PETRA CAPITAL

21 August 2026

Terra Metals Limited (TM1) BUY Share Price: A$0.24

Southwest continues to grow Target Price: A$0.65

TM1 has reported more drilling results from the Southwest prospect (SW), which is emerging as a large-scale PGE-Ni-Cu discovery in the West Musgrave region of WA. We note key highlights (i) SW strike length extended to 1,100m (from 900m) and remains open (ii) mineralisation extends to surface (iii) several narrower high grade zones appear to be continuous over a significant extent (iv) approvals received to expand the current drilling program to cover a larger area (v) gold-cobalt mineralisation identified at southern end of system (vi) 52,000m drilled so far, with 30,000m assays pending. SW is shaping up as a very large PGE-Ni-Cu deposit, with the current footprint (which remains open) suggesting over 1Bt is possible. We maintain the BUY and $0.65/sh price target, noting this is primarily based on the 148Mt Dante Reefs resource, with SW to be factored in following the maiden resource by year end.

Drilling keeps expanding mineralisation at SW

- Drilling has extended the northern end of SW a further 150m to 1,100m, albeit hole SWDD017 returned a modest result in an area which featured several late-stage intrusive dykes (Fig 1). We await results of further holes in this area, especially to the north, to better understand this northern margin of the system
- SWRD083 has intersected 73m at 0.7g/t PGE3, 0.13% Ni & 0.12% Cu from 12m, indicating mineralisation extends to surface on the eastern edge (Fig.2). We note the need to understand any mineralogical/metallurgical variation within what appears to be a shallow oxide/transitional profile at SW.
- Current drilled dimensions of SW are 1,100m strike, 150m up to 500m true width, 750m down-dip; from this we can see a pathway toward a 1Bt resource

Higher grade zones hanging together

- Systematic drilling along the northern section is demonstrating the narrower, higher-grade zones of mineralisation appear continuous. These include 15m at 2.2g/t PGE3, 0.22% Ni, 0.13% Cu and 12m at 2.2g/t PGE3, 0.17% Ni, 0.14% Cu (Fig. 2 & 3)
- The potential for selective mining of high grade zones could assist the economics of an early development

Larger area approved for drilling

- Approvals received for drilling to expand into a larger area, with a grid-based drill out expected to commence in the coming month; maiden Resource at year-end

Key Dates Ahead

- Ongoing – SW drill results every 2 weeks
- End CY26 – maiden resource for SW

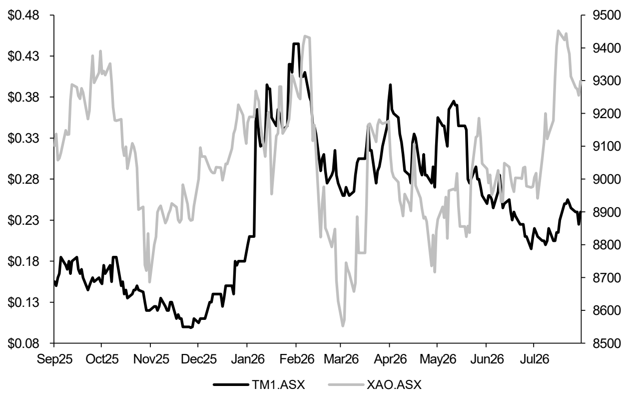
Company Data

Shares – ordinary (M)	1030.9
Market capitalisation ($M)	247
12 month low/high ($)	0.08/ 0.47
Average monthly turnover ($M)	7.6
GICS Industry	Metals & Mining

Financial Summary (fully diluted/normalised)

Year end June	2029F	2030F	2031F	2032F	2033F
Revenue ($M)	0.0	0.0	0.0	195.8	391.6
Costs ($M)	-8.5	-8.5	-8.5	-133.7	-247.9
EBITDA ($M)	-8.5	-8.5	-8.5	62.1	143.6
NPAT ($M)	-8.2	-7.8	-8.1	25.1	78.1
EPS (¢ps)	-0.6	-0.6	-0.6	1.9	6.1
PER (x)	-37.5	-39.6	-38.3	12.3	3.9
Op. Cashflow ($M)	-10.7	-10.3	-10.6	30.3	91.2
OCFPS (¢ps)	-0.8	-0.8	-0.8	2.4	7.1
POCFPS (x)	-28.8	-30.0	-29.2	10.2	3.4
Enterprise Value ($M)	107.6	238.9	385.4	401.1	321.9
EV / EBITDA (x)	-12.7	-28.2	-45.4	6.5	2.2
Payout Ratio (%)	0.0	0.0	0.0	0.0	0.0
Dividends (¢ps)	0.0	0.0	0.0	0.0	0.0
Yield (%)	0.0	0.0	0.0	0.0	0.0
Franking (%)	0.0	0.0	0.0	0.0	0.0

TM1 – performance over one year



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This report must be read with the disclosure and disclaimer on the final page of this document. Petra Capital was sole lead manager and bookrunner for this company's placements to raise up to $15m via 2 tranches at A$0.07/sh on 26 August 2025 and $85m via 2 tranches at A$0.37 on 25 February 2026, for which fees have been received.

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Analysis

Terra Metals Mining Ltd (TM1)

20-Aug-26
Values are in A$ millions unless indicated otherwise
Assuming 2Mtpa plant at Dante Reefs for A$300m capex.
Producing a) CuAuPtPd con, b) Vanadium con, and c) Ilmenite con.
Year End June

Income Statement	2029F	2030F	2031F	2032F	2033F
Operations Revenue	**0**	**0**	**0**	**196**	**392**
Operating Costs	0	0	0	-125	-239
Corporate & Admin	-6	-6	-6	-6	-6
Exploration & Other	-3	-3	-3	-3	-3
EBITDA	**-8**	**-8**	**-8**	**62**	**144**
D&A	0	0	0	-8	-16
EBIT	**-8**	**-8**	**-8**	**54**	**128**
Net Interest	0	1	0	-19	-16
Underlying PBT	-8	-8	-8	36	112
Underlying NPAT	**-6**	**-5**	**-6**	**25**	**78**
Impairments/Abnormals	0	0	0	0	0
PBT	**-8**	**-8**	**-8**	**36**	**112**
Tax	0	0	0	11	33
NPAT	**-8**	**-8**	**-8**	**25**	**78**
Basic EPS (cps)	-0.6	-0.6	-0.6	1.9	6.1
YE Shares in Issue (m)	1,285	1,285	1,285	1,285	1,285
Sales Growth					100%
Underlying NPAT Growth			3%	-545%	212%
EPS Growth			-3%	545%	212%
EBITDA Margin				32%	37%

Cash Flow Statement	2029F	2030F	2031F	2032F	2033F
Receipts from Operations	0	0	0	196	392
Operating Costs	-6	-6	-6	-131	-245
Net Interest	0	1	0	-19	-16
Exploration	-5	-5	-5	-5	-5
Tax Paid	0	0	0	-11	-33
Operating Cash Flow	**-11**	**-10**	**-11**	**30**	**91**
Capital Expenditure	0	-121	-136	-46	-12
Acquisitions	0	0	0	0	0
Gov FCI	0	0	0	0	0
Investing Cash Flow	**0**	**-121**	**-136**	**-46**	**-12**
Free Cash Flow	**-11**	**-131**	**-147**	**-16**	**79**
Change in Debt	0	78	96	13	-21
Change in Equity*	100	0	0	0	0
Dividends Paid	0	0	0	0	0
Financing Cash Flow	**100**	**78**	**96**	**13**	**-21**
Change in Cash	**89**	**-53**	**-51**	**-2**	**59**

Balance Sheet	2029F	2030F	2031F	2032F	2033F
Cash & Equivalants	139	86	35	33	91
Trade Receivables	0	0	0	29	59
Inventories, Other	0	0	0	16	31
Current Assets	**139**	**86**	**35**	**78**	**181**
PPE	0	121	257	295	292
Other Non-Current	27	29	32	44	57
Non-Current Assets	**27**	**151**	**289**	**340**	**348**
Total Assets	**166**	**237**	**324**	**417**	**529**
Trade Payables	1	1	1	20	37
Current Debt	0	8	17	19	17
Provisions, Other	1	1	1	1	1
Current Liabilities	**2**	**10**	**19**	**40**	**55**
Long Term Debt	0	70	156	168	149
Other	2	2	2	38	75
Non-Current Liabilities	**2**	**72**	**158**	**206**	**225**
Total Liabilities	**4**	**82**	**177**	**245**	**279**
Net Assets	**163**	**155**	**147**	**172**	**250**
Contributed Equity	353	353	353	353	353
Retained Earnings	-192	-199	-207	-182	-104

Share Price	($/sh)	0.240	
Shares on Issue (m)	(#m)	1,029	
Market Capitalization	**($m)**	**247**	
Options, Perfs, Other	(#m)	114	31m TM1AAE @7c, 16-Jun-27
Fully Diluted*	(#m)	1,285	* Assumes $100m Equity at $0.7

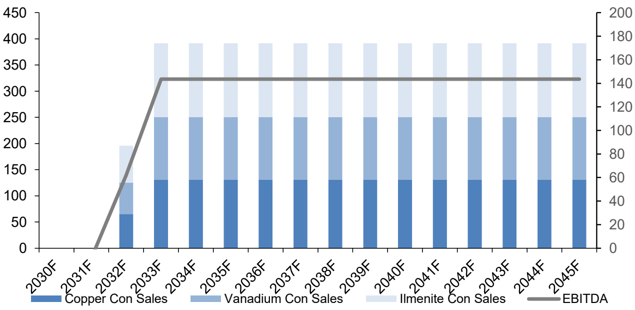
Ratio Analysis	2029F	2030F	2031F	2032F	2033F
PE	-37.5x	-39.6x	-38.3x	12.3x	3.9x
PEG	-1.0x	-7.3x	11.2x	0.0x	0.0x
EV/EBITDA	-12.7x	-28.2x	-45.4x	6.5x	2.2x
EV/EBIT	-12.7x	-28.2x	-45.4x	7.4x	2.5x
Dividend (cps)	0.0	0.0	0.0	0.0	0.0
Div Yield	0%	0%	0%	0%	0%
Franking	0%	0%	0%	0%	0%
Payout Ratio	0%	0%	0%	0%	0%
ROCE	-5%	-4%	-3%	14%	27%
ROE	-4%	-4%	-4%	15%	31%
ROA	-3%	-2%	-2%	6%	15%
Gearing (D/E)	0%	50%	118%	109%	66%
ND/EBITDA	16.4x	0.9x	-16.3x	2.5x	0.5x
EBITDA Interest Cover				3.4x	8.7x

Resources/Reserves	Mt	Grade	Total (Mt)		Mineral
Dante Reefs Resources	148	1.4%	2.0		CuEq
Dante Reefs Reserves	**0**	**0.0%**	**0.0**		**CuEq**
Contained Metal (Au,Pt,Pd)		400	880	330	koz
Contained Metal (Cu,V205,TiO2)		270	800	22,000	kt
Dante SW Resources	0	0.0%	0.0		PdEq

Assumptions (US$/t)	2029F	2030F	2031F	2032F	2033F
Currency AUD/USD	0.690	0.690	0.690	0.690	0.690
Copper	12,456	12,236	12,125	12,125	12,125
Vanadium	9,000	9,000	9,000	9,000	9,000
Titanium	250	250	250	250	250
Avg Realised Price	**269**	**269**	**269**	**269**	**269**
(Avg on Total Con. Basis)					

Operations, Sales	2029F	2030F	2031F	2032F	2033F
(ktpa, concentrate basis)					
Copper Con Sales	0	0	0	7	15
Vanadium Con Sales	0	0	0	256	511
Ilmenite Con Sales	0	0	0	240	480
Total Sales	**0**	**0**	**0**	**503**	**1,006**
AISC, Total Con. Basis (US$/t)				173	172

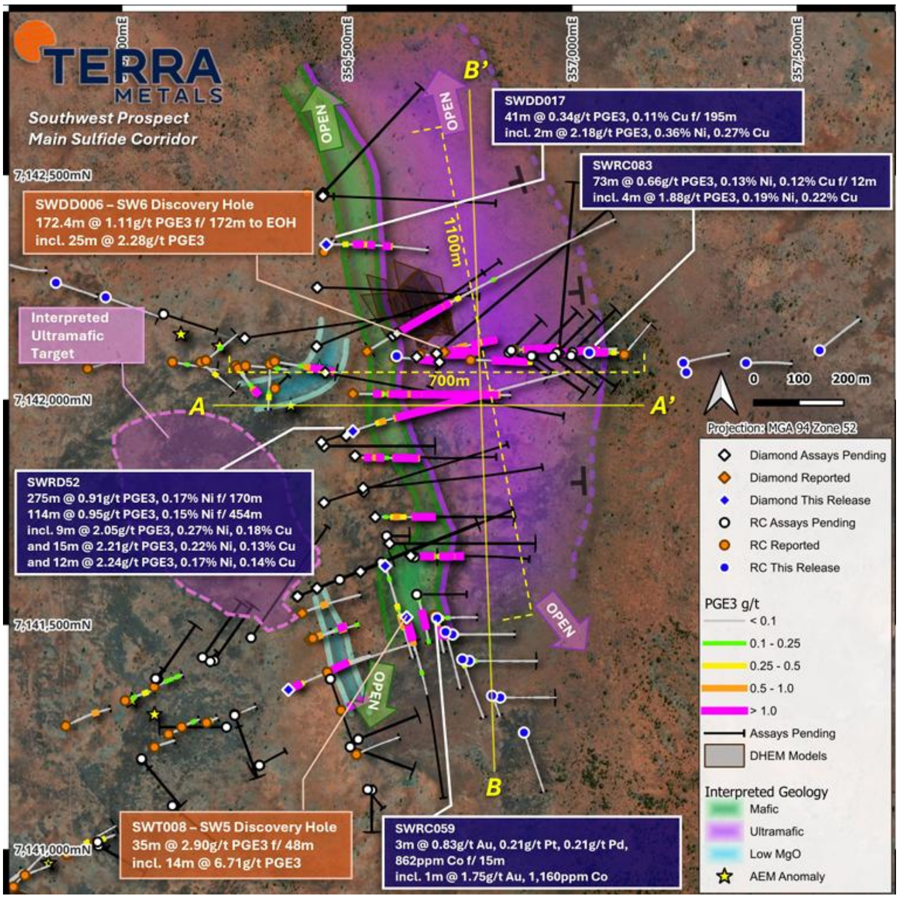
Revenue by Product (lhs) and EBITDA (rhs) (Attributable, $m)



Valuation +1yr	Method	A$m	A$/Sh (diluted)
Dante Mine	NPV10	407	0.32
Resources	Mult.	386	0.30
Unpaid Capital	A/C	7	0.01
Corporate Costs	NPV10	(50)	(0.04)
Net Cash (Debt)	A/C	79	0.06
SOTP Valuation		**833**	**0.65**

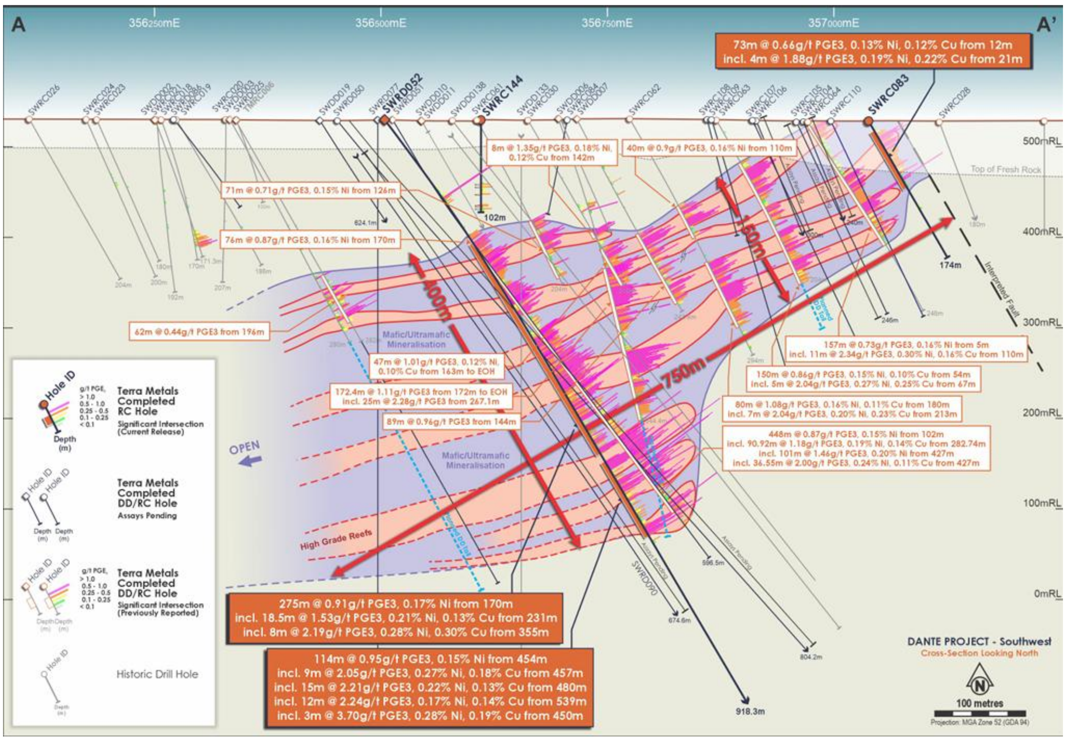
Source: Petra Capital

Figure 1: Plan view of SW including new drill hole results and geological interpretation



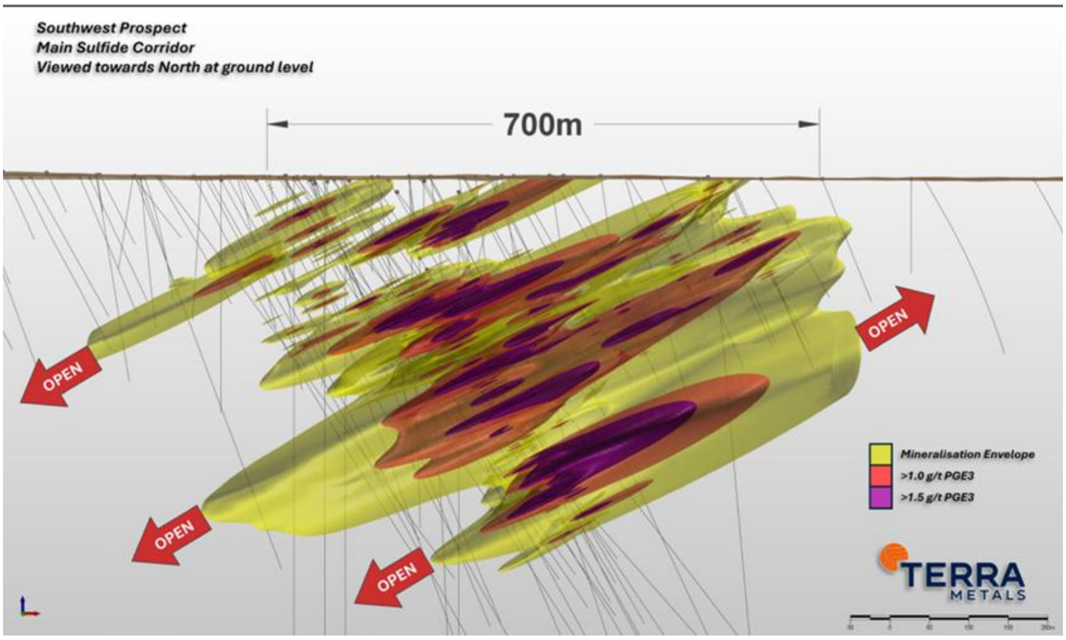
Source: Company reports

Figure 2: Cross section though Southwest



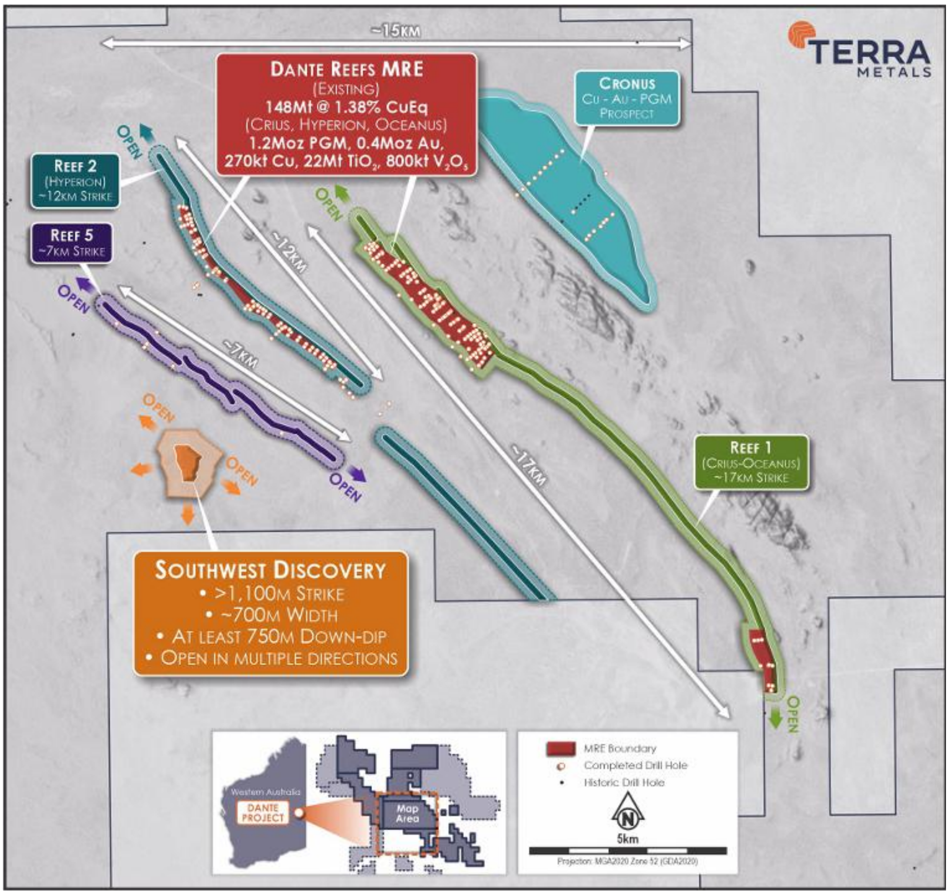
Source: Company reports

Figure 3: Southwest mineralised envelope as define by drilling, including grade contours



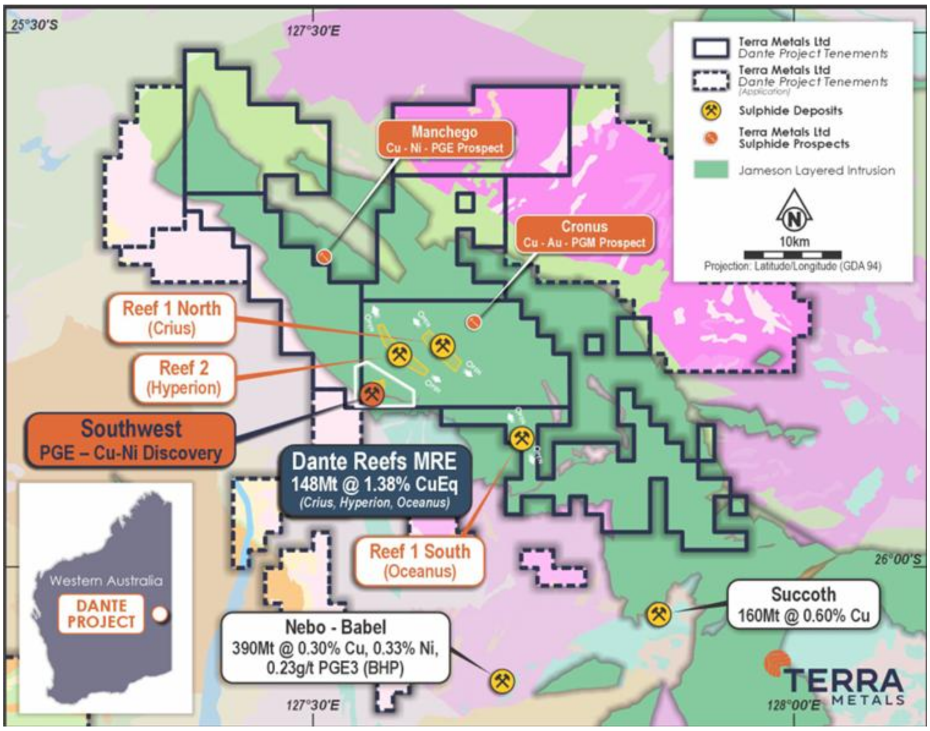
Source: Company reports

Figure 4: Resource areas at Dante and location of Southwest



Source: Company reports

Figure 5: Location of Dante Project tenements and key prospect areas



Source: Company reports

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