	27.1	37.9	65.0

** due to rounding of reported figures, not all totals may concile to the sum of the reported components*

Marketable Ore Reserves

		2025 Financial Year (Mt)	2024 Financial Year (Mt)
Reserves at Operating Mines			
NCC	O/C & U/G	28.4	27.1
NBC	O/C	20.7	10.6
Ubuntu	O/C	4.8	4.8
Total		**53.92**	**42.5**

Universal Coal share at 30 June 2025

		Interest %	Ore reserves (Mt)	Marketable ore reserves (Mt)
Reserves at Operating Mines				
NCC	O/C & U/G	49.0	20	13.9
NBC	O/C	49.0	19.6	10.1
Ubuntu	O/C	48.9	3.1	2.3
Total			**42.8**	**26**

For personal use only

JORC RESOURCES AND RESERVES STATEMENT

Competent Persons Statement

Kangala – Resources and Reserves

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

New Clydesdale Colliery – Resources and Reserves

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

North Block Complex – Resources and Reserves

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

Ubuntu Project – Resources and Reserves

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

Eloff Project – Resources and Reserves

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

Berenice and Arnot South – Resources

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

For personal use only

For personal use only



DIRECTORS' REPORT

For the year ended 30 June 2025

IN THIS SECTION

Principal activities	27
Directors	28
Executive management	30
Directors' interests	31
Meetings of Directors	32
Operating and financial review	33

PRINCIPAL ACTIVITIES

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



For personal use only

DIRECTORS



Chair of Remuneration Committee

Mark Lochtenberg

Non-Executive Chairman *(appointed 28 January 2022)*

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

Former ASX Directorships in the last three years: Nickel Industries (ASX: NIC) from March 2017 to November 2023, Equus Mining Limited (ASX: EQE) from October 2014 to February 2024.



Member of HSEC Committee

Danny McCarthy

Managing Director *(appointed 1 April 2021)*

(Chief Executive Officer from 1 December 2018 to 31 March 2021)

Mr McCarthy is a well-regarded executive with over a decade of relevant C-Suite leadership experience in the mining sector. Having held senior roles within industry leading organisations including Thiess, Wesfarmers (ASX: WES), QCoal and Mineral Resources Limited (ASX: MIN), Mr McCarthy has a proven record of delivering extraordinary results over his career spanning almost 30-years in construction, mining and minerals processing across a wide range of commodities. Previously, as COO at Mineral Resources Limited, Mr McCarthy honed his competencies, contributing to his reputation for operational excellence whilst overseeing the successful implementation of MIN's strategic growth initiatives. With 7 years at the helm, TerraCom has flourished under his direction as Managing Director, following a transformative tenure as CEO. Mr McCarthy brings a wealth of experience to TerraCom, providing exceptional leadership with a strong commercial focus and operational background with expertise in the development and implementation of business strategy.

Former ASX listed directorships in the last three years: Nil

For personal use only



Chair of HSEC Committee
Member of Audit Committee
Member of Remuneration Committee

Glen Lewis

Non-Executive Director *(appointed 23 December 2019)*

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

Former ASX listed directorships in the last three years: Nil



Chair of Audit Committee
Member of Remuneration Committee

Mark Ludski

Non-Executive Director *(appointed 7 December 2022)*

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

Former ASX listed directorships in the last three years: Nil



Member of Audit Committee

David Norris

Non-Executive Director *(appointed 6 October 2023)*

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

Former ASX listed directorships in the last three years: Nil

For personal use only

EXECUTIVE MANAGEMENT



Danny McCarthy
Managing Director
Refer details on page 25



Jen Williams
Chief Financial Officer and Company Secretary
(appointed 7 August 2025)

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



Chris Bourke
Chief Operating Officer
(appointed 3 February 2025)

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

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



Megan Etcell
Chief Financial Officer and Company Secretary *(resigned 7 August 2025)*

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

For personal use only

DIRECTORS' INTERESTS

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

Directors' Interests	Ordinary shares Direct Interest	Ordinary shares Indirect Interest	Options over Ordinary shares Direct Interest	Options over Ordinary Shares Indirect Interest	Total
M Lochtenberg (1)	-	17,783,293	-	-	17,783,293
D McCarthy (2)	3,553,798	355,516	-	-	3,909,314
G Lewis (3)	-	2,604,354	-	-	2,604,354
M Ludski (4)	-	250,000	-	-	250,000
D Norris (5)	-	128,513	-	-	128,513

(1) Shares held indirectly by Rigi Investments Pty Ltd (Director & Shareholder).
(2) Shares held indirectly by Rainbow Max Limited (holding now shown as individual holding in unit trust).
(3) Shares held indirectly by Baysoni Pty Ltd 2,498,000 (Director and Shareholder) as trustee for the Lewis Family Trust and Lewis Superannuation Fund A/C (Beneficiary) and Rainbow Max Limited 106,354 (holding now shown as individual holding in unit trust).
(4) Shares held indirectly by C.R Ludksi.
(5) Shares held indirectly by Davem Nominees Pty Ltd atf D & E Norris Super Fund.



For personal use only

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors (the **Board**) and of each Board committee held during the year ended 30 June 2025, and the number of meetings attended by each director were:

	Full Board *		Remuneration Committee		Audit Committee		HSEC Committee	
	Attended (A)	Held (B)	Attended (A)	Held (B)	Attended (A)	Held (B)	Attended (A)	Held (B)
M Lochtenberg	12	13	2	2	-	-	-	-
D McCarthy (C)	12	12	-	-	-	-	2	2
G Lewis	12	13	2	2	4	4	2	2
M Ludski	13	13	2	2	4	4	-	-
D Norris	13	13	-	-	4	4	-	-

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

(A) Number of meetings attended.

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

(C) As an executive Director D McCarthy may attend other committee meetings by invitation.



For personal use only

OPERATING AND FINANCIAL REVIEW

Review of operations

Full year total coal sales were 6.60 million tonnes and full year equity coal sales were 4.02 million tonnes.

	TOTAL TONNES				EQUITY TONNES [1]			
	ROM Tonnes (kt)		Coal Sales (kt)		ROM Tonnes (kt)		Coal Sales (kt)	
	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024
Australia	**2,047**	**1,991**	**1,537**	**1,567**	**2,047**	**1,991**	**1,537**	**1,567**
Blair Athol	2,047	1,991	1,537	1,567	2,047	1,991	1,537	1,567
South Africa	**7,689**	**7,583**	**5,065**	**5,663**	**3,767**	**3,716**	**2,481**	**2,775**
New Clydesdale Colliery	2,733	3,460	1,889	2,305	1,339	1,696	925	1,129
North Block Complex	4,956	4,123	3,176	3,358	2,428	2,020	1,556	1,646
Total	**9,736**	**9,574**	**6,602**	**7,230**	**5,814**	**5,707**	**4,018**	**4,342**

(1) 49.0% equity interest owned by TerraCom Limited

Total tonnes disclosed throughout this report assumes 100% ownership of the South African operations, noting the interest held by TerraCom in the operating mines ranges from 48.9% to 49%. Equity tonnes disclosed throughout this report represents the tonnes attributable to the equity ownership of TerraCom.

Dividends

Paid during the year

Dividends of $8.010 million were paid to shareholders during the year ended 30 June 2025 (2024: $24.030 million).

Declared after end of year

No dividends were declared after end of year.

Franking Account Balance

Franking account balance as at 30 June 2025 was $76.026 million (2024: $37.295 million).

Shares under option

Shares issued on exercise of options

No shares were issued on the exercise of options during the financial year (2024: Nil).

Unissued shares under options

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

For personal use only

Indemnity and Insurance of Officers

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

Indemnity and Insurance of Auditor

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

For personal use only



Australian Business Unit
OPERATIONS

For personal use only



Blair Athol in Clermont, Queensland, is TerraCom's flagship mine and a reliable source of strong financial performance. Producing approximately 1.6 – 1.8 million tonnes per annum of low-impurity thermal coal, the operation supplies a portfolio of long-standing customers across Asia. With established infrastructure and efficient open-cut mining, Blair Athol generates consistent returns while supporting regional jobs and economic activity.

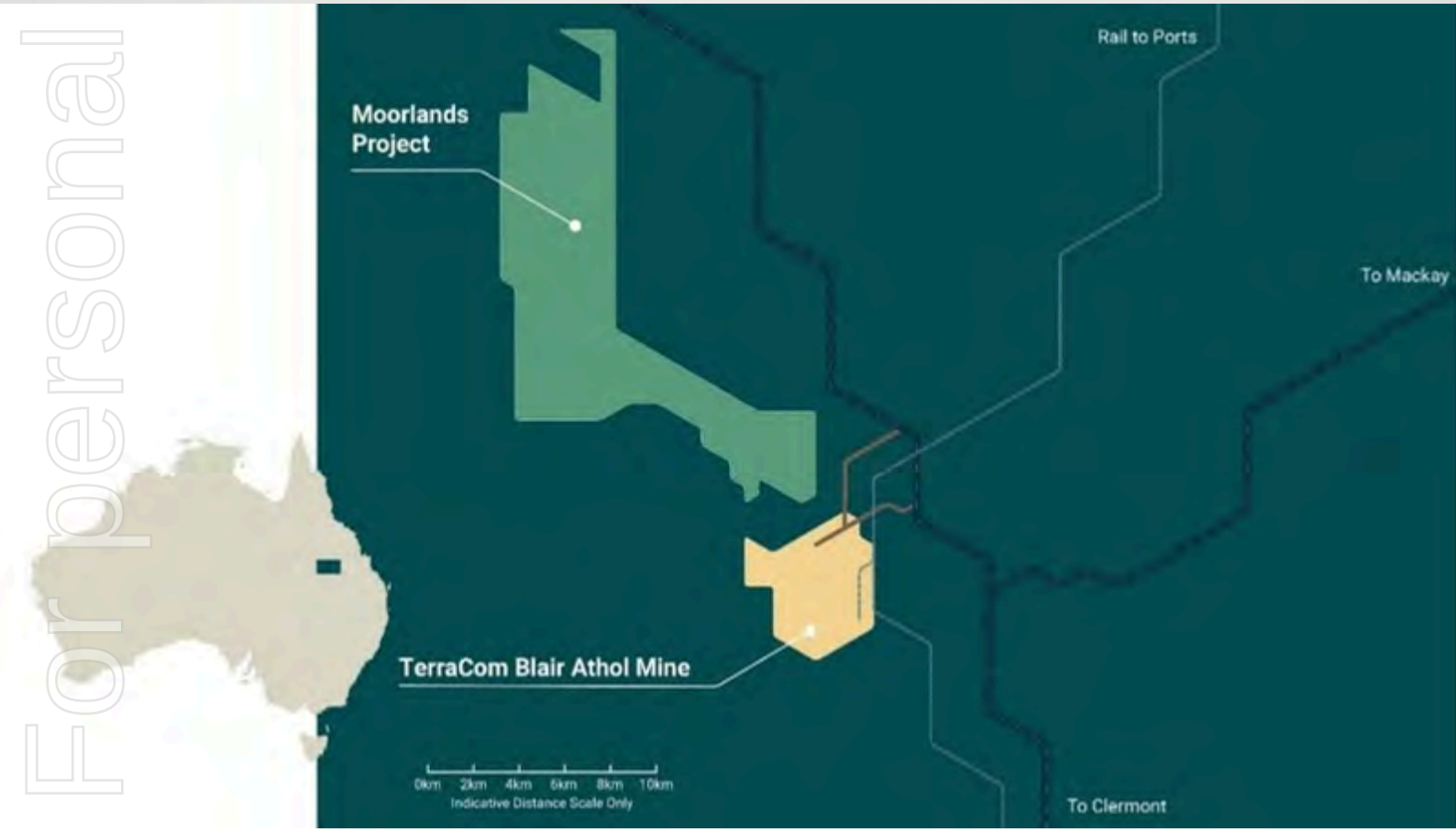
At current production rates, the mine has an estimated seven-year life, providing a solid foundation for near-term stability. Looking ahead, the adjacent Moorlands development project offers significant growth potential, with Blair Athol positioned to evolve into a processing and infrastructure hub for future production. Together, these assets underpin TerraCom's capacity to deliver sustained shareholder value and long-term operational strength.

As announced on 12 August 2024, TerraCom Limited entered into a Cooperation Agreement with **Wintime** Energy Group Co. Ltd (**Wintime**), a leading Shanghai Stock Exchange-listed energy company, to jointly develop and operate the Moorlands Thermal Coal Project (**Moorlands Project**) in Queensland. The agreement also establishes a framework for the parties to explore additional strategic opportunities in the future, reflecting the strength of the partnership and the complementary capabilities of both companies.

About the Moorlands Project

The Moorlands Project is a significant thermal coal development opportunity located in the Western Bowen Basin of Queensland, approximately 14 kilometres northwest of TerraCom's Blair Athol Mine and 25 kilometres from the township of Clermont. Moorlands is proposed to commence as a 1.9 million tonne per annum run-of-mine (ROM) operation with a 25-year mine life, and with expansion potential to 4 million tonnes per annum ROM. Importantly, the tenements that comprise the Moorlands Project contain a 378 million tonne coal resource (JORC 2012). Initial technical studies confirm support for a robust open-cut thermal coal mining operation capable of providing reliable, long-term supply for Wintime's power generation portfolio in China.

Under the proposed structure, TerraCom will be engaged to deliver development, project management, mining services, logistics and processing through to the mine gate. By leveraging the existing processing and logistics infrastructure at Blair Athol, TerraCom will establish an integrated dual-hub precinct servicing both Blair Athol and Moorlands. This approach not only reduces capital intensity for the Moorlands Project but also extends the life and strategic role of Blair Athol as a regional centre for coal processing and logistics for decades to come.



Strategic Importance

The Moorlands Project represents an important stage of growth for TerraCom and provides a long-term pathway to enhance production scale, operational efficiency, and regional impact. With Blair Athol continuing to deliver steady-state ROM production, the addition of Moorlands creates a platform for greater market presence and strengthened customer relationships across Asia.

The partnership with Wintime positions TerraCom to capture value from the development of a world-class coal resource alongside a highly capable and well-capitalised partner. Exclusive negotiations are underway to finalise definitive project documentation, with first coal from Moorlands anticipated in 2026 subject to federal approvals.

For personal use only

BLAIR ATHOL

Thermal Coal
2.25Mtpa ROM

Export
~ 1.6-1.8Mt export, primarily to Japan and South Korea for power generation and Indian sponge iron markets. Exported through Dalrymple Bay Coal Terminal.

Ownership
100% ownership, Owner Operator

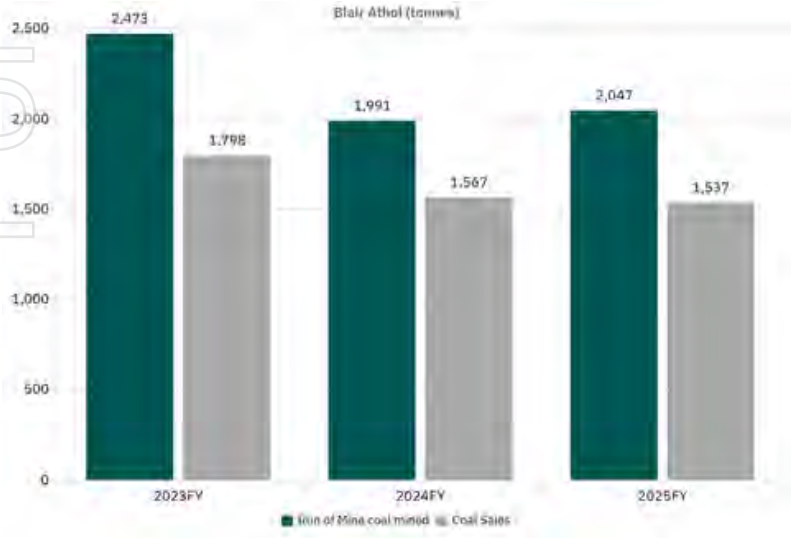
Open Pit
Dragline, truck, excavator and dozers for waste removal. Coal mining by truck and excavator. Life of Mine strip ratio ~10:1.

Ore Reserve
~27Mt

LOM
Approx. ~7 years

Total Tonnes

Blair Athol	Quarter 1 Sept-24	Quarter 2 Dec-24	Quarter 3 Mar-25	Quarter 4 Jun-25	2025 Financial Year	2024 Financial Year
Run of Mine Coal mined (tonnes)	535	558	428	526	**2,047**	**1,991**
Saleable Production (tonnes)	386	402	314	403	**1,505**	**1,502**
Coal Sales (tonnes)	404	314	321	498	**1,537**	**1,567**
Inventory (tonnes)	32	125	111	46	**46**	**54**



Production

In FY25, Blair Athol delivered 2.05 million tonnes of ROM coal with sales of 1.54 million tonnes, despite rainfall and logistics disruptions. Operational efficiency improved with the addition of a Hitachi EX3600-7 excavator and WA500-7 loader. Closing coal stocks at 30 June 2025 were 46kt. Blair Athol remains central to TerraCom's portfolio, supporting export markets and underpinning long-term growth alongside the proposed Moorlands development.

For personal use only

South African Business Unit

OPERATIONS

For personal use only



The South African Business Unit comprised two operating mines during the financial year: North Block Complex and New Clydesdale Colliery. Ubuntu remained on care and maintenance following the conclusion of the Eskom Coal Supply Agreement in December 2022, with the site placed into standby in February 2023. Management continues to assess domestic coal sales opportunities that could support a restart. The Kangala/Eloff Project remains shovel-ready, pending finalisation of a commercially viable Coal Sales Agreement with Eskom.

OPERATING AND FINANCIAL REVIEW

South Africa Production Overview: quarter by quarter for 12 months ending 30 June 2025

	Quarter 1 Sept-24	Quarter 2 Dec-24	Quarter 3 Mar-25	Quarter 4 Jun-25	2025 Financial Year	2024 Financial Year
Run of Mine Coal mined (tonnes)	1,957	2,040	1,901	1,791	**7,689**	**7,583**
Saleable Production (tonnes)	1,397	1,083	1,233	1,123	**4,836**	**5,879**
Sales (tonnes)	1,393	1,265	1,228	1,179	**5,065**	**5,663**
Inventory (tonnes)	235	386	409	413	**413**	**288**

South Africa Production: year to date comparison for 12 months ending 30 June 2025

	2025 Financial Year	2024 Financial Year	Change	Change %
Run of Mine Coal mined (tonnes)	**7,689**	**7,583**	106	1%
Saleable Production (tonnes)	**4,836**	**5,879**	(1,043)	(18%)
Sales (tonnes)	**5,065**	**5,663**	(598)	(11%)
Inventory (tonnes)	**413**	**288**	125	43%

In South Africa, operations were constrained by significant logistics challenges that limited export sales during the reporting period. Nevertheless, strong domestic demand underpinned steady performance at both the North Block Complex and the New Clydesdale Colliery.

The Eloff Project remains shovel-ready, with its advancement dependent on finalising a Coal Supply Agreement with Eskom. Considered a valuable long-term asset, Eloff continues to hold a central place within the South African portfolio.

TerraCom's divestment strategy in the region remains deliberate and value-driven, with a focus on delivering an orderly and responsible outcome for all stakeholders. While a definitive timeframe for completion has not yet been established, the Company continues to progress discussions with Ndalamo and funding partners to achieve the best possible outcome.



For personal use only

OPERATING AND FINANCIAL REVIEW

NEW CLYDESDALE COLLIERY

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

NCC is a versatile operation, incorporating both open-cut and underground mining, with the capability to produce a range of coal products for domestic consumption and export markets. Strategically situated near Eskom's Kriel Power Station, the colliery is well positioned to support South Africa's energy needs while maintaining access to regional and international demand. NCC has entered into an agreement to wash coal from an adjacent mine, utilising the excess capacity in the CHPP. This arrangement commenced in September 2025 and is expected to continue throughout the life of mine.

Thermal Coal ^
2.7Mtpa ROM

Export
AP14 Index

Domestic
Fixed sales to Eskom

Coal Reserves
(JORC Compliant)
~20Mt

Ownership
49% ownership

Open Pit and Underground Operation
Truck and shovel open pit, with underground extensions

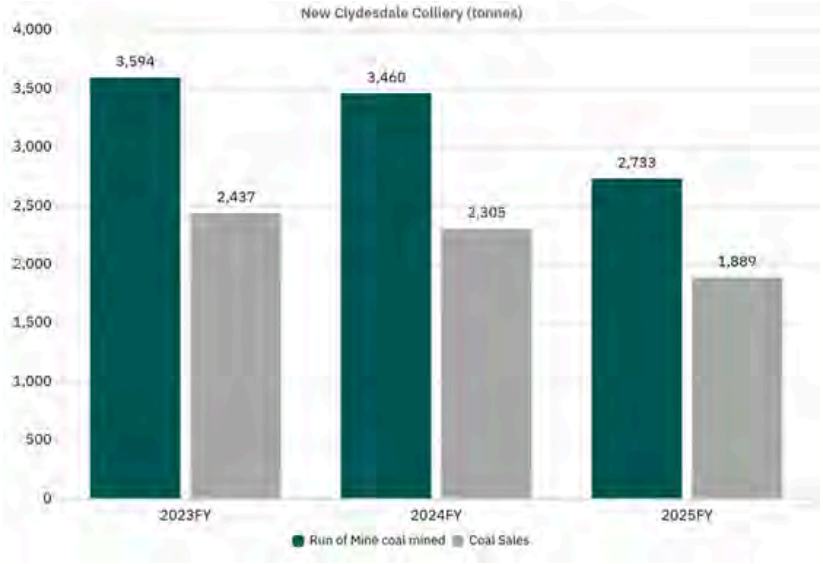
^ *subject to coal sales contract*

Total Tonnes

NCC	Quarter 1 Sept-24	Quarter 2 Dec-24	Quarter 3 Mar-25	Quarter 4 Jun-25	2025 Financial Year	2024 Financial Year
Run of Mine Coal mined (tonnes)	805	794	585	549	**2,733**	**3,460**
Saleable Production (tonnes)	579	433	439	275	**1,726**	**2,439**
Sales (tonnes)	605	464	497	323	**1,889**	**2,305**
Inventory (tonnes)	148	266	151	202	**202**	**232**

Production

During the financial year, NCC delivered 2.73 million tonnes of run-of-mine (ROM) coal (FY2024: 3.46 million tonnes), and achieved total coal sales of 1.89 million tonnes (FY2024: 2.31 million tonnes). While logistics constraints continued to limit export volumes, which impacted financial results for NCC, strong domestic demand underpinned performance and enabled NCC to maintain a solid operational contribution for the year.



For personal use only

NORTH BLOCK COMPLEX

The North Block Complex (NBC), located in Belfast in the Mpumalanga province approximately 200 kilometres north-east of Johannesburg, is a key component of TerraCom's portfolio. Open-cut mining is currently undertaken in the Paardeplaats section, which was developed in FY2020.

NBC is a versatile multi-product open-cut operation that has established a strong reputation as a reliable supplier of coal to Eskom, the country's primary power utility. In addition to its role in supporting national energy generation, NBC contributes meaningfully to the local economy through employment, procurement, and infrastructure development, reinforcing its importance to both TerraCom and the surrounding community.

Thermal Coal ^	LOM	Coal Resource	Ownership	Open Pit
~4Mtpa ROM to 5Mtpa ROM	10+years	(JORC compliant) ~7.9Mt	49% ownership	Truck and shovel operation

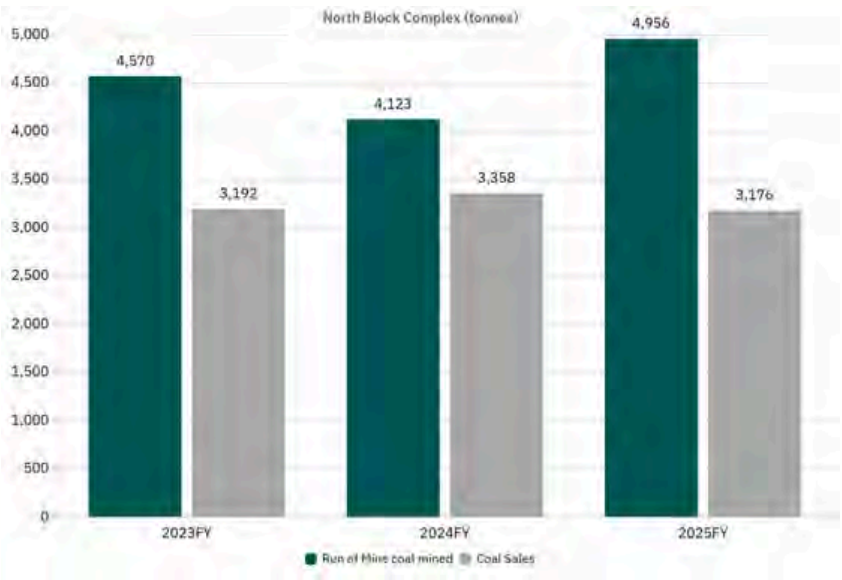
^ *subject to coal sales contract*

Total Tonnes

NBC	Quarter 1 Sept-24	Quarter 2 Dec-24	Quarter 3 Mar-25	Quarter 4 Jun-25	2025 Financial Year	2024 Financial Year
Run of Mine Coal mined (tonnes)	1,152	1,246	1,316	1,242	**4,956**	**4,123**
Saleable Production (tonnes)	818	650	794	848	**3,110**	**3,440**
Sales (tonnes)	788	801	731	856	**3,176**	**3,358**
Inventory (tonnes)	87	120	258	211	**211**	**56**

Production

In FY2025, a total of 3.18 million tonnes of coal was sold to market (FY2024: 3.36 million tonnes). The colliery successfully met its full offtake commitments to Eskom, with domestic coal sales reaching 2.9 million tonnes for the year. Export sales totalled 0.28 million tonnes, reflecting continued demand despite ongoing logistics constraints. Overall, the operation delivered a solid performance, balancing strong domestic supply with steady export volumes.



For personal use only

UBUNTU

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 actively 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.



For personal use only

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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:

On 4 July 2025 the Federal Court of Australia dismissed the case against TerraCom's Managing Director, Danny McCarthy and three former directors and officers of TerraCom brought by the Australian Securities and Investments Commission (ASIC) (File number NSD176/2023).

On 28 February 2023, ASIC commenced proceedings against TerraCom and four current and former directors and officers of TerraCom, including Mr McCarthy. On 27 May 2025, TerraCom announced it had reached agreement with ASIC to resolve the case against the Company. The agreement remains subject to Court approval. On 25 August 2025, Justice Jackman handed down orders confirming the settlement agreed between TerraCom and ASIC, which has been reflected in the current financial statements.

OUTLOOK AND LIKELY DEVELOPMENTS

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

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

ENVIRONMENTAL REGULATION

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

PRINCIPAL RISKS

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

Operational Risk

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

For personal use only

Cash Flow Risk

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

Country Risks

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

Market Risk – Coal Price and Foreign Currency

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

Exploration and Evaluation Risk

Mineral exploration and development are high risk undertakings. While the Group has attempted to reduce this risk by selecting projects that have identified prospective mineral targets, there is still no guarantee of success. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited. The Group's exploration and appraisal activities are dependent upon the grant and maintenance of appropriate licences, permits, resource consents, access arrangements and regulatory authorities (authorisations) which may not be granted or may be withdrawn or made subject to limitations. Although the authorisations may be renewed following expiry or granting (as the case may be), there can be no assurance that such authorisations will be renewed or granted on the same terms. There are also risks that there could be delays in obtaining such authorisations. If the Group does not meet its work and/or expenditure obligations under its authorisations, this may lead to dilution of its interest in, or the loss of such authorisations. The business of commodity development and production involves a degree of risk. Amongst other factors, success is dependent on successful design, construction and operation of efficient gathering, processing and transportation facilities. Even if the Company discovers or recovers potentially commercial quantities of coal from its exploration activities, there is no guarantee that the Group will be able to successfully transport these resources to commercially viable market or sell the resources to customers to achieve a commercial return.

Capital Requirements Risk

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

Health & Safety Risk

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

For personal use only

Resources and Reserves Risk

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

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

Acquisitions & Commercial Transactions Risk

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

Environmental and Regulatory Risk

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

Legal and Regulatory Risk

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

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

Cyber Risk

The Group's operations are supported by an information technology security framework ad back-up data infrastructure. However, computer viruses, unauthorised access, cyberattack and other similar disruptions may threaten the security of information and impact operational systems. TerraCom manages this risk by continuing to invest in systems to prevent such attacks and undertaking staff training programs.

For personal use only

Infrastructure Risks

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

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

Counterparty Risk

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

Climate Change Risk

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

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

Political risk

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

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

AUDITOR'S INDEPENDENCE DECLARATION

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

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

For personal use only


















For personal use only

LETTER FROM CHAIRMAN OF REMUNERATION COMMITTEE

MARK LOCHTENBERG

Dear Shareholders

I am pleased to present the Remuneration Report for TerraCom for the financial year ended 30 June 2025. This report outlines our approach to executive remuneration and the key decisions made by the Remuneration Committee during the year.

Throughout FY2025, we have continued to prioritise alignment between executive remuneration and shareholder value. We engaged independent consultants to assess our remuneration structure, and their findings are currently under review by the Remuneration Committee and the Board to ensure our framework remains robust, competitive, and fit for purpose.

Our remuneration policy continues to focus on attracting, retaining, and motivating high-calibre executives critical to TerraCom's success. Executive remuneration remains linked to performance outcomes, supporting alignment with the long-term interests of our shareholders. Director remuneration remains at market-competitive levels and reflects the responsibilities of the role.

Financial performance in FY2025 was challenging, reflecting broader market conditions, including lower coal prices and operational constraints. As a result, no Short-Term Incentive (STI) or Long-Term Incentive (LTI) payments were awarded for this reporting period.

Looking ahead, the Remuneration Committee and the Board are assessing the Company's STI and LTI plans to ensure our remuneration framework supports the Company's strategic objectives, drives sustainable growth, and remains aligned with best practice.

We remain committed to transparent reporting and to maintaining remuneration practices that align with shareholder interests and the long-term success of TerraCom.

On behalf of the Board, I thank our shareholders for their ongoing support and confidence in TerraCom.

Sincerely,



Mark Lochtenberg
Remuneration Committee Chair

For personal use only

For personal use only

REMUNERATION REPORT

The audited remuneration report for the year ended 30 June 2025 outlines the remuneration arrangements of the Group in accordance with the Corporations Act 2001 (Cth) and its regulations. This information has been audited as required by section 308(3C) of the Corporations Act 2001 (Cth).

The remuneration report details the remuneration arrangements for the Group's key management personnel (**KMP**) during the financial year ended 30 June 2025. KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group directly or indirectly, including any director (whether executive or otherwise) of the Group and other designated senior executives.

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

The remuneration report is tabled at the Annual General Meeting of the Company each year for shareholder approval. At the 2024 Annual General Meeting of shareholders held on 21 November 2024, the remuneration report received positive shareholder approval with a vote of 82.45% in favour. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

(1) Appointed 3 February 2025



PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The Group's remuneration framework aims to provide competitive and performance-based rewards that reflect the outcomes achieved. The Group recognises that its success relies on the capability and performance of its Directors and Executive KMP. Accordingly, the Company's remuneration philosophy is focused on attracting, retaining, and motivating high-calibre individuals who drive organisational performance.

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

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

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

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

ROLE OF THE REMUNERATION COMMITTEE

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

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

The Committee is primarily responsible for:

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

The objective of the Committee is to ensure the remuneration polices and structures adopted by the Group are both fair and competitive and aligned with the long-term interests of the Group. In doing this, the Remuneration Committee may seek advice from independent expert remuneration consultants where applicable. In FY25 the Company engaged an independent remuneration expert, Equity Plan Management Pty Ltd, to perform a review of the Company's current Short Term Incentive (STI) and Long Term Incentive (LTI) plans. No recommendations have been made following the review. The amount charged for the services was $8,000 including GST. The Remuneration Committee will continue to ensure that all future engagements with independent external remuneration consultants and any recommendations are free from undue influence. At times, remuneration consultants may be required to interact with management to obtain relevant information to form any remuneration recommendations. Members of the Remuneration Committee will have oversight of these interactions.



For personal use only

NON-EXECUTIVE DIRECTOR REMUNERATION

1. Non-executive KMP

The table below shows non-executive KMP during FY25. Committee roles held for the entire reporting period unless otherwise stated.

Name	Role held during FY25, including committee memberships
M Lochtenberg	**Non-executive Chairman** ***(appointed 28 January 2022, appointed Non-executive Chairman 19 May 2023)*** Chair of Remuneration Committee
G Lewis	**Non-executive Director** ***(appointed 23 December 2019)*** Chair of HSEC Committee Member of Remuneration Committee Member of Audit Committee
M Ludski	**Non-executive Director** ***(appointed 7 December 2022)*** Chair of Audit Committee Member of Remuneration Committee
D Norris	**Non-executive Director** ***(appointed 6 October 2023)*** Member of Audit Committee

2. Setting non-executive director fees

Fees and payments to non-executive directors are structured to reflect the responsibilities and demands of their roles. The remuneration approach aims to attract and retain appropriately qualified and experienced non-executive directors. While there is no mandated minimum shareholding requirement, the Company encourages all directors to hold shares to promote alignment with shareholder interests.

Non-executive directors are reimbursed for reasonable travel and other expenses incurred in attending Board meetings or conducting Company business. Their fees and payments are reviewed annually by the Remuneration Committee, which may engage independent remuneration consultants as needed to ensure the structure remains appropriate and market-aligned.
Fees for the Chairman are determined separately from those of other non-executive directors, based on comparable roles in the external market. The Chairman does not participate in discussions regarding his own remuneration.

In accordance with ASX Listing Rules, the aggregate remuneration pool for non-executive directors must be approved periodically by shareholders at a general meeting. The most recent approval occurred at the Annual General Meeting held on 19 November 2019, where shareholders approved a maximum aggregate fee pool of $1,250,000 per annum, excluding long-term incentive options. No further approval has been sought since this time.

3. Current non-executive director fee remuneration

The fee levels adopted by the Board during FY2025 are outlined below, noting the fees are per annum and include mandatory statutory superannuation contributions. The fees apply to non-executive directors only.

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

** During the year a new Operations sub-committee fee was formed commencing 1 January 2025. The fees for the sub-committee are $15,000 per year. G Lewis held the position on the Operations sub-committee.*

The Chairman's director fees are all inclusive and additional fees for being a Chair or Member of the other committees do not apply.

For personal use only

EXECUTIVE KMP REMUNERATION

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

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

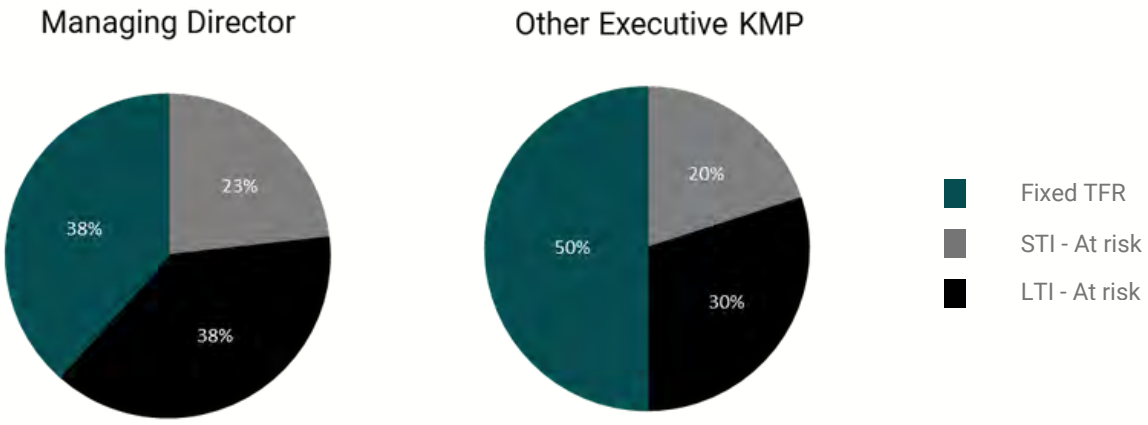
1. fixed remuneration, including superannuation (**TFR**)
2. short-term performance incentives (**STI**)
3. long-term performance incentives (**LTI**)
4. non-monetary benefits (including fringe benefits)

The table below shows Executive KMP during FY25 and up until the date of this report, including a summary of notice periods and key terms.

Name	Position held during period	Notice Period
D McCarthy	Managing Director	6 months
C Bourke (1)	Chief Operating Officer	3 months
J Williams (2)	Chief Financial Officer & Company Secretary	3 months
M Etcell (3)	Chief Financial Officer & Company Secretary	6 months

(1) Appointed 3 February 2025
(2) Appointed 7 August 2025
(3) Resigned 7 August 2025

The following diagram sets out the remuneration mix of TFR, STI award and LTI award value at target for the Executive KMP for the 2025 financial year.



1. Fixed Remuneration

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

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

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

For personal use only

REMUNERATION REPORT

2. Short Term Incentives

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

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

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

Item	Description
Performance Period	The STI plan was formally approved and adopted by the Board in August 2022. Eligible participants were advised of their participation in the STI plan at this time. Given the commencement of the plan in August 2022, the performance periods impacting the remuneration of KMP during FY2023 related to the following 12-month performance periods. FY2022 – 1 July 2021 to 30 June 2022 FY2023 – 1 July 2022 to 30 June 2023 (bonus provision) FY2024 – 1 July 2023 to 30 June 2024 (no bonus provision per board discretion) The performance period impacting the remuneration of KMP during FY2025 related to a discretionary bonus paid for the Performance Period 1 July 2023 to 30 June 2024 as approved by the board in September 2024. Based on the performance of the Group there is no STI Award for the performance Period 1 July 2024 to 30 June 2025.
Performance Measures	The STI plan is linked to performance measures achieved during a financial reporting period (i.e. from 1 July to 30 June). Incentive payments under the plan are calculated on the achievement of pre-determined criteria set by the Board, which include Company financial performance measures, strategic objectives, Blair Athol operational performance targets as well as individual performance. To enable payment of any STI Award, an Eligible Participant must be meeting expectations with respect to individual performance and displaying behaviour consistent with the Company's values.
Form of Award	Awards are delivered in cash. Timing of award and payment is usually September each year.
STI Opportunity	Managing Director: Target 60% of TFR **(Stretch of 72% of TFR)** Other Executive KMP: Target 40% of TFR **(Stretch of 48% of TFR)**
Calculation of STI Award	The value of the STI Award is calculated as follows: *Value of STI Award = TFR x Target Opportunity x % of incentive achieved*
Award Determination and Payment	The STI Award is determined following a review of performance over the Performance Period against the pre-determined criteria, as assessed by the Managing Director and Remuneration Committee. The Board has determined the STI Award for the current performance period (FY2025) to be nil based on the performance of the Group.

For personal use only

Item	Description
Board Discretion	The Board retains discretion to increase or decrease, including to nil, the extent of the STI Award to Eligible Participants if it forms a view that it is appropriate to do so given the circumstances during the Performance Period.
Major Corporate Transactions	In the event of a change of control transaction becoming unconditional, awards will vest on a pro-rata basis, reflecting the proportion of the Performance Period that has elapsed, unless the Board determines otherwise.

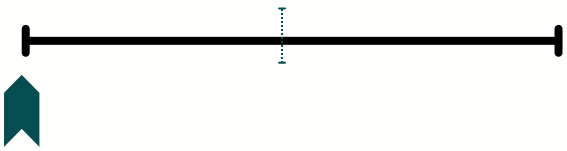
2.1 Summary of Short Term Incentive Outcomes

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

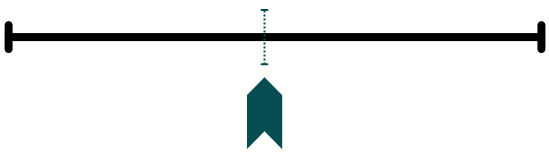
Each performance measure includes a minimum threshold for eligibility. Incentive awards are then determined on a sliding scale, rewarding performance that meets or exceeds the established targets and encouraging results beyond expectations.

2.2 Short Term Incentive Performance Measure

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

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

(b) FY2024 Performance Period (1 July 2023 to 30 June 2024)

	Measure	Weighting	Description	Outcome		
FY2024 Financial Year STI Measures and Outcomes				**THRESHOLD**	**TARGET**	**STRETCH**
Financial	Group EBITDA	75%	Financial performance is measured on the Group's Financial Performance. A minimum EBITDA must be achieved for this incentive to be payable.			
Operational	Coal Sales	25%	Blair Athol Mine Operational Performance is measured based on coal sales against target. A minimum achievement of 85% of the target must be achieved for part of this incentive to be payable.			
Total		**100%**				

For personal use only

3. Long Term Incentives

3.1 Summary of Long Term Incentive Outcomes

The LTI plan is designed to align the Company's long-term performance objectives with the retention and ongoing engagement of employees across all levels of the Group.

The Remuneration Committee has consistently reviewed and altered the LTI plan to reflect changing market conditions.

3.2 Performance measure

The LTI awarded to Executive KMP during FY2025 covered the performance period from 1 July 2023 to 30 June 2024.

The award was determined based on the financial performance of the Group during the relevant periods as set by the Remuneration Committee. The award was a cash based long term incentive subject to vesting criteria as outlined in section 3.6.

3.3 Amount of LTI Award

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

Executive KMP	% LTI Opportunity
Danny McCarthy	100%
Megan Etcell	60%
Chris Bourke [1]	60%

(1) Appointed 3 February 2025

3.4 LTI Award to Eligible Participants

Terms and conditions of the LTI Award granted to Executive KMP in the current or future reporting periods and the associated pricing model inputs are detailed in the table below.

Name	Performance Period	LTI Series Reference	Grant Date	Vesting Date	LTI Award Type
D McCarthy	1 Jul 2022 to 30 Jun 2023	2023 - T1	Aug 23	31 Dec 2023	Cash
		2023 - T2	Aug 23	30 Jun 2024	Cash
	1 Jul 2023 to 30 Jun 2024	**2024 - T1**	**Sept 24**	**31 Dec 2024**	**Cash**
		2024 - T2	**Sept 24**	**30 Jun 2025**	**Cash**
M Etcell	1 Jul 2022 to 30 Jun 2023	2023 - T1	Aug 23	31 Dec 2023	Cash
		2023 - T2	Aug 23	30 Jun 2024	Cash
	1 Jul 2023 to 30 Jun 2024	**2024 - T1**	**Sept 24**	**31 Dec 2024**	**Cash**
		2024 - T2	**Sept 24**	**30 Jun 2025**	**Cash**

For personal use only

3.5 Schedule of LTI Award to Executive KMP - Cash

Name	LTI series	Grant Date	Vesting Date	LTI Award	LTI Vested	Vested %	LTI Forfeited	Forfeited %	LTI subject to vesting in future reporting period
D McCarthy	2023 - T1	Aug 23	31 Dec 23	$541,500	$541,500	100%	-	-	-
	2023 - T2	Aug 23	30 Jun 24	$541,500	$541,500	100%	-	-	-
	2024 - T1	**Sept 24**	**31 Dec 24**	**$456,120**	**$456,120**	**100%**	-	-	-
	2024 - T2	**Sept 24**	**30 Jun 25**	**$456,120**	**$456,120**	**100%**	-	-	-
M Etcell	2023 - T1	Aug 23	31 Dec 23	$189,900	$189,900	100%	-	-	-
	2023 - T2	Aug 23	30 Jun 24	$189,900	$189,900	100%	-	-	-
	2024 - T1	**Sept 24**	**31 Dec 24**	**$160,272**	**$160,272**	**100%**	-	-	-
	2024 - T2	**Sept 24**	**30 Jun 25**	**$160,272**	**$160,272**	**100%**	-	-	-

3.6 Vesting of LTI Award

Rights vest on completion of service conditions as outlined below:

Performance Period 1 July 2022 - 30 June 2023	Performance Period 1 July 2023 - 30 June 2024
• 50% of the LTI Award to vest on 31 December 2023 • 50% of the LTI Award to vest on 30 June 2024	• 50% of the LTI Award to vest on 31 December 2024 • 50% of the LTI Award to vest on 30 June 2025

The Board has the discretion to adjust the service conditions where it is considered appropriate to do so.



For personal use only

3.7 Treatment of Awards on cessation of employment

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

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

3.8 Dividend and voting entitlements for Performance Rights

Rights do not have any dividend or voting rights prior to vesting and exercise.

3.9 Change of control

If there is a takeover bid or other transaction, event or state of affairs that in the Board's opinion is likely to result in a change in control of the Company, the Board has a discretion to determine that some or all of the LTI Award will vest and become exercisable. If an actual change of control occurs before the Board has exercised this discretion, a pro rata portion of the LTI Award (based on how much of the relevant Service Condition has lapsed) will immediately vest and become exercisable.

The Board retains discretion to determine whether the remaining unvested LTI Award will vest and become exercisable or lapse.

3.10 No dealing

Any dealing in respect of the LTI Award is prohibited unless the Board determines otherwise, or the dealing is required by law.

3.11 Additional information

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

4. Non-monetary benefits

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



For personal use only

AMOUNTS OF REMUNERATION

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

		Short-term benefits			Post-employment benefits		
2025		Salary $	Cash Bonus $	Other $	Super-annuation $	Termination Benefits $	Total $
Non-Executive Directors							
M Lochtenberg	2025	224,215	-	-	25,785	-	250,000
	2024	225,875	-	-	24,125	-	250,000
G Lewis	2025	167,500	-	-	-	-	167,500
	2024	160,000	-	-	-	-	160,000
M Ludski	2025	130,045	-	-	14,955	-	145,000
	2024	120,496	-	-	13,254	-	133,750
D Norris [1]	2025	103,139	-	-	11,861	-	115,000
	2024	69,675	-	-	7,664	-	77,339
C Lyons [2]	2025	-	-	-	-	-	-
	2024	84,583	-	29,167	-	-	113,750
Total Directors	**2025**	**624,899**	**-**	**-**	**52,601**	**-**	**677,500**
	2024	**660,629**	**-**	**29,167**	**45,043**	**-**	**734,839**

(1) Appointed 6 October 2023

(2) Resigned 1 February 2024. Other fees relate to additional advisory services to the Company with respect to the South African operations. Payments for these services are at market rates.

For personal use only

REMUNERATION REPORT

		Short-term benefits			Long-term benefits	Post-employment benefits		Long-term benefits			
2025		Salary $	Cash Bonus $	Accrued/ (used) Annual Leave $	Accrued Long Service Leave $	Super annuation $	Termination Benefits $	FY2022 LTI Award (3) $	FY2023 LTI Award (4) $	FY2024 LTI Award (4) $	Total $
Executive KMP											
D McCarthy	2025	875,000	409,000	38,825	102,011	30,000	-	-	-	912,240	2,367,076
	2024	875,000	808,848	71,675	-	27,500	-	(96,707)	1,083,000	-	2,769,316
C Bourke (1)	2025	205,128	-	23,066	-	12,500	-	-	-	-	240,694
	2024	-	-	-	-	-	-	-	-	-	-
M Etcell	2025	500,000	160,000	33,432	-	30,000	-	-	-	320,544	1,043,976
	2024	500,000	288,460	17,106	-	27,500	-	(60,135)	379,800	-	1,152,731
N Boom (2)	2025	-	-	-	-	-	-	-	-	-	-
	2024	323,750	153,125	-	-	27,500	622,048	(76,950)	-	-	1,049,473
Total Executive KMP	**2025**	**1,580,128**	**569,000**	**95,323**	**102,011**	**72,500**	**-**	**-**	**-**	**1,232,784**	**3,651,746**
	2024	**1,698,750**	**1,250,433**	**88,781**	**-**	**82,500**	**622,048**	**(233,792)**	**1,462,800**	**-**	**4,971,520**

(1) Appointed 3 February 2025.
(2) Termination date 31 December 2023.
(3) Comprises the adjustment of fair value (due to the Rights being settled for cash in accordance with the terms and conditions of the LTI Plan) and cash component paid on achievement of service conditions.
(4) Comprises LTI settled in cash on achievement of service conditions plus LTI expensed during the period and subject to vesting in a future period. These are settled within 12 months. The LTI Awards for FY2023 and FY2024 were cash settled within the financial period and hence do not meet the definition of long term benefits under AASB 119 Employee Benefits.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed Remuneration		Share-based payment		At risk incentives (3)	
	2025	2024	2025	2024	2025	2024
Non-Executive Directors						
M Lochtenberg	100%	100%	-	-	-	-
G Lewis	100%	100%	-	-	-	-
M Ludski	100%	100%	-	-	-	-
D Norris	100%	100%	-	-	-	-
C Lyons (1)	100%	100%	-	-	-	-
Executive KMP						
D McCarthy	44%	33%	-	(3%)	56%	65%
M Etcell	54%	46%	-	(5%)	46%	53%
N Boom (2)	-	93%	-	-	-	7%
C Bourke (4)	100%	-	-	-	-	-

(1) Resigned 1 February 2024.
(2) Termination date 31 December 2023. Fixed remuneration includes post employment benefits including termination benefits.
(3) At risk incentives include cash bonuses.
(4) Appointed 3 February 2025.

SHARE-BASED COMPENSATION

There have been no shares issued to Non-Executive Directors or Executive KMP as part of compensation during this financial year. (FY2024: nil).

For personal use only

ADDITIONAL DISCLOSURE RELATING TO KEY MANAGEMENT PERSONNEL

Shareholding

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

Ordinary shares	Balance at the start of the year	Received as part of remuneration	Additions	Disposals	Amount held on appointment or cessation (3)	Balance at the end of the year
Non-Executive Directors						
M Lochtenberg	10,502,393	-	7,280,900	-	-	17,783,293
G Lewis (1)	2,106,354	-	498,000	-	-	2,604,354
M Ludski	-	-	250,000	-	-	250,000
D Norris	28,513	-	100,000	-	-	128,513
Executive KMP						
D McCarthy (1)	3,409,314	-	500,000	-	-	3,909,314
C Bourke (2)	-	-	-	-	-	-
M Etcell (1)	491,784	-	-	-	-	491,784

(1) Mr Lewis, Mr McCarthy and Ms Etcell (via nominees) hold shares indirectly via Rainbow Max Limited. All parties have requested confirmation of the holding which has not been forthcoming. Units held in trust are Mr Lewis (106,354), Mr McCarthy (355,516) and Ms Etcell (35,451).
(2) Appointed 3 February 2025.
(3) Shares held on appointment / resignation / termination.

Loans with Executive KMP and Non-Executive Directors

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

Legal fees paid on behalf of KMP

The legal costs for services performed during the financial year are payable by the Company on behalf of McCarthy, amounting to $73,000 AUD with respect to the ASIC legal matter. These amounts are expected to be reimbursed under the Directors and Officers insurance policy.

Other KMP Transactions

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

This concludes the remuneration report, which has been audited.

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

On behalf of the directors

Mark Lochtenberg
Non-Executive Chairman
30 September 2025
Sydney

Danny McCarthy
Managing Director
30 September 2025
Brisbane

For personal use only

AUDITOR'S INDEPENDENCE AND NON-AUDIT SERVICES

AUDITOR

BDO Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001 (Cth).

NON-ASSURANCE SERVICES

Details of the amounts paid or payable to the auditor for non-assurance services are set out in Note 6 of the financial statements.

During the financial year, the Company's external auditor provided certain non-assurance services. The Directors are satisfied that the provision of these services was compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 (Cth). The nature and scope of each type of non-assurance service provided did not compromise the auditor's independence, as all services were subject to the approval of the Audit and Risk Committee in accordance with the Company's policy on the engagement of the external auditor for non-audit services.

The directors are of the opinion that the services as disclosed in Note 6 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 (Cth) for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.



For personal use only

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek Street
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

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

As lead auditor of TerraCom Limited for the year ended 30 June 2025 I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of TerraCom Limited and the entities it controlled during the period.



R M Swaby

Director

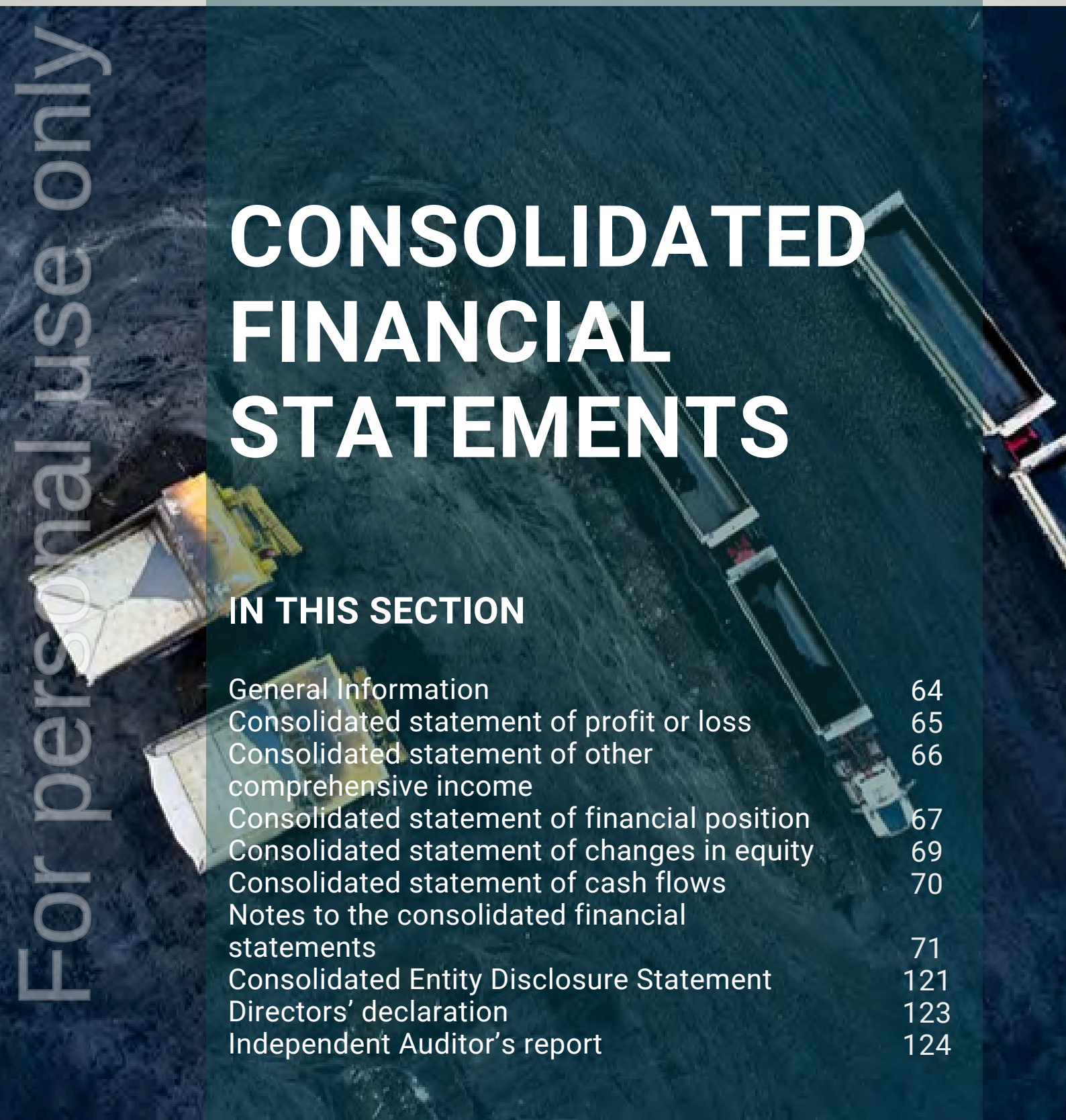
BDO Audit Pty Ltd

Brisbane, 30 September 2025

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

For personal use only

For personal use only



CONSOLIDATED FINANCIAL STATEMENTS

IN THIS SECTION

General Information	64
Consolidated statement of profit or loss	65
Consolidated statement of other comprehensive income	66
Consolidated statement of financial position	67
Consolidated statement of changes in equity	69
Consolidated statement of cash flows	70
Notes to the consolidated financial statements	71
Consolidated Entity Disclosure Statement	121
Directors' declaration	123
Independent Auditor's report	124

For personal use only

GENERAL INFORMATION

The financial statements are presented in Australian dollars (**AUD**), which is the presentation currency of TerraCom Limited.

The functional currency of TerraCom Limited, its Australian exploration subsidiaries and United Kingdom subsidiaries is Australian dollars (**AUD**), the South African subsidiaries and associates functional currency is South African Rand (**ZAR**).

TerraCom Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is at Level 6, 307 Queen Street, Brisbane City, QLD 4000.

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 30 September 2025. The Directors have the power to amend and reissue the financial statements.



Consolidated Statement of Profit or Loss for the year ended 30 June 2025

	Note(s)	Consolidated 2025 $ '000	2024 $ '000
Revenue		226,671	259,143
Cost of goods sold	5	(222,290)	(218,479)
Gross profit		**4,381**	**40,664**
Other operating and administration expenses	4	(26,855)	(15,395)
Share of profit / (loss) of associates and joint ventures	40	(3,412)	7,411
Foreign exchange gain / (loss)		(122)	2,206
Finance income		3,215	3,782
Finance expenses		(6,667)	(4,345)
Depreciation and amortisation expense		(300)	(152)
Impairment of assets	6	(22,131)	(864)
Profit / (loss) before taxation		**(51,891)**	**33,307**
Income tax (expense) / benefit	8	8,473	(8,268)
Profit / (loss) for the year		**(43,418)**	**25,039**
Profit / (loss) attributable to:			
Owners of TerraCom Limited		(42,724)	25,951
Non-controlling interest		(694)	(912)
		(43,418)	**25,039**
Earnings per share for profit/ (loss) attributable to the owners of TerraCom Limited			
Basic earnings per share (cents)	9	(5.33)	3.24
Diluted earnings per share (cents)	9	(5.33)	3.24

The above consolidated statement of profit or loss is to be read in conjunction with the notes to the consolidated financial statements.

For personal use only

Consolidated Statement of Comprehensive Income for the year ended 30 June 2025

	Note(s)	Consolidated 2025 $ '000	Consolidated 2024 $ '000
Profit / (loss) for the year		(43,418)	25,039
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		2,690	(181)
Total comprehensive income / (loss) for the year		**(40,728)**	**24,858**
Total comprehensive income / (loss) for the year attributable to:			
Owners of TerraCom Limited		(40,065)	25,785
Non-controlling interest		(663)	(927)
Total comprehensive income / (loss) for the year		**(40,728)**	**24,858**

The above consolidated statement of comprehensive income is to be read in conjunction with the notes to the consolidated financial statements.

For personal use only

Consolidated Statement of Financial Position as at 30 June 2025

	Notes(s)	Consolidated 2025 $ '000	Consolidated 2024 $ '000
ASSETS			
Current Assets			
Cash and cash equivalents	10	13,382	8,351
Trade and other receivables	11	24,025	33,870
Inventories	12	9,499	9,101
Current tax asset	8	2,549	-
		49,455	**51,322**
Non-Current Assets			
Trade and other receivables	11	2,211	2,502
Restricted cash	13	58,221	58,219
Investments accounted for using the equity method	40	77,723	86,811
Other financial assets	14	3,019	2,764
Property, plant and equipment	15	82,049	86,152
Exploration and evaluation assets	16	-	13,524
Deferred tax asset	17	1,224	-
Other non-current assets	18	12,171	13,125
		236,618	**263,097**
Total Assets		**286,073**	**314,419**
LIABILITIES			
Current Liabilities			
Trade and other payables	19	49,879	32,593
Current tax liability	8	-	38,352
Provisions	23	6,544	5,231
Borrowings	20	747	2,891
Deferred revenue	21	19,499	-
Lease liabilities	22	1,933	377
		78,602	**79,444**
Non-Current Liabilities			
Borrowings	20	-	722
Lease liabilities	22	8,316	186
Deferred tax liabilities	17	-	7,005
Provisions	23	59,724	59,214
Deferred revenue	21	19,804	-
		87,844	**67,127**
Total Liabilities		**166,446**	**146,571**
Net Assets		**119,627**	**167,848**

For personal use only

Consolidated Statement of Financial Position as at 30 June 2025 (continued)

	Note(s)	Consolidated 2025 $ '000	Consolidated 2024 $ '000
EQUITY			
Issued capital	24	376,011	376,011
Reserves	26	24,592	21,933
Accumulated losses	28	(280,418)	(229,684)
Equity Attributable to equity holders of parent		**120,185**	**168,260**
Non-controlling interest	29	(558)	(412)
Total equity		**119,627**	**167,848**

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

For personal use only

For personal use only

Consolidated Statement of Changes in Equity for the year ended 30 June 2025

	Issued capital $ '000	Foreign currency translation reserve $ '000	Share based payments/ options reserve $ '000	Accumulated losses $ '000	Total Equity Attributable to the owners of TerraCom Limited $ '000	Non-controlling interest $ '000	Total equity $ '000
Balance at 01 July 2023	**376,011**	**22,099**	**829**	**(231,605)**	**167,334**	**515**	**167,849**
Profit for the year after income tax	-	-	-	25,951	25,951	(912)	25,039
Other comprehensive income	-	(166)	-	-	(166)	(15)	(181)
Total comprehensive income for the year	**-**	**(166)**	**-**	**25,951**	**25,785**	**(927)**	**24,858**
Dividends paid to shareholders of TerraCom Limited	-	-	-	(24,030)	(24,030)	-	(24,030)
Share based payments	-	-	(829)	-	(829)	-	(829)
Balance at 30 June 2024	**376,011**	**21,933**	**-**	**(229,684)**	**168,260**	**(412)**	**167,848**
Balance at 01 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)**
Deconsolidation of deregistered entities	**-**	-	-	-	**-**	517	517
Dividends paid to shareholders of TerraCom Limited	-	-	-	(8,010)	(8,010)	-	(8,010)
Balance at 30 June 2025	**376,011**	**24,592**	**-**	**(280,418)**	**120,185**	**(558)**	**119,627**

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

Consolidated Statement of Cash Flows for the year ended 30 June 2025

	Note(s)	Consolidated 2025 $ '000	Consolidated 2024 $ '000
Operating			
Cash receipts from customers (including GST/VAT)		266,035	263,778
Cash paid to suppliers and employees (including GST/VAT)		(207,060)	(240,690)
		58,975	**23,088**
Interest received		4,168	1,901
Interest paid		(4,153)	(1,025)
Tax payments made		(40,806)	(39,517)
Net cash (used in) / from operating activities	31	**18,184**	**(15,553)**
Investing			
Payments for property, plant and equipment		(4,730)	(12,520)
Proceeds from sale of property, plant and equipment		193	5
(Increase)/Decrease in secured deposits		954	12,276
Other asset investments		(255)	(1,200)
Dividends received from associates and joint ventures		-	5,554
Loan to associates and joint ventures		(51)	(107)
Repayment from associates and joint ventures		2,973	2,179
Net cash (used in) / from investing activities		**(916)**	**6,187**
Financing			
Repayment of borrowings		(3,274)	(2,172)
Repayment of principal component of lease liabilities	22	(1,355)	(489)
Dividends paid to shareholders of TerraCom Limited	32	(8,010)	(24,030)
Net cash (used in) / from financing activities		**(12,639)**	**(26,691)**
Movement in cash		**4,629**	**(36,057)**
Opening cash at bank		8,351	44,032
Effects of foreign exchange impacting cash		402	376
Total cash and cash equivalents at end of the year		**13,382**	**8,351**

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

For personal use only

For personal use only

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

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

This 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 of 30 June 2025, the Group had a net current asset deficiency of $29.147 million (30 June 2024: $28.122 million).

During the period, the Group generated a loss after tax of $43.418 million and cash inflows from operating activities of $18.184 million. Operating cash flow was supported by a coal prepayment facility with key customers (refer to terms and amounts outstanding in note 21) which partially offset the impact of lower thermal coal prices and reduced sales volumes compared to prior periods, following the impacts of elevated rainfalls and supply chain constraints.

The Group has prepared a cash flow forecast, based on a lower cost base aligned to the previously announced FY 26 forecasted coal sales of 1.6Mt, which indicates it will have sufficient cash to continue its operations and meet its debts as and when they fall due.

The Group is debt free, with the exception of a $0.747 million loan held by TerraCom Limited's wholly owned South African Subsidiary, Universal Coal Energy Holdings South Africa (**UCEHSA**), which has on-lent the funds to the now deconsolidated South African operations.

The Group is expected to realise its assets and settle its liabilities in the ordinary course of business for at least 12 months from the date of this financial report, and therefore in the directors' opinion, the going concern basis of preparation remains appropriate.

For personal use only

Notes to the Consolidated Financial Statements

1.3 Parent entity information

In accordance with the Corporations Act 2001 (Cth), these consolidated financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in Note 38.

1.4 Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of TerraCom Limited (**Company** or **parent entity**) as of 30 June 2025 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of a business is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

1.5 Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers (**CODM**). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

1.6 Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the **functional currency**). The consolidated financial statements are presented in Australian dollars (**AUD**), which is TerraCom Limited's presentation currency. The functional currency of the Australian exploration and the United Kingdom subsidiaries are Australian dollars (**AUD**), the South African subsidiaries are South African Rand (**ZAR**) and the remaining of the subsidiaries and TerraCom Limited are Australian Dollar (**AUD**).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

For personal use only

Notes to the Consolidated Financial Statements

1.7 Associates and Joint ventures

Associates are entities over which the group has significant influence but not control and joint ventures are entities where group has joint control. Investments in associates and joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate or joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates and joint ventures are carried out in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate or joint venture.

Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates and joint ventures reduce the carrying amount of the investment. The carrying amount of equity accounted investments is tested for impairment in accordance with the Group's policy.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

The Group discontinues the use of the equity method upon the loss of significant influence over the associates and joint ventures and recognises any investment retained at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

1.8 Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. 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 avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Impairment of financial assets

The Group 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 Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the assets' 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 debt instruments at fair value through other comprehensive income, interest income, foreign exchange revaluation, impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

For personal use only

Notes to the Consolidated Financial Statements

1.9 Property, plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight-line basis with expected useful lives as follows:

Item	Depreciation method	Average useful life
Freehold land	Not depreciated	N/A
Plant and machinery	Straight line and units of production	1-10 years
Mine development	Units of production	
Right of Use of assets	Straight line	Duration of lease

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

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.

1.10 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.

1.11 Impairing of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value, less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flow relating to the asset using a pre-tax discount rate specific to the asset or cash- generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

1.12 Restoration and rehabilitation

A provision is recognised in the consolidated statement of financial position when the Group has a present legal or constructive obligation because of a past event, and it is probable that resources will be expended to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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.

For personal use only

Notes to the Consolidated Financial Statements

1.13 Restoration and rehabilitation (continued)

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.

1.14 Goods and Services Tax ('GST'), Value Added Tax ('VAT') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST/VAT, unless the GST/VAT incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST/VAT receivable or payable. The net amount of GST/VAT recoverable from, or payable to, the tax authority is included in other receivables or other payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST/VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST/VAT recoverable from, or payable to, the tax authority.

1.15 Rounding

The Company is of a kind referred to in Corporations Instrument 2016/191, 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.

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.

For personal use only

Notes to the Consolidated Financial Statements

2. Critical accounting judgements, estimates and assumptions (continued)

Estimated future cash flows used to determined 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 40 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 23 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.

For personal use only

Notes to the Consolidated Financial Statements

2. Critical accounting judgements, estimates and assumptions (continued)

To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognised in respect of deferred tax assets as well as in the amounts recognised in income in the period in which the change occurs. The most significant assumptions as part of the future probability estimate include; future production profiles, future commodity prices, expected operating costs, future development costs necessary to produce the reserves and value attributable to additional resource.

All available evidence is considered when determined by forecast assumptions, including approved budgets, forecasts and business plans, impact of climate change policy (enacted and future) and, in certain cases, analysis of historical operating results.

The estimates described above require significant management judgement and are subject to risk and uncertainty that maybe beyond the control of the Group; hence, there is a possibility that changes in circumstances will materially alter projections, which may impact the recoverable amount of deferred tax asset at each reporting date.

3. Operating segments

Identification of reportable operating segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (Chief Operating Decision Makers, or CODM) in assessing performance and determining the allocation of resources.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the geographical location of the segment; and
- any external regulatory requirements.

The CODM reviews gross profit/loss (a measured of earnings before interest, tax, depreciation and amortization of non-operating assets, impairment of exploration assets, profit/loss and impairment of associates). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the consolidated financial statements.

The information reported to the CODM is on a monthly basis.

Types of products and services

The reporting segments are organised according to the nature of the activities undertaken and geographically local of the activities as outlined below:

Australia	Coal exploration and extraction activities within Australia
South Africa	Coal exploration and extraction activities in South Africa
Unallocated	Various business development and 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.

A number of 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.

Notes to the Consolidated Financial Statements

3. Operating segments (continued)

Operating segment information

2025	Australia $ '000	South Africa $ '000	Unallocated $ '000	Total $ '000
Revenue				
Sales to external customers	226,671	-	-	226,671
Cost of goods sold	(221,592)	(1,304)	-	(222,896)
Gross Profit / (loss)	**5,079**	**(1,304)**	**-**	**3,775**
Other operating and administration expenses	(6,713)	(173)	(19,260)	(26,146)
Share of profit / (loss) of associate	-	(3,412)	-	(3,412)
Foreign exchange gain / (loss)	788	(522)	(388)	(122)
Net finance income / (expense)	(3,000)	(452)	-	(3,452)
Depreciation and amortisation expense	(63)	(17)	(237)	(317)
Impairment of assets	-	(20,416)	(1,800)	(22,216)
Profit / (loss) before taxation	**(3,909)**	**(26,296)**	**(21,685)**	**(51,890)**
Profit / (loss) before taxation				(51,890)
Income tax benefit				8,473
Profit / (loss) after taxation				**(43,417)**
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**

For personal use only

Notes to the Consolidated Financial Statements

3. Operating segments (continued)

2024	Australia $ '000	South Africa $ '000	Unallocated $ '000	Total $ '000
Revenue				
Sales to external customers	251,499	7,644	-	259,143
Cost of goods sold	(210,047)	(8,432)	-	(218,479)
Gross Profit / (loss)	**41,452**	**(788)**	**-**	**40,664**
Other operating and administration expenses	(4,675)	(3,970)	(6,750)	(15,395)
Share of profit / (loss) of associate	-	7,411	-	7,411
Foreign exchange gain/(loss)	3	2,203	-	2,206
Net finance income - (expense)	(75)	(488)	-	(563)
Depreciation and amortisation expense	(40)	(112)	-	(152)
Impairment of assets	-	(864)	-	(864)
Profit / (loss) before taxation	**36,665**	**3,392**	**(6,750)**	**33,307**
Profit before taxation				33,307
Income tax expense				(8,268)
Profit / (loss) after taxation				**25,039**
Assets				
Segment assets	209,279	105,140	-	314,419
Total assets	**209,279**	**105,140**	**-**	**314,419**
Total assets include additions and acquisitions of non-current assets				
Property, plant and equipment	12,520	-	-	12,520
	12,520	**-**	**-**	**12,520**
Liabilities				
Segment liabilities	132,160	14,411	-	146,571
Total liabilities	**132,160**	**14,411**	**-**	**146,571**

For personal use only

Notes to the Consolidated Financial Statements

3. Operating segments (continued)

Major customers

External revenue for the Group was derived from sales to the following customers:

	2025 $ '000	2025 %	2024 $ '000	2024 %
Major customers				
Customer A *	28,730	12.7%	55,291	21.3%
Customer B *	138,284	61.0%	96,822	37.4%
Customer C *	59,067	26.1%	63,043	24.3%
Other customers	590	0.2%	43,987	17.0%
	226,671	**100%**	**259,143**	**100%**

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

Geographic information	2025 $ '000		2024 $ '000	
	Sales to external customers	**Non-current assets**	**Sales to external customers**	**Non-current assets**
Australia	226,671	155,627	251,498	160,811
South Africa	-	80,991	7,645	102,286
	226,671	**236,618**	**259,143**	**263,097**

4. Other operating and administration expenses

	Consolidated	
	2025 $ '000	2024 $ '000
Other operating and administration expenses	5,783	2,291
Consultant and professional fees	5,845	5,108
ASIC Settlement fee	8,500	-
Employee benefits excluding superannuation expense	6,408	7,737
Superannuation expense	319	259
	26,855	**15,395**

For personal use only

For personal use only

Notes to the Consolidated Financial Statements

5. Cost of goods sold

	Consolidated 2025 $ '000	Consolidated 2024 $ '000
Mining and processing	121,972	118,718
Selling and marketing	75,421	77,384
Other operating expenses	5,659	5,183
Depreciation and amortization- PPE and mining assets(1)	19,238	17,194
	222,290	**218,479**

(1) *Depreciation and amortization of property, plant and equipment, and mining assets have been reallocated to cost of goods sold to better align with industry practice.*

6. Impairment

	Note	Consolidated 2025 $ '000	Consolidated 2024 $ '000
Exploration and evaluation impairment	16	13,524	864
Investment in associates and joint ventures impairment	40	8,607	-
		22,131	**864**

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

	2025 $ '000	2024 $ '000
Australian Operation(1)	1,800	-
South Africa Operation(2)	6,807	-
	8,607	**-**

(1) During the year there was a 100% impairment to investment previously held as fair value through profit & loss (FVTPL).
(2) Impairment of investment in South Africa Operation is explained below.

Impairment of Investment in Associates and Joint Ventures

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

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

For personal use only

Notes to the Consolidated Financial Statements

6. Impairment (Continued)

In South Africa, the Group holds a 49% interest in the North Block Complex (NBC), Ubuntu and Universal Coal Development 8 (Pty) Ltd (UCD8) and a 50% interest in Berenice and Cygnus. No indicators of impairment were identified by management during the financial year ended 30 June 2025.

The Group holds a 49% interest in the Eloff Project and the New Clydesdale Colliery (NCC), part of its group of South African mining associates. During the financial year ended 30 June 2025, management identified the following indicators of impairment relating to the CGU:

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

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

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

- Commodity prices: Based on a combination of contracted domestic coal sale prices and forecast thermal coal export price indices, adjusted for quality differentials specific to the Company's products,
- Production volumes: Based on the associate's Board-approved life-of-mine plans and reserve estimates.
- Toll washing: NCC has entered into an agreement to wash coal from an adjacent mine, utilising the excess capacity in the CHPP. This arrangement is scheduled to commence in November 2025 and is expected to continue throughout the life of mine.
- Operating costs: Based on detailed budgets and mine plans, reflecting cost escalation consistent with industry trends.
- Discount rate: In calculating the value-in-use of the investment in the associate, a post-tax nominal discount rate of 13% (pre-tax 15.75%) was applied to the forecast post-tax cash flows. The discount rate is impacted by the risk-free rate and other benchmark interest rates. It reflects a combination of the cost of equity, derived from the expected return required by investors, and the cost of debt, based on interest-bearing borrowings. Investment-specific risks have been incorporated through the application of an appropriate beta factor, evaluated with reference to publicly available market data.

The impairment test involves significant judgement and the use of estimates that are considered Level 3 inputs under the fair value hierarchy.

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

Sensitivity scenario	Impact
5% decrease in coal price	($7.9 million)
1% increase in discount rate	($1.2 million)
5% increase in operating costs	($8.7 million)
6 months delay in toll washing	($2.0 million)
5 year toll washing agreement	($3.9 million)

Summary of impairment:
The recoverable amount of the Group's CGU, comprising the Eloff Project and the New Clydesdale Colliery was estimated at $44.01 million compared to a carrying amount of $50.82 million, resulting in the recognition of an impairment expense of $6.8 million for the year ended 30 June 2025.

Notes to the Consolidated Financial Statements

7. 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:

	Consolidated 2025 $	Consolidated 2024 $
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	848,735	882,474
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	33,150	19,426
	881,885	**901,900**
Audit and other services		
BDO (Australia)	779,420	797,345
BDO (South Africa)	102,465	104,555
	881,885	**901,900**

8. Taxation

Reconciliation of the tax (benefit) / expense

	Consolidated 2025 $ '000	Consolidated 2024 $ '000
Current tax expense	120	10,150
Deferred tax expense / (benefit)	(8,411)	(2,075)
Prior period under / (over) provision	(182)	193
	(8,473)	**8,268**

Reconciliation of the tax (benefit) / expense

Reconciliation between accounting profit and tax (benefit) / expense.		
Profit/(loss) before income tax (benefit) / expense	(51,891)	33,307
Tax at the applicable tax rate of 30% (2024: 30%)	(15,568)	9,992

For personal use only

Notes to the Consolidated Financial Statements

8. Taxation (continued)

Tax effect amounts which are not deductible/(taxable) in calculating taxable income		
Non-taxable items	4,104	(4,239)
Adjustments in respect of current income tax of previous years	441	-
Foreign exchange	-	(6)
Non-deductible expenses	2,550	100
Other	-	2,291
	(8,473)	**8,138**
Difference in overseas tax rates	-	130
Income tax (benefit) / expense	**(8,473)**	**8,268**

	2025 Deferred income tax	2024 Deferred income tax
Opening balance	(7,005)	(9,273)
Charged to income – corporate tax	8,411	2,075
Adjustment for prior periods	(182)	193
Closing balance	**1,224**	**(7,005)**

Current tax

As of 30 June 2025, the Group has a current tax asset of $2.549 million compared to prior year which had a current tax liability of $38.352 million. Total tax payments of $40.806 million were made during the year which has effectively reversed the initial liability and created a tax asset balance at 30 June 2025.

Unrecognised tax loss relating to entities outside the tax consolidated Group

	2025 $'000	2024 $'000
Tax losses relating to entities outside the tax consolidated group	4,233	4,206

For personal use only

Notes to the Consolidated Financial Statements

9. Earnings per share

Basic earnings / (loss) per share

Basic earnings per share are determined by dividing profit (loss) attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

	Consolidated 2025	2024
Basic earnings / (loss) per share (cents per share)	(5.33)	3.24

Basic earnings per share were based on loss of $42.724 million (2024: profit of $25.951 million) and a weighted average number of ordinary shares of 800,966,235 (2024: 800,966,235).

	Consolidated 2025 $ '000	2024 $ '000
Reconciliation of profit / (loss) for the year to basic earnings		
Profit / (loss) for the year attributable to equity holders of the parent	(42,724)	25,951
	(42,724)	**25,951**

Diluted earnings / (loss) per share

	Consolidated 2025	2024
Diluted earnings / (loss) per share (cents per share)	(5.33)	3.24

Diluted earnings / (loss) per share was based on a loss of $42.724 million (2024: profit of $25.951 million) and a weighted average number of ordinary shares inclusive of unquoted options, total being 800,966,235 (2024: 800,966,235).

No dilutive instruments were present at the year end 2025 (2024: none).

10. Cash and cash equivalents

Cash and cash equivalents consist of:

	Consolidated 2025 $ '000	2024 $ '000
Cash at bank	13,382	8,351

For personal use only

Notes to the Consolidated Financial Statements

11. Trade and other receivables

Split between current and non-current portions:	Consolidated 2025 $ '000	Consolidated 2024 $ '000
Current		
Trade receivables	16,500	16,796
Loan receivables – related parties	747	2,891
Prepayment	5,927	10,476
Other receivables	851	3,707
Total trade and other receivables - current	**24,025**	**33,870**
Non-Current		
Loan receivables – related parties	-	722
Long service leave receivable	2,211	1,780
Total trade and other receivables – non-current	**2,211**	**2,502**
Total trade and other receivables	**26,236**	**36,372**

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.

Decrease in prepayments relates to the utilisation of fee paid to a third-party provider in advance for an assignment of port and rail capacity which covers the period 1 January 2024 to 31 December 2025.

The loan receivables – related parties balance is drawn funds against the loan with The Standard Bank of South Africa. As disclosed in Note 20, UCEHSA is the main borrower, on behalf of the South African entities. Refer to Note 36 for further details on the terms and conditions of this related party receivable.

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

	Consolidated 2025 $ '000	Consolidated 2024 $ '000
Coal Stock	2,432	4,054
Consumables and stores	7,067	5,047
	9,499	**9,101**

Total cost of sales for the year was $186.386 million (2024: $183.552 million), which are costs incurred directly relating to the mining and preparation of coal for sale to customers, and excludes all downstream, logistics and sales and marketing related costs as well as administration and overheads not directly related to production was recognised as an expense for inventories. This is recognised in net inventory movements.

For personal use only

Notes to the Consolidated Financial Statements

13. Restricted cash

	Consolidated 2025 $ '000	Consolidated 2024 $ '000
Bank deposit	30	29
Security deposit	58,191	58,190
	58,221	**58,219**

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 EPML00876713. The security deposit is held by Westpac, which at reporting date was bearing an interest rate of 3.7% per annum.

14. Other financial assets

	Consolidated 2025 $ '000	Consolidated 2024 $ '000
Mining rehabilitation guarantees	3,019	2,764
	3,019	**2,764**

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.

For personal use only

Notes to the Consolidated Financial Statements

15. Property, plant and equipment

	2025			2024		
Consolidated	**Cost $ '000**	**Accumulated depreciation $ '000**	**Carrying Value $ '000**	**Cost $ '000**	**Accumulated depreciation $ '000**	**Carrying value $ '000**
Land and buildings	6,330	-	6,330	6,330	-	6,330
Plant and machinery	63,811	(37,938)	25,873	57,058	(28,916)	28,142
Mine development	167,832	(130,960)	36,872	167,832	(121,353)	46,479
Right-of-use assets – plant and equipment	15,062	(4,396)	10,666	4,021	(3,486)	535
Capital – work in progress	2,308	-	2,308	4,666	-	4,666
Total	**255,343**	**(173,294)**	**82,049**	**239,907**	**(153,755)**	**86,152**

For personal use only

Notes to the Consolidated Financial Statements

15. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment	Opening balance $ '000	Additions $ '000	Disposals $ '000	Transfers $ '000	Derecognit-ion $ '000	Exchange differences $ '000	Depreciation $ '000	Closing balance $ '000
Consolidated – 2025								
Land and buildings	6,330	-	-	-	-	-	-	6,330
Plant and machinery	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
Total	**86,152**	**15,491**	**-**	**-**	**(55)**	**-**	**(19,539)**	**82,049**
Consolidated – 2024								
Land and buildings	6,331	-	-	-	-	(1)	-	6,330
Plant and machinery	22,491	338	(5)	12,006	-	3	(6,691)	28,142
Mine development	56,641	18	-	-	-	2	(10,182)	46,479
Right-of-use assets – land & buildings	1	-	-	-	-	1	(2)	-
Right-of-use assets – plant & equipment	1,006	-	-	-	-	-	(471)	535
Capital – work in progress	4,502	12,164	-	(12,006)	-	6	-	4,666
Total	**90,972**	**12,520**	**(5)**	**-**	**-**	**11**	**(17,346)**	**86,152**

Right-of-use assets

Right-of-use assets consist of mining plant and equipment and an office lease.

For personal use only

Notes to the Consolidated Financial Statements

15. Property, plant and equipment (continued)

Impairment

At each reporting period, the Company assesses whether there are indicators of impairment or impairment reversal with respect to its mining assets. When indicators of impairment or impairment reversal are identified, impairment testing is performed to determine their recoverable amount. If the carrying value of the assets exceeds this recoverable amount, an impairment loss is charged to the consolidated statement of profit or loss with a corresponding reduction in the asset value. If the recoverable amount exceeds the carrying value for an asset which was previously impaired a partial or full reversal is recorded.

No indicators of impairment were identified for the period ended 30 June 2025 (2024: nil).

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 price, foreign exchange and discount rates. The future cash flows for the FVLCD calculation are based on estimates, the most significant of which are coal reserves, future production profiles, commodity prices, operating costs, any future development costs necessary to produce the reserves and value attributable to additional resource and exploration opportunities beyond reserves based on production plans. The FVLCD calculation is categorised within level 3 of the fair value hierarchy.

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.

If future circumstances vary from these assumptions, the recoverable amount of the Group's CGUs could change materially and result in impairment losses or the reversal of previous impairment losses.

The recoverable value of the Company's Coal Resources and Reserves (including its plant and equipment) is most sensitive to the following items:

1. Domestic thermal coal demand. In determining this the Company considers the contracted volumes it has contracted with domestic power producers, as well as the South African forecasted electricity demand over the mine life.

2. Export coal demand. In determining this the Company considers its export contracted volumes, as well as the forecasted coal demand over the mine life.

3. USD coal prices. In determining this the Company considers the futures pricing on or around period end.

4. ZAR:USD foreign exchange rate. In determining this the Company considers the futures pricing on or around period end.

5. The discount rate derived using the weighted average cost of capital methodology adjusted for any risks that are not reflected in the underlying cash flows.

6. The estimated quantities of economically recoverable reserves and resources are based on interpretations of geological and geophysical models, which require assumptions to be made on factors, including future operating performance, capital requirements, and economic assumptions (coal price and foreign exchange). Any change in the recoverable reserves and resources may result in an amendment to the life of the mine.

Any material change in these assumptions or circumstances may result in a future impairment being recognised in future reporting periods.

For personal use only

Notes to the Consolidated Financial Statements

16. Exploration and evaluation assets

	2025			2024		
Consolidated	Cost $ '000	Impairment $ '000	Carrying value $ '000	Cost $ '000	Impairment/ Deconsolid-ation $ '000	Carrying value $ '000
Exploration and evaluation	13,524	(13,524)	-	14,388	(864)	13,524

Reconciliation of exploration and evaluation assets

	Opening balance $ '000	Additions $ '000	Exchange differences $ '000	Impairment loss $ '000	Closing balance $ '000
Consolidated – 2025					
Exploration and evaluation	13,524	-	-	(13,524)	-
Consolidated – 2024					
Exploration and evaluation	14,366	-	22	(864)	13,524

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.

For personal use only

Notes to the Consolidated Financial Statements

16. Exploration and evaluation (continued)

Australian mining and exploration tenements

Tenement No.	Operation/Project	Location	2025	2024
EPC 1260	Northern Galilee (Clyde Park)	Charters Towers, Queensland, Australia	64%	64%
EPC 1300	Northern Galilee (Hughenden)	Charters Towers, Queensland, Australia	100%	100%
EPC 1394	Northern Galilee (Hughenden)	Charters Towers, Queensland, Australia	100%	100%
EPC 1477	Northern Galilee (Hughenden)	Charters Towers, Queensland, Australia	100%	100%
EPC 1478	Northern Galilee (Hughenden)	Charters Towers, Queensland, Australia	100%	100%
EPC 2049	Northern Galilee (Hughenden)	Charters Towers, Queensland, Australia	100%	100%
EPC 1890	Northern Galilee (Pentland)	Rockhampton, Queensland, Australia	100%	100%
EPC 1892	Northern Galilee (Pentland)	Rockhampton, Queensland, Australia	100%	100%
EPC 1893	Northern Galilee (Pentland)	Rockhampton, Queensland, Australia	100%	100%
EPC 1964	Northern Galilee (Pentland)	Rockhampton, Queensland, Australia	100%	100%
EPC 1674	Springsure (Springsure)	Emerald, Queensland, Australia	90%	90%
MDL 3002	Springsure (Springsure)	Emerald, Queensland, Australia	90%	90%
EPC 1103	Springsure (Fernlee)	Emerald, Queensland, Australia	100%	100%
ML 1804	Blair Athol	Blair Athol, Queensland, Australia	100%	100%

South African mining and prospecting rights

Tenement No.	Operation/Project	Location	2025	2024
MP30/5/1/2/2/429MR	Kangala Colliery	Delmas, Mpumalanga Province, South Africa	70.5%	70.5%
LP30/5/1/2/3/2/1 (10131) MR	Berenice Project (1)	Waterpoort, Limpopo Province, South Africa	50%	50%
MP30/5/1/2/2/10027MR	Ubuntu Colliery (1)	Delmas, Mpumalanga Province, South Africa	49%	49%
MP30/5/1/2/2/10169MR	Eloff Project (1)	Delmas, Mpumalanga Province, South Africa	49%	49%
MP30/5/1/2/1/326MR	North Block Complex (Glisa) (1)	Belfast, Mpumalanga Province, South Africa	49%	49%
MP30/5/1/2/2/10090MR	North Block Complex (Paardeplaats) (1)	Belfast, Mpumalanga Province, South Africa	49%	49%
LP 30/5/1/2/2/10169MR	Cygnus Project (1)	All Days (Waterpoort), Limpopo Province, South Africa	50%	50%

(1) held through equity accounted investment

For personal use only

Notes to the Consolidated Financial Statements

17. Deferred tax

	Consolidated 2025 $'000	Consolidated 2024 $'000
Deferred tax assets comprise temporary differences attributable to:		
Provision	19,880	17,322
Leases	3,075	169
Other	1,211	1,115
	24,166	**18,606**
Offset of deferred tax liability	(22,942)	(18,788)
	1,224	**(182)**
Amounts recognised in equity		
Transaction costs on share issue	-	182
Deferred tax asset – net	**1,224**	**-**
Deferred tax liability comprises temporary differences attributable to:		
Property, plant and equipment	(9,397)	(12,693)
Secured deposits	(9,972)	(10,882)
Consumables	-	(78)
Leases	(3,459)	(161)
Other	(114)	(1,818)
	(22,942)	**(25,632)**
Offset of deferred tax asset	22,942	18,627
Deferred tax asset (liability) – net	**-**	**(7,005)**

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.

For personal use only

For personal use only

Notes to the Consolidated Financial Statements

18. Other non-current assets

	Consolidated 2025 $ '000	Consolidated 2024 $ '000
Other deposits	12,171	13,125

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%).

19. Trade and other payables

	Consolidated 2025 $ '000	Consolidated 2024 $ '000
Trade creditors	20,944	23,452
ASIC settlement fee	8,500	-
Final legal award relating to Kangala- South Africa	1,133	-
Royalties	4,025	2,058
Accrued expenses	15,277	7,083
	49,879	**32,593**

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.

20. Borrowings

	Consolidated 2025 $ '000	Consolidated 2024 $ '000
Current borrowings		
Standard Bank of South Africa facilities	747	2,891
Non-current borrowings		
Standard Bank of South Africa facilities	-	722

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.
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.

Notes to the Consolidated Financial Statements

21. Deferred Revenue

	Consolidated 2025 $ '000	2024 $ '000
Current deferred revenue	19,499	-
Non-current deferred revenue	19,804	-
	39,303	**-**

During the year, the Group entered 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. Each shipment constitutes a separate performance obligation under AASB 15, and revenue will be recognised at the point in time when control of the goods is transferred to the customer.

As of 30 June 2025, the remaining obligation still to be delivered is equivalent to AUD $39.303 million and has been recognised as deferred revenue in the statement of financial position. Revenue will be recognised progressively as performance obligations are satisfied through the delivery of individual shipments.

One of the contracts is expected to be completed by December 2025, while the other is anticipated to be fulfilled by June 2027. The prepayment arrangements incur interest at market rates typical for these facilities.

22. Lease liabilities

Lease liabilities are secured over the leased assets to which they relate. Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Consolidated 2025 $ '000	2024 $ '000
As at 1 July	563	1,017
Additions*	10,761	-
Accretion of interest	280	35
Payments	(1,355)	(489)
Closing as at 30 June 2025	**10,249**	**563**
Current liabilities	1,933	377
Non-current liabilities	8,316	186
	10,249	**563**

The following are the amounts recognised in profit or loss:

Depreciation expense	910	473
Interest expenses on lease liabilities	280	35
	1,190	**508**

**Additions to lease liabilities comprise mainly Brisbane head office and new Hitachi excavator (Ex3600-7) at Blair Athol.*

For personal use only

Notes to the Consolidated Financial Statements

23. Provisions

Environmental

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 created 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 whichto 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.

Reconciliation of provisions – 2025	Opening balance $ '000	Change in Estimate $ '000	Unwinding of discount $ '000	Rehab-ilitation $ '000	Exchange differences $ '000	Closing balance $ '000
Mine rehabilitation and closure						
Blair Athol	54,315	(541)	2,037	(1,607)	-	54,204
Australian exploration assets	864	-	-	-	-	864
Kangala	4,035		-	-	621	4,656
	59,214	**(541)**	**2,037**	**(1,607)**	**621**	**59,724**

Reconciliation of provisions – 2024	Opening balance $ '000	Change in Estimate $ '000	Unwinding of discount $ '000	Rehab-ilitation $ '000	Exchange differences $ '000	Closing balance $ '000
Mine rehabilitation and closure						
Blair Athol	57,247	(2,347)	-	(585)	-	54,315
Kangala	3,669	-	-	-	366	4,035
Australian exploration assets	864	-	-	-	-	864
	61,780	**(2,347)**	**-**	**(585)**	**366**	**59,214**

For personal use only

Notes to the Consolidated Financial Statements

23. Provisions (continued)

Other (Current)	Consolidated 2025 $ '000	Consolidated 2024 $ '000
Current Provision		
Annual leave	4,333	3,451
Long service leave	2,211	1,780
	6,544	**5,231**
Non-current Provision		
Rehabilitation	59,724	59,214
	59,724	**59,214**

The movement in the rehabilitation provision relates to the change in macro assumptions relating to inflation and discount rate specific to the Blair Athol mine rehabilitation provision.

24. Issued capital

Issued	2025 Shares	2024 Shares	2025 $ '000	2024 $ '000
Ordinary shares – fully paid	800,966,235	800,966,235	376,011	376,011

Movement in ordinary share capital

	Date	Shares	Issue price	$ '000
2024				
Opening Balance	1 July 2023	800,966,235	-	376,011
Closing Balance	**30 June 2024**	**800,966,235**	**-**	**376,011**
2025				
Opening Balance	1 July 2024	800,966,235	-	376,011
Closing Balance	**30 June 2025**	**800,966,235**	**-**	**376,011**

For personal use only

Notes to the Consolidated Financial Statements

24. 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 cash equivalents.

To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or Company was seen as value adding relative to the current Company's share price at the time of the investment.

The Group is subject to certain financing arrangements and covenants as noted in Note 20 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 (2024: no default).

The capital risk management policy remains unchanged from the 2024 Annual Report.

25. Share-based payments

Directors and Executive KMP

There were no share-based payments during the year (2024: $0.829 million) and no performance rights were granted during the year (2024: nil).

26. 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:

	Consolidated	
	2025 $ '000	2024 $ '000
At the beginning of the financial year	21,933	22,099
Foreign currency translation through other comprehensive income	2,659	(166)
	24,592	**21,933**

For personal use only

Notes to the Consolidated Financial Statements

27. Share-based payments reserve and other reserves

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in the share-based payments reserve during the current and previous financial year are set out below:

	Consolidated 2025 $ '000	Consolidated 2024 $ '000
At the beginning of the financial year	-	829
Share-based payments made during the year	-	(829)
Share based payments reserve and other reserves at the end of the financial year	**-**	**-**

28. Accumulated losses

	Consolidated 2025 $ '000	Consolidated 2024 $ '000
Accumulated losses at the beginning of the financial year	(229,684)	(231,605)
Profit / (Loss) after income tax for the year	(42,724)	25,951
Dividends paid	(8,010)	(24,030)
Accumulated losses at the end of the financial year	**(280,418)**	**(229,684)**

29. Other non-controlling interest

	Consolidated 2025 $ '000	Consolidated 2024 $ '000
Non-controlling interest	(558)	(412)
Opening balance	(412)	515
Loss attributable to non-controlling interest	(694)	(912)
NCI attributed to deconsolidation of deregistered entities	517	-
Other comprehensive income / (loss)	31	(15)
	(558)	**(412)**

30. Key management personnel disclosures

Compensation to Executive KMP and Non-Executive Directors of the Group	**2025**	**2024**
Short-term employee benefits*	4,102,134	5,190,560
Contributions to superannuation plans	125,101	127,543
Share-based compensation payments	-	(233,792)
Termination benefit	-	622,048
Long-term employee benefits	102,011	-
Total compensation	**4,329,246**	**5,706,359**

*Short term benefits include the FY 2023 and FY 2024 LTI Award, which was cash settled within 12 months.

For personal use only

Notes to the Consolidated Financial Statements

31. Cash flow information

	Consolidated 2025 $ '000	2024 $ '000
Profit / (loss) after income tax for the year	(43,418)	25,039
Adjustments for non-cash items:		
Depreciation and amortisation	19,539	17,346
Bad debts	-	(35)
Impairment expense	22,131	864
Share-based payments	-	(828)
Foreign exchange differences	122	(2,816)
Share of loss/(profit) of investments accounted for using the equity method	3,412	(7,411)
Profit / (loss) on disposal of fixed assets	(188)	-
Profit / (loss) on deregistration / deconsolidation	206	-
Changes in assets and liabilities:		
Movement in tax balances	(49,130)	(31,250)
(Increase) / decrease in inventories	(399)	6,466
(Increase) / decrease in trade and other receivables	11,229	(19,671)
(Increase) / decrease in other assets	(3,984)	10
Increase / (decrease) in trade and other payables	17,538	193
Increase / (decrease) in deferred revenue	39,303	-
Increase / (decrease) in provisions	1,823	(3,460)
Net Cash (used in) / from operating activities	**18,184**	**(15,553)**

Changes in liabilities arising from financing activities

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

2024	Opening $ '000	Cash flows $ '000	FX and other movements $ '000	Closing $ '000
Interest bearing loans and borrowings *(excluding items listed below)*	6,255	(2,172)	(470)	3,613
Lease liabilities	1,017	(489)	35	563
Total liabilities from financing activities	**7,272**	**(2,661)**	**(435)**	**4,176**

For personal use only

Notes to the Consolidated Financial Statements

32. Dividends paid

TerraCom declared and distributed a dividend of $8.010 million to shareholders for the year ended 30 June 2025 (2024: $24.030 million), as detailed below:

Period	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 2025 was $76.026 million (2024: $37.295 million).

33. Financial instruments

Categories of financial assets and fair value information

2025	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)	18	12,171	12,171
		107,102	**107,102**

2024	Note	Carrying value at amortised cost $ '000	Fair value $ '000
Trade and other receivables	11	25,896	25,896
Cash and cash equivalents	10	8,351	8,351
Restricted cash	13	58,219	58,219
Other financial asset	14	2,764	2,764
Other non-current asset (deposit)	18	13,125	13,125
		108,355	**108,355**

Categories of financial liabilities and fair value information

2025	Note	Carrying value at amortised cost $ '000	Fair value $ '000
Trade and other payables	19	49,879	49,879
Borrowings	20	747	747
Lease liabilities	22	10,249	10,249
		60,875	**60,875**

For personal use only

Notes to the Consolidated Financial Statements

33. Financial instruments (continued)

2024	Note	Carrying value at amortised cost $ '000	Fair value $ '000
Trade and other payables	19	32,593	32,593
Borrowings	20	3,613	3,613
Lease liabilities	22	563	563
		36,769	**36,769**

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the company can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group does not have any Level 1, Level 2 or Level 3 financial instruments as at 30 June 2025 or 30 June 2024.

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.

For personal use only

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:

	Consolidated	
	2025 $ '000	2024 $ '000
Trade and other receivables	20,309	25,896
Cash and cash equivalents	13,382	8,351
Restricted cash	58,221	58,219
Other financial asset	3,019	2,764
Other non-current asset (deposit)	12,171	13,125
	107,102	**108,355**

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.

For personal use only

Notes to the Consolidated Financial Statements

33. Financial instruments (continued)

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.

2025	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**

2024	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%	32,593	-	-	32,593
Interest bearing – variable					
Borrowings (excluding lease liabilities)	12.30%	3,201	744	-	3,945
Lease liabilities	4.50%	393	191	-	584
		36,187	**935**	**-**	**37,122**

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.

For personal use only

Notes to the Consolidated Financial Statements

33. Financial instruments (continued)

Foreign currency sensitivity analysis

Increase or decrease in rate	2025 AUD strengthened 1% $'000	2025 AUD weakened 1% $'000	2024 AUD strengthened 1% $'000	2024 AUD weakened 1% $'000
Impact on profit or loss before tax:				
Cash and cash equivalents	85	(87)	16	(17)
Trade debtors	108	(110)	173	(177)
Accounts payable	-	-	(113)	116
	193	**(197)**	**76**	**(78)**
Impact on equity:				
Cash and cash equivalents	85	(87)	16	(17)
Trade debtors	108	(110)	173	(177)
Accounts payable	-	-	(113)	116
	193	**(197)**	**76**	**(78)**

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	
Increase or decrease in rate	2025 %	2024 %	2025 $ '000	2024 $ '000
Consolidated				
Standard Bank of South Africa	11.19%	12.30%	747	3,613
Net exposure to cash flow interest rate risk			**747**	**3,613**

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.

For personal use only

Notes to the Consolidated Financial Statements

34. Capital and leasing commitments

Exploration and evaluation commitments

	Consolidated 2025 $ '000	Consolidated 2024 $ '000
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,532	910
One to five years	3,551	5,320
	5,083	**6,230**

35. Contingent liabilities

The contingent liabilities reported for the previous financial year ending 30 June 2024 have been subsequently settled, and appropriate provisions were recorded as at 30 June 2025.

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 and Universal Coal Logistics (Pty) Ltd

Related party balances

	Consolidated 2025 $	Consolidated 2024 $
Receivables		
North Block Complex (Pty) Ltd loan payable to UCEHSA	174,039	841,778
Universal Coal Development IV (Pty) Ltd loan payable to UCEHSA	572,827	2,770,613
Payables		
Lewis Mining Consulting – Glen Lewis (director fees)	14,667	13,333

	Consolidated 2025 $	Consolidated 2024 $
BEE/minority shareholder related parties in South Africa		
Interest earned from North Block Complex (Pty) Ltd	71,940	152,157
Interest earned from Universal Coal Development IV (Pty) Ltd	236,781	501,993
Distribution revenue received from Universal Coal Development IV (Pty) Ltd	-	7,632,333

Directors with TerraCom or controlled subsidiaries of the Group

	Consolidated 2025 $	Consolidated 2024 $
Services from Lewis Mining Consulting – Glen Lewis	167,500	161,333
Services from Craig Lyons	-	97,500

For personal use only

Notes to the Consolidated Financial Statements

36. Related parties (continued)

Loans to/from related parties

Legal fees payable on behalf of Key Management Personnel

The legal costs for services performed during the financial year are payable by the Company on behalf of McCarthy, amounting to $73,394 AUD with respect to the ASIC legal matter. These amounts are expected to be reimbursed under the Directors and Officers insurance policy.

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.

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 for additional advisory services. The amount payable to Lewis Mining on 30 June 2025 is $14,667 (30 June 2024: $13,333).

Craig Lyons

The payments made by the Company to Mr. Craig Lyons are for his services acting as Non-Executive Director (appointed 14 July 2020 and resigned 01 February 2024) and for additional advisory services.

Terms and conditions

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

37. Events after the 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:

On 4 July 2025 the Federal Court of Australia dismissed the case against TerraCom's Managing Director, Danny McCarthy and three former directors and officers of TerraCom brought by the Australian Securities and Investments Commission (**ASIC**) (File number NSD176/2023).

On 28 February 2023, ASIC commenced proceedings against TerraCom and four current and former directors and officers of TerraCom, including Mr McCarthy. On 27 May 2025, TerraCom announced it had reached agreement with ASIC to resolve the case against the Company. On 25 August 2025, Justice Jackman handed down orders confirming the settlement agreed between TerraCom and ASIC, which has been reflected in the current financial statements.

For personal use only

Notes to the Consolidated Financial Statements

38. Parent entity information

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

Summary of statement of profit or loss and other comprehensive income

	2025 $ '000	2024 $ '000
Revenue	142,160	80,594
Cost of goods sold	(142,935)	(81,517)
Gross profit / (loss)	**(775)**	**(923)**
Other operating and administration expenses	(12,024)	(6,711)
Foreign exchange gain / (loss)	(388)	(65)
Finance income	-	210
Finance expenses	(1,273)	(3,149)
Depreciation and amortisation expense	(205)	-
Impairment of assets	(1,800)	-
Profit/ (loss) before taxation	**(16,465)**	**(10,638)**
Income tax (expense)/benefit	554	1,871
Profit / (loss) for the year	**(15,911)**	**(8,767)**

Summary of Statement of financial position

	2025 $ '000	2024 $ '000
Assets		
Current assets	72,694	26,879
Non-current assets	20,012	19,411
Total assets	**92,706**	**46,290**
Liabilities		
Current liabilities	15,014	4,343
Non-current liabilities	740,627	680,960
Total liabilities	**755,641**	**685,303**
Total net assets (liabilities)	**(662,935)**	**(639,013)**

Summary of Statement of Equity

	2025 $ '000	2024 $ '000
Equity		
Issued Capital	374,232	374,232
Foreign currency translation reserve	(3,884)	(3,884)
Accumulated losses *	(1,033,283)	(1,009,361)
Total deficiency	**(662,935)**	**(639,013)**

** Accumulated losses include dividend paid of $8.010 million during the year. Amounts have been restated to write off investments in non-operating entities and historical loan receivables that were previously netted off against loans payable. The restatement has no impact on the Group's consolidated financial position or results of operations.*

For personal use only

For personal use only

Notes to the Consolidated Financial Statements

38. Parent entity information (Continued)

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

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

Contingent liabilities

Other than noted in Note 35, the Company had no other contingent liabilities at 30 June 2025.

Capital commitments - Property, plant and equipment

The Company had no capital commitments for property, plant and equipment as at 30 June 2025 and 30 June 2024.

Material accounting policies

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

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

Notes to the Consolidated Financial Statements

39. Interest in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of a number of subsidiaries.

The Group's remaining interest in subsidiaries remains unchanged from the consolidated annual financial report for the year ended 30 June with the exception of some dormant entities deregistered during the year.

As noted elsewhere in this report, there has been no economic or equity interest change for the equity holders of the Company.

Name	Principal place of business / Country of incorporation	% holding 2025	% holding 2024
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%
Terra Energy Pty Ltd (2)	Australia	-	100.00%
Clyde Park Coal Pty Ltd	Australia	64.40%	64.40%
Guildford Coal (Mongolia) Pty Ltd (2)	Australia	-	83.87%
Guildford Infrastructure Pty Ltd	Australia	100.00%	100.00%
Guildford Infrastructure (Mongolia) Pty Ltd (2)	Australia	-	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%
Universal Coal Development VII (Pty) Ltd	South Africa	50.00%	50.00%
Twin Cities Trading 374 (Pty) Ltd (3)	South Africa	-	74.00%
Episolve (Pty) Ltd (3)	South Africa	-	74.00%
Epsimax (Pty) Ltd	South Africa	74.00%	74.00%
Bold Moves 1756 (Pty) Ltd	South Africa	74.00%	74.00%
Universal Coal Logistics (Pty) Ltd	South Africa	49.00%	49.00%
Universal Coal Power Generation (Pty) Ltd	South Africa	100.00%	100.00%
TerraCom Resources DMCC	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) Terra Energy Pty Ltd, Guildford Coal (Mongolia) Pty Ltd and Guildford Infrastructure (Mongolia) Pty Ltd have been deregistered effective 8 January 2025.

(3) Twin Cities Trading 374 (Pty) Ltd and Episolve (Pty) Ltd have been deregistered effective 30 June 2025.

For personal use only

Notes to the Consolidated Financial Statements

39. Interest in subsidiaries (continued)

Control considerations where 50% or less of share capital held.

The Group's wholly owned subsidiary Universal Coal and Energy Holdings South Africa (Pty) Ltd (**UCEHSA**) holds the interest in the subsidiaries noted below.

Universal Coal Development VII (Pty) Limited (UCDVII)

Although the Group owns 50% of UCDVII, the Company has determined that the Group controls the entity because the chairman of the Board of UCDVII, who has the casting vote at Directors meetings, is a Director of and appointed by UCEHSA. The Board is responsible for the management of UCDVII.

Universal Coal Logistics (UCL)

Although the Group owns 49% of UCL, the Company has determined that the Group controls the entity because it handles management and decision making for the business.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries with non-controlling interests in accordance with the accounting policy described in Note 1:

			Parent		Non-controlling interest	
	Principal place of business/ Country of incorporat-ion	Principal activities	Ownership interest 2025 %	Ownership interest 2024 %	Ownership interest 2025 %	Ownership interest 2024 %
Clyde Park Coal Pty Ltd	Australia	Exploration	64.40%	64.40%	35.60%	35.60%
Guildford Coal (Mongolia) Pty Ltd (1)	Australia	Holding Company	-	83.87%	-	16.13%
Springsure Mining Pty Ltd	Australia	Exploration	90.07%	90.07%	9.93%	9.93%
Springsure Centre of Excellence Pty Ltd	Australia	Holding Company	90.07%	90.07%	9.93%	9.93%
Universal Coal Development I (Pty) Ltd	South Africa	Care & Maintenance	70.50%	70.50%	29.50%	29.50%
Universal Coal Development VII (Pty) Ltd	South Africa	Exploration	50.00%	50.00%	50.00%	50.00%
Twin Cities Trading 374 (Pty) Ltd(2)	South Africa	Holding Company	-	74.00%	26.00%	26.00%
Episolve (Pty) Ltd(2)	South Africa	Holding Company	-	74.00%	26.00%	26.00%
Epsimax (Pty) Ltd	South Africa	Company Holding	74.00%	74.00%	26.00%	26.00%
Bold Moves 1756 (Pty) Ltd	South Africa	Holding Company	74.00%	74.00%	26.00%	26.00%
Universal Coal Logistics (Pty) Ltd	South Africa	Holding Company	49.00%	49.00%	51.00%	51.00%

(1) Guildford Coal (Mongolia) Pty Ltd has been deregistered effective 8 January 2025.

(2) Twin Cities Trading 374 (Pty) Ltd and Episolve (Pty) Ltd have been deregistered effective 30 June 2025.

For personal use only

Notes to the Consolidated Financial Statements

39. Interest in subsidiaries (continued)

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

	Universal Coal Development I (Pty) Ltd $'000
30 June 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)
30 June 2024	
Summarised statement of financial position	
Current assets	521
Non-current assets	2,985
Current liabilities	(4,927)
Non-current liabilities	(12,365)
Summarised statement of profit or loss and other comprehensive income	
Revenue	(7,644)
Profit / (Loss)	(3,080)

For personal use only

Notes to the Consolidated Financial Statements

40. 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.

Investments accounted for using the equity method

	Consolidated	
	2025 $ '000	2024 $ '000
Non-current assets		
Investment in Associates and joint ventures	77,723	86,811

Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

South Africa operation		
Carrying amount at beginning of financial year	85,011	79,934
Share of profit/(loss) (1)	(3,412)	7,411
Effect of foreign exchange	2,931	3,220
Dividends received	-	(5,554)
Impairment (Refer note 6)	(6,807)	-
Closing carrying amount	**77,723**	**85,011**
Australian operation		
Carrying amount at beginning of financial year	1,800	-
Transfer of investments previously held as FVTPL	-	1,800
Impairment (Refer note 6)	(1,800)	-
Closing carrying amount	**-**	**1,800**
	77,723	**86,811**

(1) Share of (profit/loss) for the year ended 30 June 2024 was $7.411 million. The reduction to a loss of $3.412 million during the year ended 30 June 2025 is attributable to reduction in coal tonnage and average coal price achieved.

For personal use only

Notes to the Consolidated Financial Statements

40. Investment in associates and joint ventures (continued)

Summarised statement of financial position as at 30 June 2025 for South African operations [1]

	NBC	Berenice	Cygnus	Eloff & NCC	Ubuntu [2]	UCD8	Total
	30 June 2025 $ '000	30 June 2025 $ '000	30 June 2025 $ '000	30 June 2025 $ '000	30 June 2025 $ '000	30 June 2025 $ '000	30 June 2025 $ '000
Current assets							
Cash and cash equivalents	23,940	-	-	7,129	83	6	31,158
Other current assets	28,922	20	-	14,912	14,753	30	58,637
Total current assets	**52,862**	**20**	**-**	**22,041**	**14,836**	**36**	**89,795**
Non-current assets	**76,638**	**4,515**	**852**	**101,756**	**9,035**	**103**	**192,899**
Current liabilities							
Financial liabilities (excluding trade payables)	174	-	-	573	-	-	747
Other current liabilities	46,236	150	83	26,546	15,679	30	88,724
Total current liabilities	**46,410**	**150**	**83**	**27,119**	**15,679**	**30**	**89,471**
Non-current liabilities							
Other non-current liabilities	29,646	-	-	55,547	44,354	-	129,547
Total non-current liabilities	**29,646**	**-**	**-**	**55,547**	**44,354**	**-**	**129,547**
Net assets	**53,444**	**4,385**	**769**	**41,131**	**(36,162)**	**109**	**63,676**
Group interest %	49%	50%	50%	49%	49%	49%	49%
Group interest $	26,188	2,193	384	20,155	-	53	48,973
Goodwill	2,352	2,653	590	29,962	-	-	35,557
Impairment (Refer note 6)	-	-	-	(6,807)	-	-	(6,807)
Carrying amount	**28,540**	**4,846**	**974**	**43,310**	**-**	**53**	**77,723**

(1) Statement of financial position amounts are converted from ZAR to AUD using the spot rate as at the reporting date.
(2) Losses recorded for Ubuntu are nil as the losses exceed the Company's interest and there is no legal or constructive obligation to make payments on the associates and joint ventures behalf.

For personal use only

Notes to the Consolidated Financial Statements

40. Investment in associates and joint ventures (continued)

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

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

(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.

For personal use only

Notes to the Consolidated Financial Statements

40. Investment in associates and joint ventures (continued)

Summarised statement of financial position as at 30 June 2024 for South African operations (1)

	NBC	Berenice	Cygnus	Eloff & NCC	Ubuntu ^	UCD8	Total
	30 June 2024	30 June 2024	30 June 2024	30 June 2024	30 June 2024	30 June 2024	30 June 2024
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Current assets							
Cash and cash equivalents	4,886	-	-	5,983	21	8	10,898
Other current assets	30,872	18	-	34,973	14,825	29	80,717
Total current assets	**35,758**	**18**	**-**	**40,956**	**14,846**	**37**	**91,615**
Non-current assets	**85,607**	**4,365**	**824**	**85,694**	**8,075**	**99**	**184,664**
Current liabilities							
Financial liabilities (excluding trade payables)	674	-	-	2,217	-	-	2,891
Other current liabilities	25,138	135	75	25,234	15,151	30	65,763
Total current liabilities	**25,812**	**135**	**75**	**27,451**	**15,151**	**30**	**68,654**
Non-current liabilities	**-**	-	-	-	-	-	-
Financial liabilities (excluding trade payables)	168	-	-	554	-	-	722
Other non-current liabilities	51,734	-	-	44,387	41,075	-	137,196
Total non-current liabilities	**51,902**	**-**	**-**	**44,941**	**41,075**	**-**	**137,918**
Net assets	**43,651**	**4,248**	**749**	**54,258**	**(33,305)**	**106**	**69,707**
Group interest %	49%	50%	50%	49%	49%	49%	
Group interest $	21,389	2,124	375	26,586	-	52	50,526
Goodwill	2,547	2,874	639	28,425	-	-	34,485
Carrying amount	**23,936**	**4,998**	**1,014**	**55,011**	**-**	**52**	**85,011**

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

For personal use only

Notes to the Consolidated Financial Statements

40. Investment in associates and joint ventures (continued)

Summarised statement of profit or loss and other comprehensive income for the year ended 30 June 2024 for South African operations (1)

	NBC	Berenice	Cygnus	Eloff & NCC	Ubuntu ^	UCD8	Total
	30 June 2024 $ '000	30 June 2024 $ '000	30 June 2024 $ '000	30 June 2024 $ '000	30 June 2024 $ '000	30 June 2024 $ '000	30 June 2024 $ '000
Revenue	224,092	-	-	178,932	193	-	403,217
Cost of goods sold	(173,698)	-	-	(172,248)	(590)	-	(346,536)
Other operating and administrative expense	(19,907)	(14)	(1)	3,234	99	-	(16,589)
Profit before income tax expense	**30,487**	**(14)**	**(1)**	**9,918**	**(298)**	**-**	**40,092**
Depreciation and amortisation expense	(9,078)	-	-	(3,240)	(35)	-	(12,353)
Net finance expenses	(3,679)	-	-	(2,758)	(1,950)	-	(8,387)
Net profit before income tax expense	**17,730**	**(14)**	**(1)**	**3,920**	**(2,283)**	**-**	**19,352**
Income tax expense	(5,815)	-	-	(695)	-	-	(6,510)
Profit after income tax expense	**11,915**	**(14)**	**(1)**	**3,225**	**(2,283)**	**-**	**12,842**
Statutory and underlying result for the year	11,915	(14)	(1)	3,225	(2,283)	-	12,842
Other comprehensive income	-	-	-	-	-	-	-
Statutory total comprehensive income	**11,915**	**(14)**	**(1)**	**3,225**	**(2,283)**	**-**	**12,842**
Group interest %	49%	50%	50%	49%	49%	49%	
Group interest $	5,838	(7)	-	1,580	-	-	7,411
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.

For personal use only

Notes to the Consolidated Financial Statements

41. Deed of cross guarantee

Pursuant to ASIC Corporations Instrument 2016/785 dated 28 September 2016, the wholly owned subsidiaries listed in Note 39 are relieved from the Corporations Act 2001 (Cth) (the **Act**) requirements for the preparation, audit and lodgment of financial reports, and directors' reports.

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

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

For personal use only

Notes to the Consolidated Financial Statements

41. Deed of cross guarantee (continued)

The following consolidated statement of comprehensive income and statement of financial position comprises the Company and its controlled entities which are party to the Deed (**Closed Group**) after eliminating all transactions between the parties to the Deed.

	Closed Group 2025 $ '000	Closed Group 2024 $ '000
Statement of Comprehensive Income		
Revenue	226,671	251,499
Cost of goods sold	(221,679)	(210,052)
Gross profit	**4,992**	**41,447**
Other operating and administration expenses	(23,896)	(11,198)
Foreign exchange gain/(loss)	400	3
Finance income	3,069	3,221
Finance expenses	(6,068)	(3,297)
Depreciation and amortisation expense	(284)	(40)
Impairment of assets	(1,800)	-
Profit / (loss) before taxation	**(23,587)**	**30,136**
Income tax (expense) / benefit	5,241	(8,187)
Profit / (loss) for the year	**(18,346)**	**21,949**

Statement of financial position		
Cash and cash equivalents	12,649	7,955
Trade and other receivables	24,276	31,400
Income tax asset	2,549	-
Inventories	9,482	9,084
Total current assets	**48,956**	**48,439**
Trade and other receivables	34,046	32,016
Investments	-	1,800
Property, plant and equipment	81,892	85,979
Restricted cash	58,191	58,191
Other non-current assets	12,045	12,999
Total non-current assets	**186,174**	**190,985**
Total assets	**235,130**	**239,424**
Liabilities		
Trade and other payables	43,403	27,129
Deferred revenue	18,620	-
Income tax payable	-	38,501
Provisions	6,495	5,206
Lease liabilities	1,933	377
Total current liabilities	**70,451**	**71,213**

For personal use only

Notes to the Consolidated Financial Statements

41. Deed of cross guarantee (continued)

Statement of financial position	2025 $ '000	2024 $ '000
Non-current liabilities		
Deferred tax liability	444	5,441
Provisions	54,202	54,314
Deferred revenue	19,804	-
Lease liabilities	8,316	186
Total non-current liabilities	**82,766**	**59,941**
Total liabilities	**153,217**	**131,154**
Net assets	**81,913**	**108,270**
Issued capital	374,232	374,232
Retained earnings*	(292,319)	(265,962)
Equity	**81,913**	**108,270**

** Accumulated losses include dividend paid of $8.010 million during the year. Amounts have been restated to write off investments in non-operating entities and historical loan receivables that were previously netted off against loans payable. The restatement has no impact on the Group's consolidated financial position or results of operations.*

For personal use only

Consolidated Entity Disclosure Statement

Name of Entity	Type of Entity	Trustee, partner or participant in joint venture	% of share capital held	Country of incorporation	Australian resident	Foreign jurisdiction in which the entity is a resident for tax purposes (in accordance with tax law for foreign jurisdiction
TerraCom Limited	Body Corporate	N/A	100.00%	Australia	Yes	N/A
FTB (QLD) Pty Ltd	Body Corporate	N/A	100.00%	Australia	Yes	N/A
Sierra Coal Pty Ltd	Body Corporate	N/A	100.00%	Australia	Yes	N/A
Orion Mining Pty Ltd (1)	Body Corporate	N/A	100.00%	Australia	Yes	N/A
Clermont Logistics Pty Ltd (1)	Body Corporate	N/A	100.00%	Australia	Yes	N/A
Clyde Park Coal Pty Ltd (2)	Body Corporate	N/A	64.40%	Australia	Yes	N/A
Guildford Infrastructure Pty Ltd	Body Corporate	N/A	100.00%	Australia	Yes	N/A
Terra Mining Services Pty Ltd (1)	Body Corporate	N/A	100.00%	Australia	Yes	N/A
Springsure Mining Pty Ltd (2)	Body Corporate	N/A	90.07%	Australia	Yes	N/A
Springsure Centre of Excellence Pty Ltd (2)	Body Corporate	N/A	90.07%	Australia	Yes	N/A
TCIG Resources Pte Limited	Body Corporate	N/A	100.00%	Singapore	Yes	Singapore
Universal Coal Limited	Body Corporate	N/A	100.00%	United Kingdom	Yes	United Kingdom
Universal Coal and Energy Holdings South Africa (Pty) Ltd	Body Corporate	N/A	100.00%	South Africa	Yes	South Africa
Universal Coal Development I (Pty) Ltd	Body Corporate	N/A	70.50%	South Africa	Yes	South Africa
Universal Coal Development VII (Pty) Ltd	Body Corporate	N/A	50.00%	South Africa	No	South Africa
Epsimax (Pty) Ltd	Body Corporate	N/A	74.00%	South Africa	Yes	South Africa
Bold Moves 1756 (Pty) Ltd	Body Corporate	N/A	74.00%	South Africa	No	South Africa
Universal Coal Logistics (Pty) Ltd	Body Corporate	N/A	49.00%	South Africa	No	South Africa
Universal Coal Power Generation (Pty) Ltd	Body Corporate	N/A	100.00%	South Africa	Yes	South Africa
TerraCom Resources DMCC	Body Corporate	N/A	100.00%	United Arab Emirates	Yes	United Arab Emirates

(1) These subsidiaries entered into a Class Instrument 2016/785 dated 27 June 2023 and related deed of cross guarantee with TerraCom Limited
(2) Percentage of voting power is in proportion to ownership

For personal use only

Consolidated Entity Disclosure Statement (Continued)

Basis of Preparation (for financial years beginning on or after 1 July 2024)
This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the Corporations Act 2001, reflecting the amendments to section 295(3A)(vi) and (vii) which clarify the definition of foreign resident as being an entity that is treated as a resident of a foreign country under the tax laws of that foreign country. These amendments apply for financial years beginning on or after 1 July 2024. The CEDS includes certain information for each entity that was part of the consolidated entity at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determination of Tax Residency
Section 295(3B)(a) of the Corporation Acts 2001 defines Australian resident as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency. Section 295 (3A)(a)(vii) requires the determination of tax residency in a foreign jurisdiction to be based on the law of the foreign jurisdiction relating to foreign income tax.

In determining tax residency, the consolidated entity has applied the following interpretations:
• **Australian tax residency**
The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.
• **Foreign tax residency**
Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in determining tax residency in those foreign jurisdictions and ensure compliance with applicable foreign tax legislation.

For personal use only

Directors' Declaration

In the directors' opinion:

- the attached consolidated financial statements and notes comply with the Corporations Act 2001 (Cth), the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached consolidated financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1.2 to the consolidated financial statements;
- the attached consolidated financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- the information disclosed in the attached consolidated entity disclosure statement is true and correct; and
- at the date of this declaration, there are reasonable grounds to believe the members of the extended closed group identified in Note 41 will be able to meet any liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 41.

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

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

On behalf of the directors



Mark Lochtenberg
Non-Executive Chairman



Danny McCarthy
Managing Director

Date: 30 September 2025
Sydney

For personal use only

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek Street
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

For personal use only

INDEPENDENT AUDITOR'S REPORT

To the members of TerraCom Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of TerraCom Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2025 and of its financial performance for the year ended on that date; and

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

Basis for opinion

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

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

For personal use only

Valuation of rehabilitation provision

Key audit matter	How the matter was addressed in our audit
Refer to Note 23 of the financial report. The Group has recognised a provision for rehabilitation as at 30 June 2025. The provision for rehabilitation relates to: • Rehabilitation and rectification of current historical disturbance at Blair Athol; • Rehabilitation and rectification of remaining historical disturbance at Kangala; and • Rehabilitation and rectification of disturbance at Australian exploration sites. The provision for rehabilitation was a key audit matter due to judgement involved in estimating expected costs and timing to rehabilitate disturbed areas in future periods and the amount is material.	Our procedures, amongst others, included: • Assessing the reasonableness of the methodology and assumptions applied in the rehabilitation calculation, in particular the extent of disturbed areas as at 30 June 2025, verifying the rehabilitation works completed during the year and the expected timing of rehabilitation works; • Checking the mathematical accuracy of the provision calculation and agreeing the underlying inputs used within the rehabilitation calculation to external market data were available; and • Assessing the appropriateness of the disclosures included in the financial statements.

Classification and carrying value of investments accounted for using the equity method

Key audit matter	How the matter was addressed in our audit
Refer to Note 40 of the financial report. The Group holds investments in associates and joint ventures accounted for using the equity method. The classification of each as an associate or joint venture and measurement thereof is a key audit matter due to: • the level of judgement management are required to make in assessing the classification of the investment; • the significance of the closing balance; and • the significance of the share of profits of associates and joint ventures.	Our audit procedures, amongst others, included: • Evaluating management's assessment of whether significant influence or joint control existed; • Agreeing the Group's share of associate and joint venture profits following testing of group risks applicable to the entities and assessing the adequacy of the disclosures; • Reviewing the financial information of the associates and joint ventures, including assessing whether the accounting policies of the entities were consistent with TerraCom Limited; • Evaluating management's assessment of the indicators of loss events for each of the investments in associates and joint ventures;

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

For personal use only

Key audit matter	How the matter was addressed in our audit
This is a key area of audit focus as the value of the investments accounted for using the equity method is material and the evaluation of the recoverable amount of these assets requires significant judgement in determining the key estimates supporting the expected future cash flows of the Cash Generating Units ("CGU's") and the utilisation of the relevant assets.	• Where indicators have been identified by management we have assessed the reasonableness of the managements impairment assessment which utilised the value in use model of the underlying operating assets and the fair value less costs to sell assessment of the undeveloped projects; • Assessing the significant judgements and key estimates used for the impairment assessment, in particular, forecast commodity prices, discount rate and production volumes of the underlying assets within the investment; • Performing sensitivity analysis by varying significant judgements and key estimates, including the forecast commodity prices, discount rate and production volumes of the underlying assets within the investment; • In conjunction with our internal specialists, assessed the discount rates and future commodity prices against comparable market information for reasonableness; and • Assessing the adequacy of the Group's disclosures in respect of impairment testing of the investment in associates and joint ventures.

Going Concern

Key audit matter	How the matter was addressed in our audit
Refer to Note 1.2 of the financial report. The financial statements have been prepared on the going concern basis, which contemplates that the Group will continue to meet its commitments and can therefore continue normal business activities and realise assets and settle liabilities in the ordinary course of business. As the Group has a net current asset deficiency and generated a loss after tax, there is significant judgement involved in determining whether the going concern basis adopted is appropriate and is critical to the understanding of the financial statements as a whole. As a result, this matter was considered key to our audit.	Our procedures, amongst others, included: • Assessing the cash flow forecasts provided by management and challenging the assumptions therein to determine whether there is consistency with management's intention and stated business and operational objectives; • Checking the mathematical accuracy of the cash flow forecasts; and • Performing sensitivity analysis, on the cash flow forecast provided to determine if the Group has sufficient funds to continue as a going concern for the next 12 months.

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

For personal use only

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2025, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the Financial Report

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

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

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

This description forms part of our auditor's report.

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

Report on the Remuneration Report

Opinion on the Remuneration Report

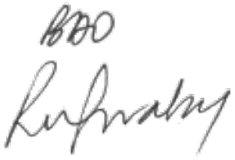
We have audited the Remuneration Report included in pages 49 to 60 of the directors' report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of TerraCom Limited, for the year ended 30 June 2025, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

BDO Audit Pty Ltd



R M Swaby
Director

Brisbane, 30 September 2025

For personal use only

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

ADDITIONAL SHAREHOLDER INFORMATION FOR LISTED PUBLIC COMPANIES

as at 28 October 2025

For personal use only

Distribution of Shareholders

Range	Securities	%	No. of shareholders	%
100,001 and Over	712,556,554	88.96	705	11.87
10,001 to 100,000	77,797,201	9.71	2,095	35.28
5,001 to 10,000	6,426,409	0.80	812	13.67
1,001 to 5,000	3,746,626	0.47	1,379	23.22
1 to 1,000	439,445	0.06	947	15.95
Total	**800,966,235**	**100**	**5,938**	**100**

20 Largest Shareholders

Rank	Name	Shares held (as at 28 October 2025)	% of Issued Capital
1	UBS NOMINEES PTY LTD	96,379,658	12.03
2	BONYTHON COAL NO 1 PTY LTD	78,819,723	9.84
3	CITICORP NOMINEES PTY LIMITED	65,864,747	8.22
4	MR FREDERICK BART	33,530,077	4.19
5	BNP PARIBAS NOMINEES PTY LTD	30,244,263	3.78
6	BUTTONWOOD NOMINEES PTY LTD	17,280,900	2.16
7	BART SUPERANNUATION PTY LTD	11,800,000	1.47
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <A/C 2>	10,721,829	1.34
9	7 FOURTH WEST DEVELOPMENT PTY LTD	10,000,000	1.25
10	MR JASON XIE	8,808,632	1.1
11	BNP PARIBAS NOMINEES PTY LTD <CLEARSTREAM>	7,565,329	0.94
12	FULL J PTY LTD	7,400,000	0.92
13	BNP PARIBAS NOMS PTY LTD	7,235,044	0.9
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,157,120	0.77
15	MR NYAN WIN & MRS AYE AYE KYAW	5,771,063	0.72
16	MR DANIEL RIGBY JAUNCEY	5,615,659	0.7
17	WARBONT NOMINEES PTY LTD	5,038,560	0.63
18	COMMUNICATIONS POWER INCORPORATED (AUST) PTY LTD	4,900,000	0.61
19	MR SCOTT DAVID ALLEN	4,500,000	0.56
20	MR BRENT MICHEAL FLETCHER & MRS JODIE MAREE FLETCHER	4,000,000	0.5
	TOTAL	**421,632,604**	**52.63**

Substantial Shareholders

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

Name	Shares Held	% of issued capital
Bonython Coal No 1 Pty Ltd	78,819,723	9.84%
Regal Funds Management Pty Ltd	76,536,453	9.56%
Thorney Investments	57,857,806	7.22%

Unmarketable Parcels

The number of investors holding less than a marketable parcel of Shares (being 6,250 Shares based on the last traded price of $0.08 per Share) is 2,532. As at 28 October 2025, these investors hold a total of 5,374,479 Shares.

Other Equity Securities

The Company's only class of equity securities on issue are Shares.

Listing Venues

The Company is not admitted to the official list of any listing venue other than ASX.

Voting Rights

All Shares carry voting rights on a one-for-one basis.

Buy-Backs

There is no current on-market buy-back of Shares.



For personal use only