



ASX ANNOUNCEMENT

7 October 2021

CORPORATE GOVERNANCE STATEMENT

The TerraCom (**TerraCom** or **Company**) Board is responsible for the overall corporate governance of the Company. The Board of directors guide and monitor the business and affairs of the Company, on behalf of shareholders by whom they are elected and to whom they are accountable. Day-to-day management of the Company's affairs and implementation of its strategy and policy initiatives are delegated to the Executive Chairman, Managing Director and senior executives, who operate in accordance with Board approved policies and delegated limits of authority.

The Board has assessed the Company's practices against the Australian Securities Exchange Corporate Governance Principles and Recommendations – 4th edition (**ASX Recommendations**) for the year ended 30 June 2021 and the Corporate Governance Statement below outlines the extent to which the ASX Recommendations have been followed during the reporting period.

The Corporate Governance Statement reports on the key governance principles and practices of the Company as at 30 June 2021 and up to the date of this announcement.

This announcement has been approved by the Board for release.

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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.

Principle 1: Lay solid foundations for management and oversight

No.	ASX Corporate Governance Principles and Recommendation	Company Response
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	The Board has adopted a formal Board Charter, which sets out the functions reserved to the Board. The Board Charter is available on the Company's website. As at 30 June 2021 the Board consisted of six directors (two executive directors, one independent non-executive director and three non-executive directors). The Company has a small corporate team located in Australia plus operational management teams in both Australia and South Africa who support the Board.
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Directors are appointed in accordance with the terms of the Company's constitution. Before a director is appointed or put forward to shareholders as a candidate for election, the Group will undertake appropriate checks. These checks may include, but are not limited to, checks on a person's character, experience, education, criminal record and bankruptcy history. The Group will also provide shareholders with relevant information about any Director standing for election or re-election.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Each director has entered into a formal letter of appointment with the Company, which sets out core terms of the director's responsibilities and obligations to the Company. Each senior executive has a written contract which sets out the terms of their appointment, including their responsibilities and remuneration.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with proper functioning of the Board. Communication between the board and company secretary is imperative. The role of the Company Secretary is outlined in the Board Charter.
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity	The Company has a diversity policy, and a copy of the policy can be found on the Company's website www.terracomresources.com. The Company recognises that people are its most important asset and is an equal opportunity employer committed to promoting workplace diversity across the organisation.

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	and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	Given the size of the organisation, the Board has not set measurable objectives with respect to gender composition of the workforce or the Board, however, the Company takes a proactive approach towards diversity and females are well represented across all levels of the business. As at 30 June 2021, the Company had the following proportion of men and women at a board and senior executive level. <table border="1" data-bbox="762 846 1385 1149"> <thead> <tr> <th></th><th>Men</th><th>Women</th></tr> </thead> <tbody> <tr> <td>Board (includes directors and secretary)</td><td>6</td><td>1</td></tr> <tr> <td>Senior Executives*</td><td>3</td><td>2</td></tr> <tr> <td>Australian Business Unit</td><td>137</td><td>19</td></tr> <tr> <td>South African Business Unit[#]</td><td>100</td><td>88</td></tr> </tbody> </table> * Senior executives are defined as those persons having the authority and responsibility for planning, directing and controlling the major activities of the Company. [#] Does not include contractors.		Men	Women	Board (includes directors and secretary)	6	1	Senior Executives*	3	2	Australian Business Unit	137	19	South African Business Unit [#]	100	88
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1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	The Board acknowledges the importance of regular review of its performance and the performance of its committees against appropriate measures. The Board is committed to periodically reviewing the Board, its committees and the Directors' performance and effectiveness. The last formal board evaluation, which was completed by a third party, was undertaken in June 2020. The board evaluation was an online survey and sought the views of each board member as to the Board's performance over the previous 12 month period. All directors completed the survey.															

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		No other board performance assessment has been undertaken since.
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	The annual formal performance assessment of the Company's senior executives occurs in September each year. Details of how the Company assesses performance are set out in the Remuneration Report of the FY2021 Annual Report.

Principle 2: Structure the board to add value

No.	ASX Corporate Governance Principles and Recommendation	Company Response
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate	The Company does not have a fully constituted Nominations Committee as the Board believes that establishing a separate Nominations Committee at this time would contribute little to the Company's effective governance. As and when required, the full Board participates as the Nominations Committee in order to fulfil its corporate governance responsibilities. As at 30 June 2021, the Nomination Committee, which comprises the full Board, had six members in total (two executive directors, one independent non-executive director and three non-executive directors). Given the composition of the board, the majority of members are not independent. Responsibilities of the Nomination Committee are outlined in the Company's Nomination Committee Charter. No separate attendance is maintained for the Nomination Committee as relevant responsibilities are completed as part of the board of director meetings. If vacancies arise on the Board, all directors are involved in the search and recruitment of a replacement. The Board seeks to achieve a balance of entrepreneurial, capital markets, technical, operational, commercial and financial skills from mining industry and broader business backgrounds.

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	balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	A copy of the Nomination Committee Charter can be found on the Company's website www.terracomresources.com .
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	The formal Board Charter requires that the Board comprise Directors with a broad range of skills, expertise and experience from a diverse range of backgrounds. Board composition is reviewed annually to consider whether it has the appropriate mix of directors with the expertise and experience suitable for the purpose of fulfilling its collective responsibilities on behalf of shareholders. Where a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Board will select candidates with the relevant qualifications, skills and experience. The Board is comprised of six directors from diverse backgrounds with a range of business experience, skills and attributes. The following list demonstrates the skills and experience of the directors across several areas that are relevant to the Company's operations. Leadership & governance - legal - previous board experience, including public listed company experience - strategy - leadership Technical & Operations - Coal mining industry experience - Project delivery - Marketing Health, Safety, Environment and Community Business, finance & risk - Accounting - Finance - Risk management - Private equity Sustainability and stakeholder management - Investor relations - Community relations - International business expertise

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2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	The only independent director on the Board as at 30 June 2021 was Mr. C. Lyons. During the year, the following directors were also independent: - Mr. W. King (resigned 31 March 2021) - Mr. C. Wallace (resigned 22 August 2020) - Mr. J. Soorley (resigned 13 July 2020) The length of service of each director (rounded to nearest month) as at the date of this report is noted below: ▪ Mr. C. Ransley (Executive Chairman) – Appointed: 21 February 2020. Length of service: 1 year 7 months. ▪ Mr. D. McCarthy (Managing Director) – appointed 1 April 2021. Length of service: 6 months ▪ Mr. M. Hunter (Non-Executive Director) - Appointed 18 January 2018. Length of service: 3 years 8 months. ▪ Mr. G. Lewis (Non-Executive Director) – Appointed 23 December 2019. Length of service: 1 year, 9 months. ▪ Mr. C Lyons (Independent Non-Executive Director) – Appointed 14 July 2020. Length of service: 1 year 2 months. ▪ Mr. S. Kyriakou (Non-Executive Director) – Appointed 31 July 2020. Length of service: 1 year, 2 months.
2.4	A majority of the board of a listed entity should be independent directors.	The Board has adopted the definition of independence as set out in the ASX Principles and Recommendations. Having regard to the definition, the Board considers a director to be independent if he or she is not a member of management and is free of any interest and any business or other relationship which would, or could reasonably be perceived to, materially interfere with the independent exercise of their judgement. The Board assesses the materiality of any given relationship that may affect independence on a case-by-case basis. Each non-executive director is required to regularly disclose to the Board all information that may be relevant to this assessment, including their interest in

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		contracts and other directorships and offices held. The Company notes that it has not followed recommendation 2.4 during the reporting period as noted below. Craig Ransley (Executive Chairman) and Danny McCarthy (Managing Director) are executives of the business and therefore not independent. Mr. Glen Lewis and Mr. Shane Kyriakou are related to one of the Company's substantial shareholders (Rainbow Max Limited) and are therefore not independent. Mr. Matthew Hunter is a consultant to OCP Asia (Terracom's largest shareholder and debt holder) and their nominee director on the Board. Given this relationship, Mr. Hunter is not considered to be independent. Notwithstanding the Council's recommendation that the majority of the Board should be independent, the Board is of the opinion that the current Board composition provides a range of skills and expertise to properly fulfil its responsibilities. The Board also acknowledges that all directors, whether independent or not, should bring an independent judgement to bear on Board decisions. To facilitate this, each director has access in appropriate circumstances to independent professional advice at the Company's expense.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Mr. Craig Ransley holds the role of Executive Chairman and is not considered to be independent because during the financial year he was an executive. The role of Chair and CEO is not held by the same person. Mr. Danny McCarthy holds the role of Managing Director.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	The Company has a program for inducting new directors and provides resources to directors to help develop and maintain the appropriate skills and knowledge needed to perform their role effectively. Prior to commencement, a letter of appointment is formalised, setting out the terms of appointment. As part of their appointment,

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		directors are, provided with a copy of the Company's Constitution, relevant Company policies, and relevant insurance policies (namely directors and officers).

Principle 3: Act ethically and responsibly

No.	ASX Corporate Governance Principles and Recommendation	Company Response
3.1	A listed entity should articulate and disclose its values.	The Company's values are noted on page 6 of the FY2021 Annual Report.
3.2	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	The Company has adopted a code of conduct for its directors, senior executives and employees. A copy of this can be found on the Company's website at www.terracomresources.com .
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	The Company has a Whistleblowing Policy. A copy of this policy is available to all Company employees via e-mail and hard copy distribution.
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.	The Company does not have a specific anti-bribery and corruption policy but these matters are addressed in the Company's Code of Conduct Policy. A copy of the Company's Code and Conduct Policy can be found on the Company's website at www.terracomresources.com .

Principle 4: Safeguard integrity in corporate reporting

No.	ASX Corporate Governance Principles and Recommendation	Company Response
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	As at 30 June 2021, the Company had an Audit Committee which comprised of three non-executive directors: 1. Mr. Matthew Hunter (Committee Chair): Non-Executive Director; 2. Mr. Craig Lyons: Independent, Non-Executive Director; and 3. Mr. Shane Kyriakou: Non-Executive Director. A copy of the Audit Committee Charter can be found on the Company's website www.terracomresources.com. The relevant qualifications and experience of the committee members can be found on pages 22 and 23 of the Company's 2021 Annual Report. The number of Audit Committee meetings held and attendances by committee members during the 2021 financial year can be found on page 27 of the Company's 2021 Annual Report. The Audit Committee meets as required, but at least twice per year. The Executive Chairman, Managing Director, Chief Financial Officer and the Company's external auditors are invited to attend the Audit Committee meetings.
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of	The Company obtains a declaration from the Executive Chairman, Managing Director and Chief Financial Officer (or the persons acting in those capacities) prior to the completion of its half year and annual financial statements.

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	the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	The external auditor attends the AGM and is available to answer questions in relation to the conduct of the audit.

Principle 5: Make timely and balanced disclosure

No.	ASX Corporate Governance Principles and Recommendation	Company Response
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	The Company has a Continuous Disclosure Policy, which is available on the Company's website www.terracomresources.com . JORC In accordance with Listing Rule 5.6 and the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code), TerraCom has procedures in place to ensure it obtains the relevant Competent Person's signoff in relation to the disclosure of exploration results, mineral resources and ore reserves.
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	All ASX announcements are immediately distributed to directors once released.
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	The Company's Continuous Disclosure Policy covers the release of investor/analyst presentations. A copy of this policy can be found on the Company's website at www.terracomresources.com .

Principle 6: Respect the rights of security holders

No.	ASX Corporate Governance Principles and Recommendation	Company Response
6.1	A listed entity should provide information about itself and its governance to investors via its website.	The Company's website contains comprehensive information about the Company, its operations and exploration assets, its directors, senior management, and corporate governance. All Company announcements, including half year and annual financial statements, can be located on the Company's website.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	The Board and Company Secretary are responsible for the Company's communication strategy. TerraCom adheres to best practice in its preparation of Notices of Meetings, and through its share registry, offers to members the option of receiving shareholder communications electronically.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Shareholders are encouraged to attend the Company's Annual General Meeting. Shareholders are given the opportunity to ask questions at the Annual General Meeting and to vote.
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	The Company has always promoted poll voting at Annual General Meetings.
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	To the extent permissible by law, the Company sends all communications electronically in an effort to reduce its environmental footprint. The Company encourages shareholders to receive communication from and send communications to, the Company and its share registry, electronically. Communicating with shareholders by electronic means, particularly through the Company's website, is an efficient way of distributing information in a timely and convenient manner. As new shareholders join the register they are invited to communicate with the Company and share registry electronically.

Principle 7: Recognise and manage risk

No.	ASX Corporate Governance Principles and Recommendation	Company Response
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	A HSEC Committee was formed on 1 June 2021. The members of the HSEC Committee are: 1. Mr. Glen Lewis: Non-Executive Director; 2. Mr. Shane Kyriakou: Non-Executive Director; and 3. Mr. Danny McCarthy: Managing Director The primary role of the Committee is to assist the Board to carry out the following: (a) review and oversee its responsibilities with regard to the Group's risk management systems, policies, practices and plans, internal control and regulatory compliance, specific to non-financial related activities; (b) oversee the process for identifying significant non-financial risks facing the Group and implement appropriate control, monitoring and reporting mechanisms; (c) monitor the Group's culture and gauge how it is aligned with conduct consistent with sound and effective risk management; and (d) report the results of its activities to the Board. The number of HSEC Committee meetings held and attendances by committee members during the 2021 financial year can be found on page 27 of the Company's 2021 Annual Report. A copy of the Company's HSEC Committee Charter can be found on the Company's website at www.terracomresources.com.
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and	The Company's risk management policy requires the inclusion of a comprehensive risk management report as part of the Company's Board Papers. The report covers material business risks in the sectors in which the Company operates, taking

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	(b) disclose, in relation to each reporting period, whether such a review has taken place.	into account changing circumstances and emergent risk factors and weightings.
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	The Group implemented an internal audit function in December 2019. The internal audit function is performed by a third party and the scope of work performed is set between management and the internal auditor, and agreed by the Audit Committee.
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	The Company is a coal production, exploration and development company and is therefore inherently exposed to the economic, environment and social sustainability risks that are associated with its peers in the industry. The Company carefully considers its operations and their impact on the environment and local communities. The 2021 Annual Report includes disclosure on principal risks relating to the Company. Refer to pages 45 to 48 of the Company's 2021 Annual Report.

Principle 8: Remunerate fairly and responsibly

No.	ASX Corporate Governance Principles and Recommendation	Company Response
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee;	As at 30 June 2021 the Company had a Remuneration Committee comprised of the following directors: 1. Mr. Craig Ransley (Committee Chair): Executive Chairman; 2. Mr. Glen Lewis: Non-Executive Director; and 3. Mr. Craig Lyons: Independent, Non-Executive Director. A copy of the Remuneration Committee Charter can be found on the Company's website: www.terracomresources.com

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	(4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	The number of Remuneration Committee meetings held and attendances by committee members during the 2021 financial year can be found on page 27 of the Company's 2021 Annual Report.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	The 2021 Annual Report includes disclosure on the remuneration structure of directors and executive key management personal. Refer to pages 52 to 61 of the Company's 2021 Annual Report.
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	A long-term equity-based incentive scheme was approved by shareholders at the 2018 AGM. Further details regarding the scheme are included within the remuneration report of the Company's 2021 Annual Report. In respect of the Company's equity-based remuneration scheme, directors and executive key management personnel are not permitted to enter into transactions which limit the economic risk of participating in the scheme.