TERRA METALS

ASX Announcement | **31 October 2024**

SEPTEMBER 2024 QUARTERLY REPORT

Terra Metals Limited (ASX:TM1) ("Terra" or "Company") is pleased to present its quarterly report for the quarter ending 30 September 2024.

Highlights

Highlights during and since the quarter include:

- Completed Phase 1 diamond drill program and commenced Phase 2 reverse circulation ("RC") drill program at the Dante Cu-Au-PGE project ("**Dante Project**") in Western Australia, aimed at expanding existing discoveries and targeting new discoveries.
- Assay results from the previous Phase 1 RC drill program confirmed the discovery of at least two Platreef-style Cu-PGE sulfide reefs ("**Dante Reefs**") from surface at the Dante Project.
- The Dante Reefs are a series of gentle dipping, laterally extensive, mineralised layers which outcrop from surface and in total run for 42km.
- The Cu-PGE mineralisation includes high-grade vanadium and titanium, critical for renewable batteries and specialty steel.
- The Company defined an initial Exploration Target at the northern portion of Reef 1, part of the Dante Reefs.
- The large, shallow Exploration Target demonstrates the potential for a low-cost, open-cut mining scenario.
- Assay results from Reef 1 South confirmed another substantial increase to the Dante Reefs discovery strike, which now stands at approximately 20km.
- 17 diamond drillholes completed at Reef 1 (8 holes) and Reef 2 (9 holes) as part of Phase 1 diamond drill program (assay results pending), with a further EIS co-funded diamond drillhole being drilled at Cronus Gossan prospect (assay results pending).
- A Phase 2 RC drill program has commenced, aimed at infilling and extending mineralisation at Reef 1 North and Reef 2.
- Completed a share placement to institutional and sophisticated investors at an issue price of $0.06 per share to raise gross proceeds of $6 million ("**Placement**").

For further information, please contact:

Thomas Line
CEO & Managing Director
Tel: +61 8 9322 6322

Dante Project

The Dante Project contains large-scale magmatic Cu-Au-PGE targets, as well as extensive outcropping Cu-PGE-Au reefs (the Dante Reefs) and is situated in the same geological complex (the Giles Complex) and in close proximity to BHP's Nebo-Babel project. The Giles Complex is hosted within the broader Musgrave block (140,000km²) in central Australia which is located at the junction of three major crustal elements: the West Australian, North Australian, and South Australian cratons. It is a Mesoproterozoic, east-west trending orogenic belt and comprises a variety of high grade (amphibolite to granulite facies) basement lithologies overprinted by several major tectonic episodes.

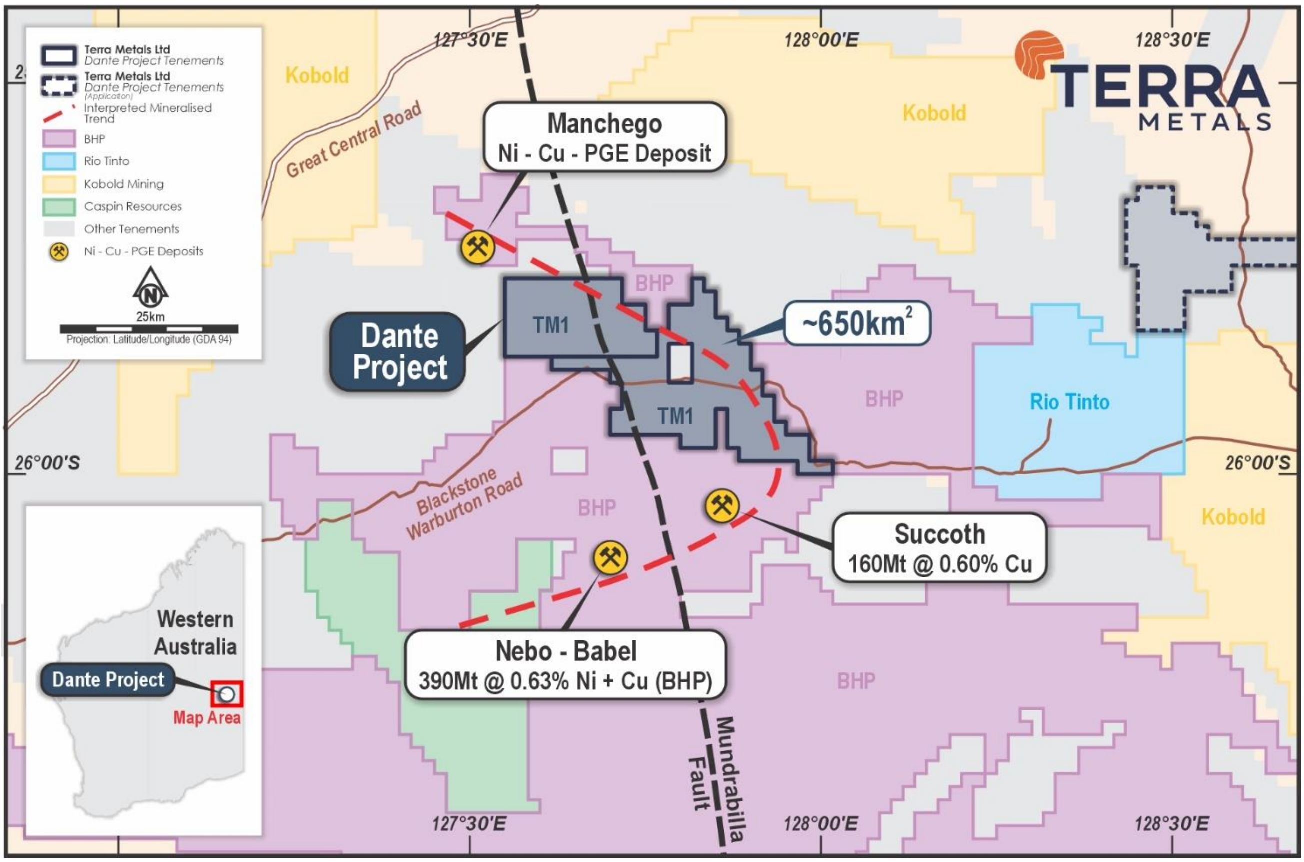

Figure 1. *Dante Project location map displaying surrounding companies' tenure and major deposits*

Discovery of Sulphide Reefs

During the June 2024 quarter, the Company completed its Phase 1 RC drill program comprising 60-holes for 10,220m of RC drilling at the Dante Project in the West Musgrave region in Western Australia.

Initial assay results from this Phase 1 RC drill program confirmed the discovery of two large-scale polymetallic magmatic sulphide systems at Reef 1 North and Reef 2.

Mineralisation is hosted within concentrated bands referred to as "reefs" which contain high concentrations of copper, gold, platinum, palladium, vanadium, titanium and iron within the same layer.

Thus far across Reef 1 and Reef 2 the discovery strike now stands at over 20km of magmatic copper-PGE sulphide mineralisation from surface. Mineralisation remains open along strike and downdip.

Selected assay results from phase-1 drill at **Reef 1** and **Reef 2** include:

- **5m @ 0.56% Cu, 0.53g/t PGE3, 0.61% V_2O_5, and 18.5% TiO_2** from 80m (URC003), including:
    - **2m @ 0.83% Cu, 0.52% V_2O_5, and 16.6% TiO_2** from 80m
- **6m** @ **0.40% Cu, 0.79g/t PGE3, 0.66% V_2O_5,** & **19.9% TiO_2** from 4m (HRC004), including:
    - **2m @ 0.62% Cu**, **0.85g/t PGE3**, **0.71% V_2O_5** & **22.3% TiO_2** from 6m
- **5m** @ **0.34% Cu, 0.84g/t PGE3, 0.81% V_2O_5,** & **21.2% TiO_2** from 21m (URC005), including:
    - **3m @ 0.43% Cu**, **0.94g/t PGE3**, **0.88% V_2O_5** & **24.1% TiO_2** from 23m
- **15m @ 0.20% Cu, 0.30g/t PGE3, 0.41% V_2O_5, & 13.8% TiO_2** from 10m (URC011), including:
    - **3m @ 0.40% Cu** from 20m and **1m @ 1.46g/t PGE3** & **1.10% V_2O_5** from 23m
- **10m** @ **0.82g/t PGE3, 0.11% Cu, 0.44% V_2O_5** & 10.5% TiO_2 from 66m (HRC002), including:
    - **3m @ 2.22g/t PGE3**, **0.20% Cu, 1.08% V_2O_5**, & **23.5% TiO_2** from 68m
- **5m** @ **0.30% Cu, 0.81g/t PGE3, 0.70% V_2O_5,** & **19.1% TiO_2** from 71m (URC006), including:
    - **2m @ 1.57g/t PGE3, 0.31% Cu**, **0.99% V_2O_5**, & **23.2% TiO_2** from 74m
- **10m @ 0.86g/t PGE3, 0.85% V_2O_5, 0.23% Cu**, & **19.3% TiO_2** from 84m (HRC009) including:
    - **5m @ 1.02g/t PGE3, 0.91% V_2O_5, 0.38% Cu**, & **22.8% TiO_2** from 86m, and
    - **3m @ 1.11g/t PGE3, 1.03% V2O5, 0.14% Cu,** & **19.6% TiO_2** from 90m
- **5m @ 0.87g/t PGE3**, **0.71% V_2O_5**, **0.24% Cu**, & **19.1% TiO_2** from 58m (HRC019) including:
    - **2m @ 1.48 g/t PGE3**, **0.11% Cu**, **0.91% V_2O_5** & **19.9% TiO_2**, from 61m
- **5m @ 0.73g/t PGE3, 0.76% V205**, & **16.1% TiO2** from 88m (HRC016) including:
    - **2m @ 1.41g/t PGE3, 0.11% Cu, 1.15% V_2O_5,** & **23.5% TiO_2** from 89m
- **5m @ 0.27% Cu**, **0.83g/t PGE3**, **0.81% V_2O_5, & 20.2% TiO_2** from 44m (URC004), including:
    - **2m @ 1.34 g/t PGE3, 0.19% Cu 1.09% V_2O_5, & 22.1% TiO_2** from 47m

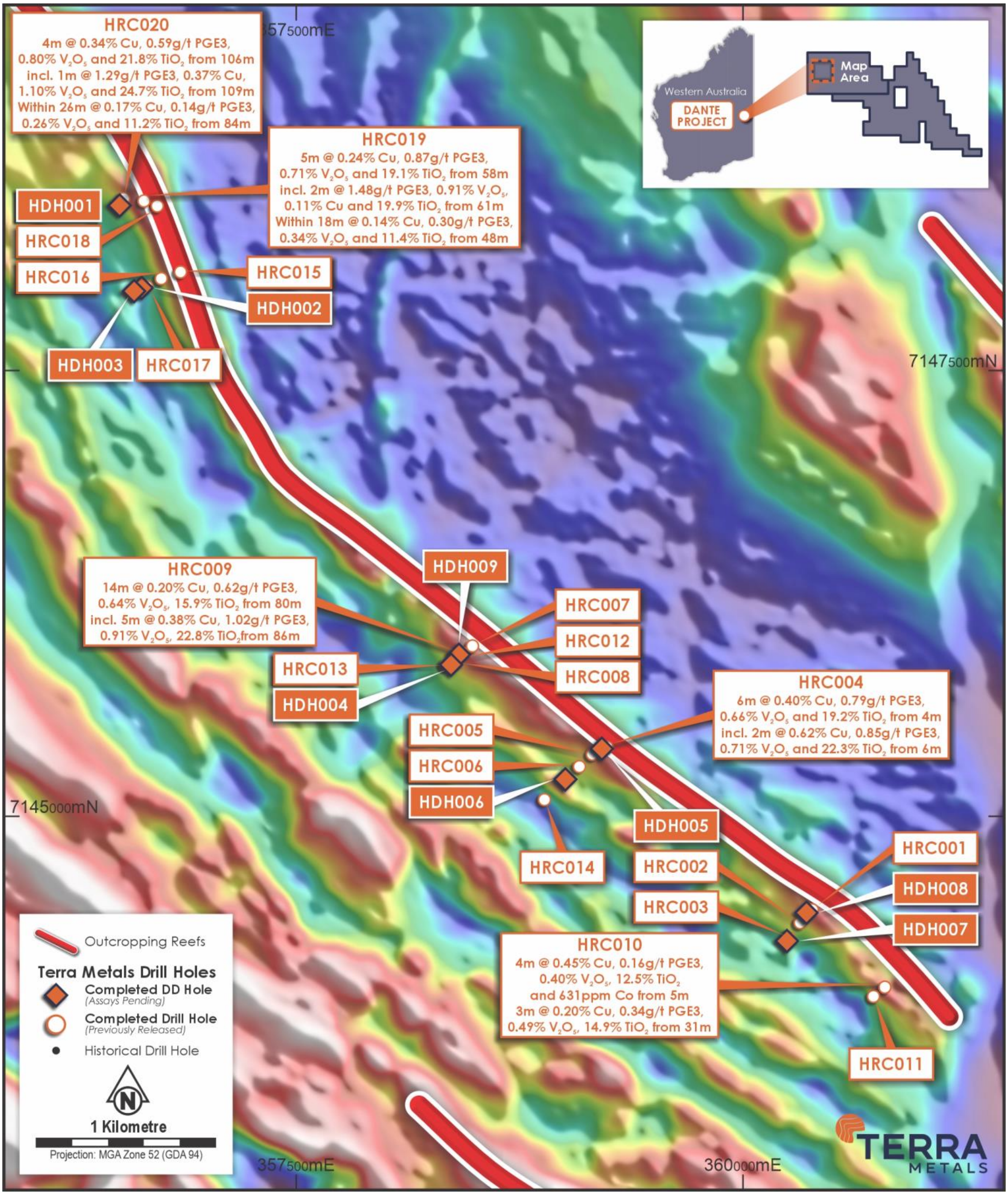

Figure 2. *Plan view of initial results and completed drilling Reef 1, over total magnetic intensity (TMI) geophysics image.*

Reef 1 Exploration Target

During the quarter, the Company defined an initial Exploration Target for the northern part of Reef 1.

The initial Reef 1 Exploration Target is estimated to be between approximately 60 to 110 million tonnes ("Mt") at a grade between 0.21 to 0.31% Cu, 0.43 to 0.65g/t PGE3, 0.50 to 0.75% V_2O_5, and 13.9 to 20.8% TiO_2, for an estimated contained metal content of between 130 to 340 thousand tonnes ("Kt") Cu, 860 to 2,300 thousand ounces ("Koz") PGE3, 310 to 840Kt V_2O_5, and 8.6 to 23Mt TiO_2.

Cautionary Statement: The potential quantity and grade of the initial Exploration Target is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource. The Exploration Target has been prepared and reported in accordance with the 2012 edition of the JORC Code.

Table 1. *Exploration Target (Reef 1 North, basal layer only)*

Range	Tonnage (Mt)	Metal Content			
		Cu (Kt)	PGE3 (Koz)	V_2O_5 (Kt)	TiO_2 (Mt)
Lower target	60	130	860	310	8.6
Upper target	110	340	2,300	840	23

Note: Totals may not add up due to rounding.

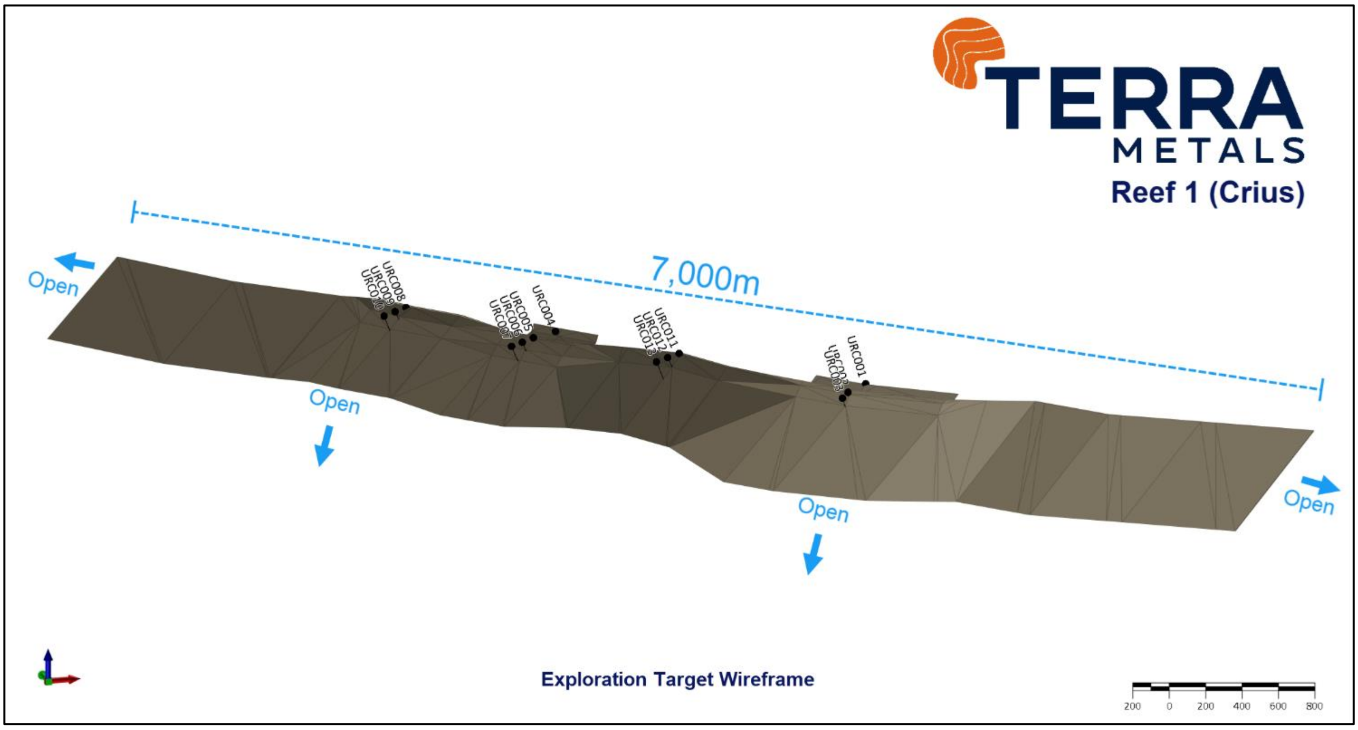

Figure 3. *Initial Exploration Target for Reef 1 (north).*

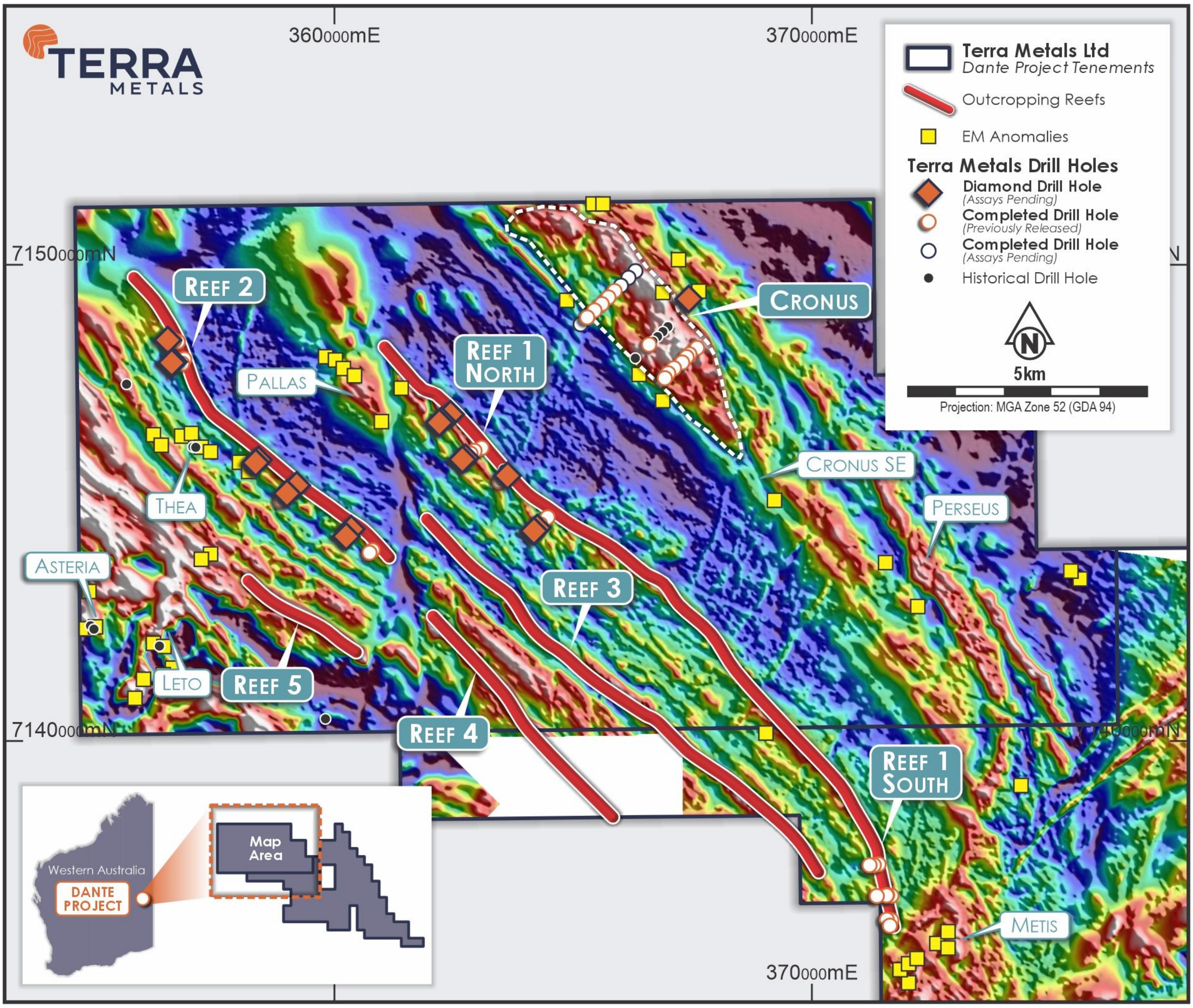

Figure 4. *TMI image showing prospects in the western portion of Dante Project.*

Drilling Recommenced

During the quarter, the Company completed its Phase 1 diamond drill program. Subsequent to the quarter end, the Company commenced its Phase 2 RC drill program at its Dante Reefs copper-PGE sulphide discovery in Western Australia.

Approximately 2,500m of diamond drilling comprising 17 diamond drillholes was completed across Reef 1 North (8 holes) and Reef 2 (9 holes) as part of the Phase 1 diamond drill program, with a further EIS co-funded diamond drillhole being drilled at Cronus Gossan prospect (assay results pending).

In addition, the Phase 2 RC drill program has commenced targeting further infill and extension of mineralisation at Reef 1 North and Reef 2.

Southern Cross Project

During the March 2024 quarter, the Company announced assay results from a soil sampling program over the Southern Cross Project which revealed a large continuous ~10km x ~2km lithium anomaly >100ppm Li_2O (with a maximum soil result of 171ppm Li_2O coincident with the mapped northwest trending structural features.

Encouragingly, several occurrences of lithium and tantalum occur along the greenstone belts to the north and south of the SCP, including two resources of significance: the Mt Holland project (186Mt @ 1.53% Li_2O); and the Split Rocks project (11.9Mt @ 0.72% Li_2O) both within in the southern cross domain.

Onslow Project

During the June 2024 quarter, the Company announced that assay results from partial sampling of the diamond core from the 2023 EIS co-funded diamond drilling program at the Onslow Project had revealed the presence of high-grade silver mineralisation.

Hole OND003 intercepted a geological zone which assayed 6m @ 179g/t Ag from 160m, with a high-grade zone of 1m @ 1,060g/t Ag, 0.23% Cu and 0.99% WO_3.

The mineralised zone was within an interpreted high-sulphidation epithermal alteration zone which extended from approximately 158m – 184m. Epithermal alteration such as this is commonly associated with high-grade silver mineralisation and could potentially be linked to a deeper mineralised porphyry source.

Airborne electromagnetic ("EM") data previously collected by the Company in 2022 highlights a Priority 1 EM anomaly which lies to the southeast of the interpreted high-sulphidation epithermal silver mineralisation identified in hole OND003. The EM anomaly is characterised as being a conductive body of the approximate dimensions: 600m long and 120m thick with a 120m downdip extent. The EM anomaly, along with other geochemical and geophysical datasets, will now be reviewed in light of this newly identified mineralisation.

Further samples were subsequently taken extending from the mineralised zone, for the purpose of geochemical vectoring.

Corporate

During the quarter, the Company completed a placement of 100,000,000 new ordinary shares of the Company to institutional and sophisticated investors at an issue price of $0.06 per share, to raise gross proceeds of $6 million ("Placement").

ASX Additional Information

Mining exploration tenements

As at 30 September 2024, the Company holds an interest in the following exploration tenements:

Mining exploration project name	Permit Number	Percentage Interest	Status
Dante Ni-Cu-PGE (Western Australia)	E69/3401	100%	Granted
	E69/3552	100%	Granted
	E69/4193	100%	Application
Bonaparte Zn-Pb-Ag (Western Australia)	E80/5521	100%	Granted
Tarrawarra Zn-Pb-Ag (Western Australia)	E08/3117	100%	Granted
Higginsville Au-Ni (Western Australia)	P15/6029	100%	Granted
	P15/6723	100%	Granted
	P15/6724	100%	Granted
	P15/6725	100%	Granted
	P15/6726	100%	Granted
Onslow Cu-Au (Western Australia)	E08/3311	100%	Granted
	E08/3197	80%	Granted
Southern Cross Li-REE (Western Australia)	E77/3009	100%	Granted
	E77/3010	100%	Granted
	E77/3011	100%	Granted
	E77/3012	100%	Granted

Mining exploration expenditures

During the quarter, the Company made the following payments in relation to mining exploration activities:

Mining exploration activity	A$000
Drilling and preparation	634
Geological consultants	59
Other consultants	48
Sample analysis	435
Mapping	35
Tenement rents, rates and management	108
Native title	106
Field supplies, vehicles, travel and other	386
Total	**1,749**

There were no mining or production activities expenses during the quarter.

Related party payments

During the quarter, the Company made payments of approximately $205,000 to related parties and their associates, for director's fees, superannuation, company secretarial services and provision of a fully serviced office.

Competent Persons Statement

The information in this report that relates to Exploration Results and Exploration Targets for the Dante Project is extracted from Terra's ASX announcements dated 22 October 2024, 17 July 2024, 3 July 2024, 20 June 2024, 11 June 2024, 13 May 2024, 24 January 2024, 13 December 2023, 22 November 2023, 28 September 2023, and 28 August 2023 and the information in this report that relates to Exploration Results for the Onslow Project is extracted from the Company's ASX announcements dated 22 June 2023, 20 February 2023, and 27 April 2022, and the information in this report that relates to Exploration Results for the Southern Cross Project is extracted from the Company's ASX announcement dated 30 January 2024 ("Original ASX Announcements").

These announcements are available to view at the Company's website at www.terrametals.com.au. The Company confirms that: a) it is not aware of any new information or data that materially affects the information included in the Original ASX Announcements; b) all material assumptions included in the Original ASX Announcements continue to apply and have not materially changed; and c) the form and context in which the relevant Competent Persons' findings are presented in this report have not been materially changed from the Original ASX Announcements.

Forward Looking Statements

Statements regarding plans with respect to Terra's projects are forward-looking statements. There can be no assurance that the Company's plans for development of its projects will proceed as currently expected. These forward-looking statements are based on the Company's expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of the Company, which could cause actual results to differ materially from such statements. The Company makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of that announcement.

This ASX announcement has been approved in accordance with the Company's published continuous disclosure policy and authorised for release by the Managing Director & CEO.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity
Terra Metals Limited

ABN	Quarter ended ("current quarter")
44 155 933 010	30 September 2024

	Consolidated statement of cash flows	Current quarter A$000	Year to date (3 months) A$000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(1,749)	(1,749)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(331)	(331)
	(e) administration and corporate costs	(327)	(327)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	35	35
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (business development costs)	(84)	(84)
1.9	**Net cash from / (used in) operating activities**	**(2,456)**	**(2,456)**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment:	(7)	(7)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		-
	(a) entities	-	-
	(b) tenements	-	-

Consolidated statement of cash flows		Current quarter A$000	Year to date (3 months) A$000
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(7)**	**(7)**
3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	5,845	5,845
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(396)	(396)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material):	-	-
3.10	**Net cash from / (used in) financing activities**	**5,449**	**5,449**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	648	648
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,456)	(2,456)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7)	(7)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,449	5,449
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**3,634**	**3,634**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter A$000**	**Previous quarter A$000**
5.1	Bank balances	3,634	648
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**3,634**	**648**

6.	**Payments to related parties of the entity and their associates**	**Current quarter A$000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(205)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7.	**Financing facilities** *Note: the term 'facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end A$000**	**Amount drawn at quarter end A$000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify):	-	-
7.4	**Total financing facilities**	**-**	**-**
7.5	**Unused financing facilities available at quarter end**		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	A$000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,456)
8.2	(Payments for exploration & evaluation classified as investment activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,456)
8.4	Cash and cash equivalents at quarter end (item 4.6)	3,634
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	3,634
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	1.5
	Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.	

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

No. The drilling season in the West Musgrave region closes from December 2024 to February 2025, during which period the Company's drilling costs are expected to significantly reduce.

8.8.2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Yes. The Company's continuing operations remain dependent upon raising additional funding through equity or other financing means. The Company is assessing its options to raise additional funding to pursue the exploration and development of its projects.

8.8.3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Yes. The Company expects that it will raise additional funding as required to pursue the exploration and development of its projects. In the meantime, the Company is managing its expenditures to ensure that it can continue its operations and to meet its business objectives.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2024

Authorised by: Company Secretary
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.