TerraCom Limited
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ASX ANNOUNCEMENT

TERRACOM

1 October 2021

RELEASE OF AUDITED FINANCIAL STATEMENTS

TerraCom Limited (ASX:TER) (**TerraCom** or **Company**), an emerging resources company with a large portfolio of operating assets in Australia and South Africa, released its Appendix 4E and Preliminary Financial Report for the year ended 30 June 2021 (**Preliminary Report**) on 31 August 2021.

The Company was transparent to shareholders that the audit was ongoing, stating within its Appendix 4E (as contained in Item 7) that the *"The Preliminary Financial report is based on statutory financial statements that are in the process of being audited…"*.

At the time of lodgment of the Preliminary Report the Company's expectation was that it would complete and lodge its audited annual accounts within the standard timeframe of 3 months after the end of the financial year (being by 30 September 2021). However, since lodgement of the Preliminary Report, the Company has suffered significant COVID related delays and as a result was not in a position to lodge the annual report by 30 September 2021, being one month prior to the disclosure deadline contemplated by the ASIC Corporations (Amendment) Instrument 2021/315 (**Amended ASIC Relief**). The ASX Class Waiver Decision – Extended Reporting and Lodgement Deadlines (**ASX Class Waiver**) was issued on 3 May 2021 following the issuance by ASIC of the Amended ASIC Relief.

The Company contacted the ASX earlier in the week to seek confirmation that it was able to obtain the Amended ASIC Relief. Unfortunately, the ASX advised that because the Company did not stipulate in its announcement on 31 August 2021 that it intended to rely on the Amended ASIC Relief, such relief was not ordinarily available to the Company. The effect of this requirement by the ASX is that the additional time offered by the Amended ASIC Relief is available to entities which suffer COVID related delays prior to 31 August 2021 but not available to entities which suffer such delays between 31 August 2021 and 30 September 2021. This distinction is inconsistent with the Amended ASIC Relief, which specifically applies to the whole period up to 30 September 2021.

Given the above, the Company lodged a case specific waiver request to allow the Company to have the benefit of the additional time offered by the Amended ASIC Relief. This would remedy the unfair effect on the Company of the ASX's requirement that an announcement be made prior to 31 August 2021. The case specific waiver request was rejected by the ASX. The effect of this rejection by the ASX is that the Company's securities will be suspended from trade effective 1 October 2021 for nonlodgement of the audited annual report, which is 30 days prior to the time allowed under the Amended ASIC Relief.

The Company is extremely disappointed with the decision by the ASX. It believes that the position taken is unreasonable and in effect inappropriately restricts the application of the Amended ASIC Relief in circumstances it was clearly intended to cover to the prejudice of the Company and its shareholders. A copy of the Company's case specific waiver submitted to the ASX is provided as **Annexure A.** The waiver clearly outlines the exceptional circumstances which have impacted the Company's ability to complete the audit in time for lodgment by 30 September 2021.

All efforts are being made to release the audited annual accounts as soon as practicable.

This announcement has been approved by the Board for release.

For further information please contact:

Craig Ransley
Executive Chairman
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Danny McCarthy
Managing Director
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About TerraCom Limited

TerraCom Limited (ASX: TER) is an emerging company originating as a resource explorer with a large portfolio of operating assets in Australia and South Africa. We are currently enacting a growth strategy towards delivering a Mid-Tier diversified operating and trading business and have global focus on the development of a high yielding diversified asset portfolio for its investors. To learn more about TerraCom visit terracomresources.com.

Annexure A

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29 September 2021

Adrian Smythe
Manager, Listings Compliance
20 Bridge Street
Sydney NSW 2000

Dear Mr Smythe,

TerraCom Limited (ASX : TER) – Request for Waiver

Background

TerraCom Limited (**TerraCom** or the **Company**) requests a waiver of Listing Rule 4.5.1 to enable it to use the relief offered by the ASIC Corporations (Amendment) Instrument 2021/315 (**Amended ASIC Relief**). The waiver sought would allow the Company to provide the documents required by the ASX under section 319 of the *Corporations Act 2001 (Cth)* to it within 4 months after the end of the financial year (or an earlier date agreed between us – we would propose close of trading on 11 October 2021).

The ASX Class Waiver Decision – Extended Reporting and Lodgment Deadlines (**ASX Class Waiver**) was issued on 3 May 2021 following the issuance by ASIC of the Amended ASIC Relief.

The Company adhered to Condition 2.1 of the ASX Class Waiver, lodging its Appendix 4E and Preliminary Financial Report for the year ended 30 June 2021 (**Preliminary Report**) with the ASX on 31 August 2021.

At the time of lodgement of the Preliminary Report the Company's expectation, consistent with commentary from the ASX urging listed entities to endeavour to meet the normal deadlines, was that it would complete and lodge its audited annual accounts within the standard timeframe of 3 months after the end of the financial year (ie by 30 September 2021). At that time the Company had no reason to state (and therefore did not state) that it was expecting to rely on the Amended ASIC Relief to extend the lodgement date of its audited annual accounts.

As a result, the Company has not expressly satisfied Condition 2.3 of the ASX Class Waiver. The Company was transparent to shareholders that the audit was ongoing, stating within its Appendix 4E (as contained in Item 7) that the *"The Preliminary Financial report is based on statutory financial statements that are in the process of being audited…"* but had no reason or basis to make a statement that would expressly satisfy Condition 2.3.

Basis for waiver

The ASX issued the Class Waiver following the issue of the Amended ASIC Relief and in order to facilitate the relief granted by ASIC with the Amended ASIC Relief. That relief was to provide a listed entity with flexibility in delivering its audited annual accounts where it has been impacted by COVID, noting that impacts from COVID cannot always be foreseeable or forecastable.

In its commentary on the Background to the Class Waiver, the ASX notes the following requirement set out by ASIC with respect to the Amended ASIC Relief:

> *A listed entity seeking to rely on the extended lodgement deadline provided for in the Amended ASIC Relief must disclose to the financial market on which it is listed that it is relying on the Amended ASIC Relief. The listed entity must make this disclosure before the normal lodgement deadline to ensure the market is kept informed.*

This paragraph has two specific requirements:

1. a listed entity seeking to rely on the extended lodgement deadline must disclose that it is relying on the Amended ASIC Relief; and
2. the listed entity must make this disclosure before the normal lodgement deadline to ensure the market is kept informed.

However, the Conditions of the ASX Class Waiver requires disclosure at the time of lodgement of the Preliminary Financial Report that it intends to rely on the Amended ASIC Relief. That is one month prior to the disclosure deadline contemplated by the Amended ASIC Relief.

The effect is that the ASX Class Waiver seems to prevent an entity which has suffered COVID related delays between lodgement of its Preliminary Report and the normal lodgement deadline from obtaining the benefit of the Amended ASIC Relief – this seems unlikely to have been the intention of either ASIC or the ASX at the time these instruments were issued.

The only way TerraCom could get the benefit of the Amended ASIC Relief in these circumstances would be to have issued a statement at the time it lodged its Preliminary Report that would satisfy Condition 2.3 'just in case', even though it had no basis for notifying its shareholders that lodgement of its audited accounts may be delayed, nor any wish to do so. This seems an unfair outcome for our shareholders, and it is unlikely that ASX would want to encourage that kind of disclosure.

Covid events

A number of events brought about by COVID since lodgement of the Preliminary Report have impacted the completion of the audit process, particularly in South Africa where COVID impacts remain severe and unpredictable:

I. Executive Chairman (Mr Craig Ransley) contracted COVID and was away from work for considerable time;

II. Chief Financial Officer (Ms Celeste van Tonder) contracted COVID and was away from work for considerable time and in self-isolation for 14 days;

III. in addition to Celeste, a number of our other South African head office management contracted COVID, meaning they were unable to work for varying periods and in self-isolation for 14 days;

IV. the Finance and Commercial Manager at one of our major operations in South Africa contracted COVID and tragically passed away. As well as requiring new personnel to fill his role this resulted in self-isolation for 14 days of a number of personnel from this mine site and our South African head office;

V. Managing Director (Mr Daniel McCarthy) was en route back to Australia from South Africa over part of the period. International travel disruptions and quarantine rules meant it took Mr McCarthy 28 days to return home.

Each event identified above would have been manageable in isolation, but the cumulative effect of them all has meant delays to the audit process which were not expected or reasonably foreseeable when the Preliminary Report was lodged on 31 August 2021.

Conclusion

Exceptional circumstances as a result of COVID which have occurred since lodgement of the Preliminary Report have directly impacted the Company. As a result of the matters raised, the Company requests the ASX grant a case specific waiver which enables the

Company to take advantage of the relief offered by the Amended ASIC Relief provided the Company issues an ASX announcement no later than 30 September 2021 and outlines the proposed position with respect to completion of the annual accounts (refer 'Proposed Form of ASX Announcement' provided in **Appendix A**).

The specific waiver would, in effect, waive the requirement of Condition 2.3 to the ASX Class Waiver given that:

1. at the time of lodgement of the Preliminary Report the Company had no basis for stating an intention to avail itself of the extra time provided for lodgement of the audited accounts by the Amended ASIC Relief and, acting properly, did not do so; but
2. the exceptional circumstances in which the Company now finds itself are directly as a result of COVID related events and very much within the ambit and intention of the Amended ASIC Relief.

In the past the ASX has considered these exceptional circumstances diligently. One such application is Helloworld Travel Limited (ASX: HLO) which was granted a similar case specific waiver as a result of "*complexity caused by the current two-month COVID lockdown in Melbourne*". It is the view of the Company that the exceptional circumstances raised by TerraCom far outweigh the circumstance raised by HLO.

The Company welcomes a further discussion with the ASX on this matter so please contact Company Secretary, Megan Etcell, to coordinate a suitable time.

Regards,

Craig Ransley
Executive Chairman

Matthew Hunter
Chairman Audit Committee,
Non-Executive Director

Appendix A – Proposed Form of ASX Announcement

Assuming the ASX grant the waiver requested by the Company, the Company would promptly release an ASX Announcement (proposed to be released no later than 30 September 2021) as follows:

*TerraCom Limited (ASX:TER) (**TerraCom** or **Company**), an emerging resources company with a large portfolio of operating assets in Australia and South Africa, advises shareholders of the following update with respect to its FY2021 Audited Financial Report.*

The Company released its Preliminary Report on 31 August 2021. Within Item 7 of the Appendix 4E the Company included the audit update as follows: "The Preliminary Financial report is based on statutory financial statements that are in the process of being audited…".

In addition to the statement included, the Company should have added, and apologises for failing to do so, the following technical information:

*The delayed reporting of audited financials is permitted pursuant to the ASX Class Waiver Decision – Extended Reporting and Lodgement Deadlines dated 2 May 2021 (**ASX Class Waiver**) and is made in reliance to the ASIC Corporations (Amendment) Instrument 2021/315 (**Amended ASIC Relief**) which permits the extension of the deadline for lodgement for audited financial statements and other documents required to be lodged with ASIC under Section 319 of the Corporations Act 2001 (Cth).*

Under both categories of relief detailed above, the Company is required to release its audited financial statements at the earlier of:
(i) when they are ready to be given to the ASX; or
(ii) when they must be given to ASIC under the Amended ASIC Relief.

The Company will immediately make further announcements to the market after the lodgement of its unaudited financial statements if there is a material difference between the unaudited financial statements and the audited financial statements.

Following consultation with the ASX regarding the above matters, the Company has been granted a case specific waiver, which includes the requirement for the Company to lodge its audited financial statements with the ASX no later than close of trading on Monday 11 October 2021.