EMERGING COMPANY REPORT

SANDSTONE INSIGHTS EUROZ HARTLEYS

INITIATION OF COVERAGE

Building a world leading PGM asset

TM1

Terra Metals Ltd

CLASSIFICATION 02 JUL 2026

Pre-Revenue

NEED TO KNOW:

- The Southwest discovery positions TM1 as a leading exploration opportunity.
- Southwest is a high-grade PGM prospect resembling South Africa's Bushveld Complex.
- A$88m cash funds an aggressive drilling and resource growth program.

A globally significant polymetallic discovery: TM1's Southwest discovery at the Dante Project ranks as one of the most exciting polymetallic finds globally, drawing direct comparison to South Africa's prolific Bushveld Complex. It introduces a high-grade, near-surface system that complements the company's large existing reefs resource and is unusually shallow and open-pit friendly for this type of deposit.

A balance sheet enabling growth: TM1 is strongly capitalised following its recent placement, which funds an aggressive, multi-faceted development program. This covers expansion and resource drilling, resource estimation, metallurgical testwork, and the start of studies across both Southwest and the existing reefs.

A dense near-term catalyst profile: A steady flow of news lies ahead, including a large drilling program now underway and a series of resource updates. These milestones are expected to mark the company's transition from a discovery story towards a development story.

INVESTMENT VIEW

Diversified exposure to critical minerals: TM1 offers unique, multi-commodity exposure to critical energy and industrial metals at a time of tightening global supply. The polymetallic nature of the project acts as a natural hedge against weakness in any single commodity.

District-scale upside in Tier-1 jurisdiction: The broader Dante Project is a rapidly growing opportunity in a well understood geological setting within a Tier-1 mining jurisdiction. The scale of untested ground gives the company substantial exploration upside still to be revealed.

Strong team and balance sheet: A strong balance sheet, a leading technical team, and district-scale potential combine to position TM1 to transition towards becoming a significant producer. Ongoing updates through the year are expected to continue drawing out the value on offer.

RISKS TO INVESTMENT VIEW

Key risks to the company include exploration and resource definition risk as drilling remains at an early stage, metallurgical and processing risk particularly at Southwest where testwork is yet to be completed, movements across its basket of commodity prices, permitting, heritage, environmental and

Stock Overview

ASX code	TM1
Price at Review (02 Jul 2026)	$0.27
GICS Sector	Materials
Market Cap (AUD$m)	$273m

Source: LSEG

Financial Forecast

Year JUN A$M	2024	2025	2026E	2027E	2028E
Revenue	0	0	0	0	0
EBIT	-5	-6	-22	-24	-24
Pre-tax Profit	-5	-6	-20	-21	-21
Net Profit	-5	-6	-20	-21	-21
EPS (cps)	-	-0.01	-0.01	-0.02	-0.02
PE (x)	-	-459.1	-1876.9	-1210.5	-1313.4
DPS (cps)	-	0	0	0	0
Dividend Yield (%)	-	-	-	-	-

Source: LSEG, MST Financial

Share Price

Source: LSEG, Sandstone Insights. Index rebased into share price terms

Company Description

Terra Metals Limited is an Australia-based company. The Company is advancing its 100%-owned Dante polymetallic project (Dante Project), located in Western Australia, targeting a unique, multi-commodity system rich in platinum, palladium, copper, gold, titanium and vanadium. The Dante Project is located in the West Musgrave region of Western Australia and contains magmatic copper (Cu), gold (Au), platinum group metals (PGMs), titanium (Ti) and vanadium (V) discoveries in the same geological complex and in close proximity to one of the mining development projects, BHP's Nebo-Babel deposit. Its Giles Complex is hosted within the broader Musgrave block in central Australia which is located at the junction of three major crustal elements: the West Australian, North Australian, and South Australian cratons. The Onslow silver-copper-gold (Ag-Cu-Au) project (Onslow Project) covers over 303 square kilometers and comprises over two tenements considered prospective for silver, gold and copper.

development timeline uncertainty, and the larger scale funding that will ultimately be required to develop the project.

VALUATION

The valuation of TM1 is set at A$1.05 per share and has been derived from EV/oz metrics using PGM peer group comps. The multiple is applied to the existing reefs resource and to an estimate of mineralisation at Southwest. Our estimates are conservatives, however given the status as a premium exploration asset we have applied a 25% premium to the peer group multiple average.

CATALYSTS

2026: Phase 4 Southwest drilling results

2026: Southwest geophysics

H2 2026: Maiden Southwest Resource

Mid-2026: Updated Dante Reefs Resource

Emerging Companies Equities Research Methodology.

Sandstone Insights Emerging Companies Research provides equity research coverage on companies outside the S&P/ASX 300 index. Our analysts, most with over 15 years of institutional equity research experience, have provided their views, opinions, and valuation estimates for each company. In addition, we provide a summary financial forecasts for each company under coverage.

CLASSIFICATION METHODOLOGY

Our Classification Methodology relies on a blend of historical financials and our forward estimates/and projections. Financial estimates are subject to change, which may impact a Company's Classification. Estimates of future performance are based on assumptions that may not be realised. Past performance is not indicative of future performance.

Each company is classified into four primary classifications, according to where they are in their life cycle, as measured by the both the proximity to earnings, and the strength of earnings:

Pre-Revenue	The Company is not currently generating any sales revenue and is not forecast to generate sales revenue over the next 12 months. The Company is therefore reliant on cash reserves and or external capital over the short-medium term.
Pre-Profit	The revenue base has been established but is not at a sufficient level to generate positive measures of profit (Earnings Before Interest Tax Depreciation and Amortisation (EBITDA), Profit Before Tax (PBT), Net Profit After Tax (NPAT), and or positive operating cash flow). The Company is likely to continue to be reliant on cash reserves and or external capital over the next 12 months.
Profitable	The Company is generating profits (EBITDA, PBT, NPAT, and or positive operating cash flow) reducing or eliminating the need for reliance on cash reserves and or external capital. The Company is forecast to continue to be profitable over the medium term.
Dividend Capacity	The level of profitability is sufficient to allow the Company to pay ongoing dividends to shareholders from operating earnings (or undertake other forms of capital management). The Company is expected to be able to continue to pay dividends over the medium term.

SANDSTONE INSIGHTS VALUATION

For each Company under Sandstone Insights Emerging Companies Coverage, a Valuation estimate is provided. The Valuation is our estimate of what the Company's shares could be worth under our base case scenario for the Company, discounted back to the publication date of this report.

The base case scenario includes a risk-weighted assessment of each company's ability to achieve its strategic plans over the short to medium term, whilst considering the Company's ability to fund its strategic plans.

A range of valuation techniques is used which can include Discounted Cash Flow (DCF), Sum Of The Parts (SOTP), Net Asset Backing, multiple-based valuation techniques (examples include Price to Sales, Price to earnings), and comparable company-based valuation. For Companies without any revenue, an assessment of future market penetration and cash-flow generation are considered. Industry-specific valuations are also used (examples include EV/Resources, EV/Reserves, and EV/2P Reserves).

Company valuations are subject to change depending on; a) the success or otherwise of the Company's ability to execute its strategic plans; b) external market factors, including interest rates, investor sentiment, prevailing growth rates valuations of peer group Companies.

Many companies under Sandstone Insights Emerging Companies Coverage are still building out their businesses. Therefore, both the range and variability of outcomes are much wider than in larger, more mature companies.

Sandstone Insights Valuation estimates are not static and may be updated as information and or view changes.

Sandstone Insights' recommendations are of a general nature only and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.