

Southwest Takes Shape as a Large-Scale Discovery Ahead of Maiden MRE

Metals & Mining

We have revised our target price for Terra Metals (ASX: TM1) to A\$0.81 from our [May 2026 Report](#), implying a compelling 461% total upside from the current A\$0.15 share price. Terra Metals is advancing the 100%-owned Dante Project in Western Australia's West Musgrave region, comprising the existing 148Mt Basal Reefs Mineral Resource and the emerging Southwest PGM-Cu-Ni-Co sulphide discovery.

Since our last report in May 2026, Southwest has progressed from an early-stage discovery into a large, increasingly connected mineralised system with a clearer pathway toward resource definition. Drilling has extended mineralisation to more than 1,350m of strike. In contrast, infill drilling, substantial mineralised thicknesses and repeated higher-grade internal reefs have strengthened confidence in scale, continuity and grade potential. With more than 56,000m drilled and a maiden MRE targeted for early 2027, Southwest is becoming an increasingly important component of TM1's investment case.

Drilling Extends Southwest and Connects the Mineralised System

The most important development has been the continued expansion and definition of Southwest. The latest drilling extended the Southwest Main Sulphide Corridor by ~400m to more than 1,350m of strike, while the system remains open along strike and at depth. Mineralisation is now defined over ~700m across strike and ~750m of demonstrated down-dip extent, with infill drilling between SW5 and SW6 continuing to support interpretation of one large, connected mineralised system. This is important for valuation, as a larger and increasingly continuous mineralised footprint provides a stronger basis for a substantial maiden Mineral Resource. TM1 has consequently shifted from proving the discovery to systematically defining tonnes, grade and continuity, with five rigs active ahead of the maiden Southwest MRE targeted for the start of 2027.

Broad Mineralisation and High-Grade Reefs Support Resource Growth

Recent drilling has further refined Southwest's geometry and grade distribution. SWRD051 intersected 448m of continuous mineralisation, representing up to ~400m true thickness, while SWRC083 returned 73m from just 12m depth, confirming the system extends close to the surface. SWRD052 strengthened the grade profile with 275m at 0.91g/t 3E and 0.17% Ni, followed by 114m at 0.95g/t 3E and 0.15% Ni, including higher-grade zones exceeding 2g/t 3E. Additional results from SWRD077, SWRD071, SWRD054, SWRD056 and SWDD019 confirmed multiple stacked high-grade PGM reef horizons within the broader mineralised package. The combination of substantial thickness, shallow mineralisation and recurring higher-grade reefs supports the potential for a substantial Mineral Resource and greater mine-planning flexibility.

Maiden MRE Is the Key Near-Term Re-Rating Catalyst

Following recent milestones, we value TM1 at A\$0.71 in our base case (389% upside) and A\$0.92 in our upside case (533% upside), relative to the current share price of A\$0.15. Using the midpoint of these scenarios, we derive a P/NAV of 0.18x. TM1 has shifted from proving the Southwest discovery to systematically defining tonnes, grade, and continuity ahead of a maiden MRE targeted for early 2027. Five rigs remain active, with more than 56,000m of diamond drilling and reverse-circulation drilling completed and ~24,000m reported, leaving a substantial pipeline of >40,000 assays (in the lab) and further resource-definition work ahead. Completed heritage surveys have also opened additional areas for drilling. With A\$75.1m in cash and a strengthened leadership team, TM1 is well funded to maintain the programme. We see ongoing assay results, the maiden MRE and subsequent metallurgical work as the key catalysts for further de-risking and potential re-rating.

Date	12 Oct 2026
Current Price (A\$)	0.15
Target Price (A\$)	0.81
Market Cap (A\$m)	149.5
52-week L/H (A\$)	0.10/0.47
Free Float (%)	68.01%
Bloomberg	TM1 AU
Reuters	TM1.AX

Price Performance (in A\$)



Source Capital IQ

Business description

Terra Metals Ltd (ASX: TM1) is advancing the 100%-owned Dante Project in Western Australia's West Musgrave region. The project combines the existing 148Mt Basal Reefs Mineral Resource with the emerging Southwest PGM-Cu-Ni-Co discovery. Recent drilling has materially expanded Southwest's scale and continuity, supporting its progression toward a maiden MRE and broader development studies.

Analyst

Riddhesh Chandwadkar

riddhesh@sharesinvalue.com.au

Disclosure - Readers should note that East Coast Research has been engaged and paid by the company featured in this report for ongoing research coverage.

Investment Rationale

Investment Thesis: Terra Metals (ASX: TM1)

Target Price Upside	Basal Reefs Mineral Resource Estimate	Southwest Mineralisation Strike
461%	148Mt	~1,350m
\$0.81 vs \$0.15 current	Indicated (38Mt)	~700m in width and ~750m down dip from surface
Exploration Drilling Programme	Cash Balance	P/NAV
56,000m	A\$75.1m	0.18x
RC and Diamond Drilling	As of 30 June 2026	Significant Re-rating Potential

Terra Metals owns 100% of the Dante Project in Western Australia's West Musgrave, comprising the existing 148Mt Basal Reefs Mineral Resource and the emerging Southwest PGM-Cu-Ni-Co sulphide discovery. Since our last report in May 2026, the investment case has materially advanced. Southwest has moved from an early-stage discovery, defined by several high-grade intersections, to a large, increasingly continuous mineralised system, now being systematically drilled toward a maiden Mineral Resource Estimate (MRE). The thesis is that Southwest could become a substantial standalone development opportunity. At the same time, Basal Reefs provides an established resource base, and the broader Jameson Layered Intrusion provides discovery optionality.

Southwest emerges as a large, continuous mineralised system

The most important development since our May report has been the rapid increase in confidence around Southwest's scale, continuity and grade potential. Drilling has now defined mineralisation over more than 1,350m of strike, ~700m across strike and ~750m of demonstrated down-dip extent from surface, with the system remaining open along strike and at depth. The latest drilling extended the Main Sulphide Corridor by ~400m, while infill drilling between SW5 and SW6 continues to support interpretation of one large, connected mineralised system.

Recent results from SWRD090, SWRD077, SWRD071, SWRD054, SWRD056 and SWDD019 further confirmed multiple stacked high-grade PGM reef horizons within the broader mineralised package, showing that higher-grade mineralisation recurs throughout the system. In addition, SWRD052 returned broad mineralised intervals containing several higher-grade reefs, reinforcing the presence of stronger-grade domains within the wider mineralised footprint. The combination of substantial scale, thickness, shallow mineralisation and recurring higher-grade zones strengthens the potential for a significant maiden Mineral Resource. It could provide greater flexibility in future mine design, subject to resource definition, metallurgical and economic studies.

Funding, leadership and key catalysts support the next re-rating

The investment case is now shifting from proving discovery to defining tonnes, grade and ultimately potential economics. More than 56,000m of RC and diamond drilling has been completed at Southwest, of which ~24,000m has been reported, providing a substantial pipeline of results. Five rigs continue drilling, supported by ground and downhole electromagnetic (EM) surveys, targeting a maiden Southwest MRE at the start of 2027. Converting the drilling-defined mineralised footprint into a substantial maiden resource should provide the first formal resource basis for valuing Southwest, with metallurgy and progression toward a scoping study and pre-feasibility study (PFS) expected to follow.

Diamond drilling has confirmed the largest continuous high-grade reef identified at Southwest to date, extending the interpreted strike to 1,350 m. Heritage approvals now cover the entire immediate Southwest footprint, opening the way for grid-spaced resource drilling, and first-pass drilling has intersected sulphides at Double Snag, about 1.2 km along strike from the Southwest Main Zone. With more than 40,000 assays still pending, the maiden Southwest MRE remains on track for Q1 2027.

TM1 is well positioned to execute this programme, supported by A\$75.1m in cash at the end of June 2026 and a strengthened Board and executive team. Together, the strong balance sheet, leadership capability, and technical catalysts provide TM1 with the capacity to de-risk Southwest and progressively support the next potential re-rating.

These factors support a target price of A\$0.81

We value TM1 on an EV multiple basis, capturing the existing Basal Reefs Mineral Resource and an indicative estimate of Southwest mineralisation based on drilling-defined volume, density and average grade. We apply peer-derived valuation multiples appropriate for early-stage PGM explorers and developers, then adjust for cash and dilution. We derive a base-to-upside valuation range of A\$0.71–A\$0.92/share, implying 389-533% upside, with further upside dependent on continued Southwest resource growth.

Catalysts: Ongoing assays; continued Southwest extensions; maiden Southwest MRE and metallurgy.

Risks: Resource conversion; metallurgy; commodity prices; permitting and execution.

Key developments since last report

Since our last report in May 2026, TM1 has materially advanced Southwest from early-stage discovery toward systematic resource definition, with drilling strengthening confidence in the system's scale, continuity, geometry and high-grade potential.

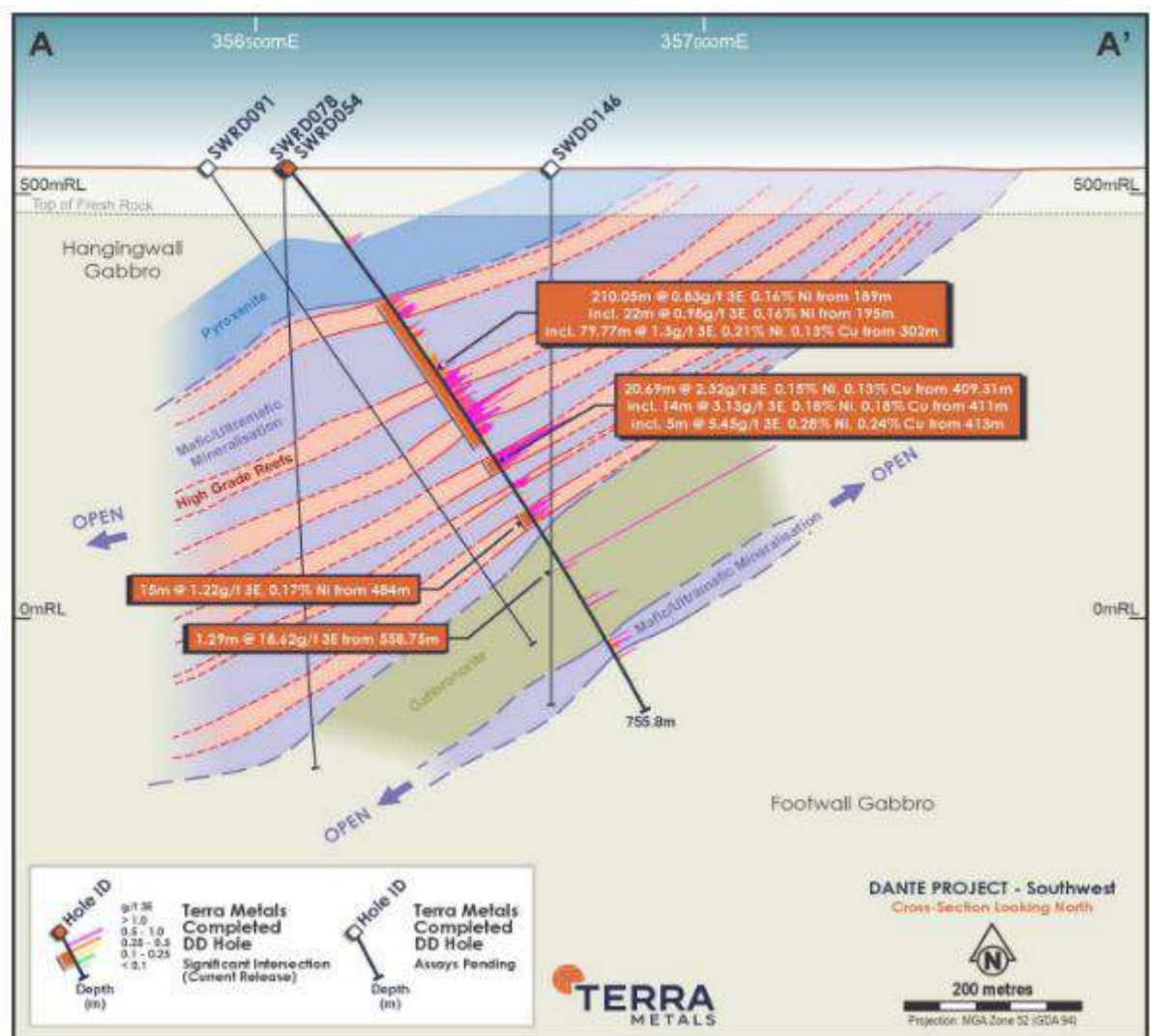
- **High-grade assays reinforce the Southwest opportunity:** Recent drilling has confirmed multiple high-grade PGM reef horizons, including 5m @ 5.45g/t 3E (including 1.29m @ 18.62g/t 3E) in SWRD054, 1m @ 6.54g/t 3E in SWRD071 and 44m @ 1.41g/t 3E plus 42m @ 1.37g/t 3E in SWRD056. These assays also highlight repeated higher-grade internal reefs within the broader mineralised system, supporting the project's grade potential and increasing confidence in the continuity of higher-grade mineralisation.
- **Southwest expands beyond 1.35km of strike:** The Main Sulphide Corridor has been extended by a further ~400m to more than 1,350m of drilled mineralised strike and remains open along strike and at depth, increasing the potential scale of the Southwest system.
- **Continuity and geometry continue to strengthen:** Infill drilling between SW5 and SW6 increasingly supports interpretation of one large, connected mineralised system. In contrast, shallow and substantial mineralised thicknesses have improved understanding of its overall geometry.
- **Resource definition is accelerating:** More than 52,000m of drilling has been completed, with five rigs active and a substantial assay pipeline remaining. Expanded heritage clearance has also increased access for exploration and resource-definition drilling ahead of the targeted maiden MRE at the start of 2027.
- **Leadership and funding support continued execution:** TM1 has strengthened its Board and management capability while retaining A\$75.1m in cash at the end of June 2026, providing the organisational and financial capacity to progress drilling, resource definition and subsequent technical studies.

Project development

High-grade drilling confirms better-quality zones

- **Broad Southwest system hosts multiple higher-grade PGM reefs:** Drilling continues to demonstrate that the extensive Southwest mineralised system hosts materially higher-grade internal zones. Recent assays from SWRD077, SWRD071, SWRD054, SWRD056 and SWDD019 confirm multiple stacked high-grade PGM reef horizons within a large, mineralised package at Southwest.
- **Investment impact:** Repeated higher-grade reefs within the broader mineralised system strengthen Southwest's potential grade profile and could provide greater flexibility in future mine design, subject to resource definition, metallurgy and economic studies.

Figure 1: Main sulphide zone and interpreted mineralised envelopes at Southwest

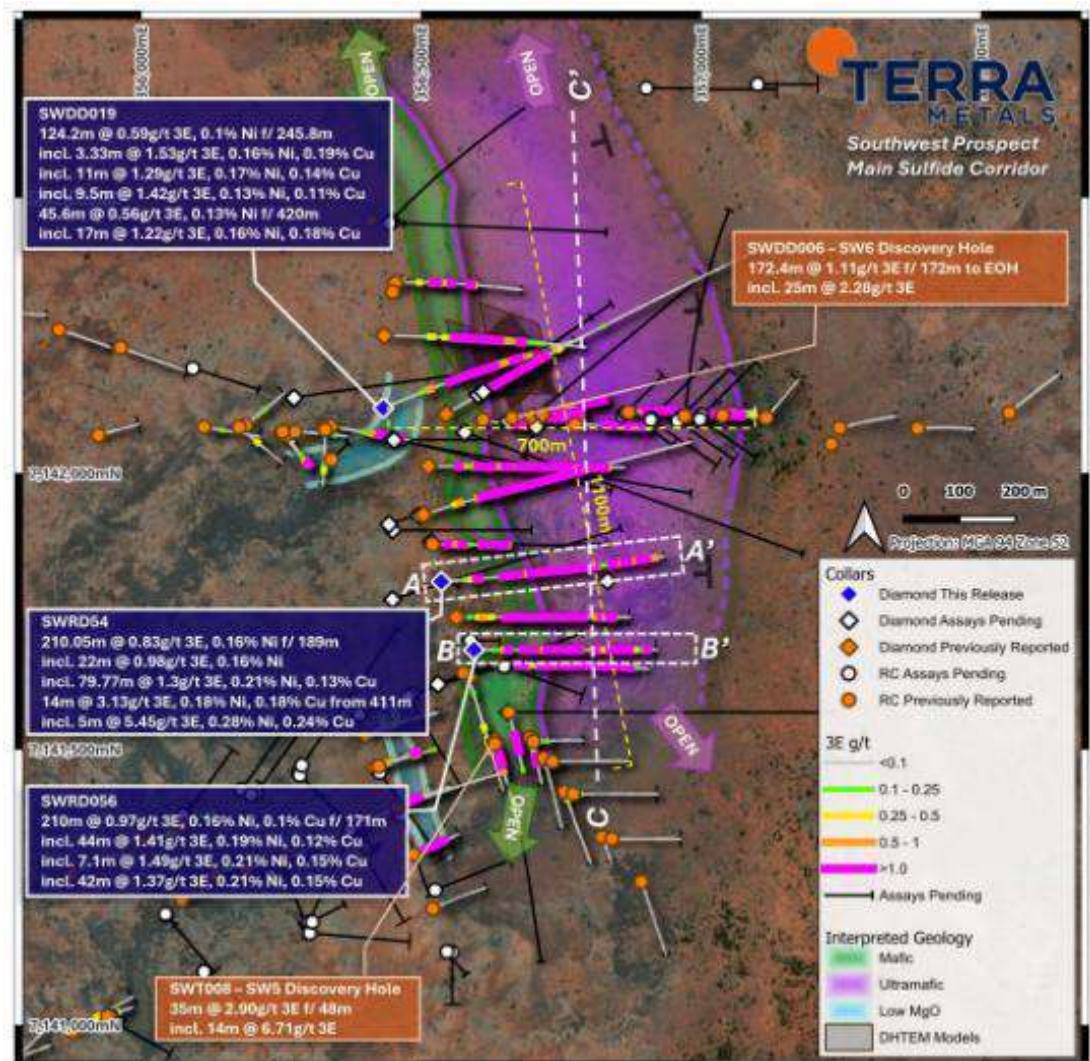


Source: Company

Since the first assays from the 2026 drilling programme were released, ongoing drilling has reinforced the scale and quality of mineralisation at the Southwest Project. Recent results from SWRD054, SWRD056 and SWDD019 have confirmed multiple broad PGE-Cu-Ni mineralised intervals containing recurring higher-grade internal reef horizons, further strengthening evidence that Southwest hosts a large mineralised system with meaningful grade variability. **Notable intercepts include 210m @ 0.83g/t 3E and 0.16% Ni in SWRD054 (Figure 1)**, including 20.7m @ 2.32g/t 3E and 5m @ 5.45g/t 3E,

as well as an exceptional 1.3m @ 18.62g/t 3E interval. **SWRD056 returned 210m @ 0.97g/t 3E, 0.16% Ni and 0.10% Cu, including 44m @ 1.41g/t 3E and 42m @ 1.37g/t 3E**, while SWDD019 intersected 124.2m @ 0.59g/t 3E and 0.10% Ni, containing multiple higher-grade zones including 11m @ 1.29g/t 3E, 9.5m @ 1.42g/t 3E, and 4.4m @ 2.48g/t 3E. This strengthens Southwest's potential grade profile. A large mineralised system containing repeated higher-grade internal reefs could ultimately provide greater flexibility in future mine design, including the potential to prioritise higher-grade material within the broader mineralised system. However, the economic significance of these zones depends on further drilling to define their continuity and geometry, along with the maiden MRE, metallurgical testwork, and subsequent mining studies.

Figure 2: Infill and Extensional Drilling Increasingly Connects the Southwest Mineralised System



Source: Company

SW5 and SW6 increasingly form one large system

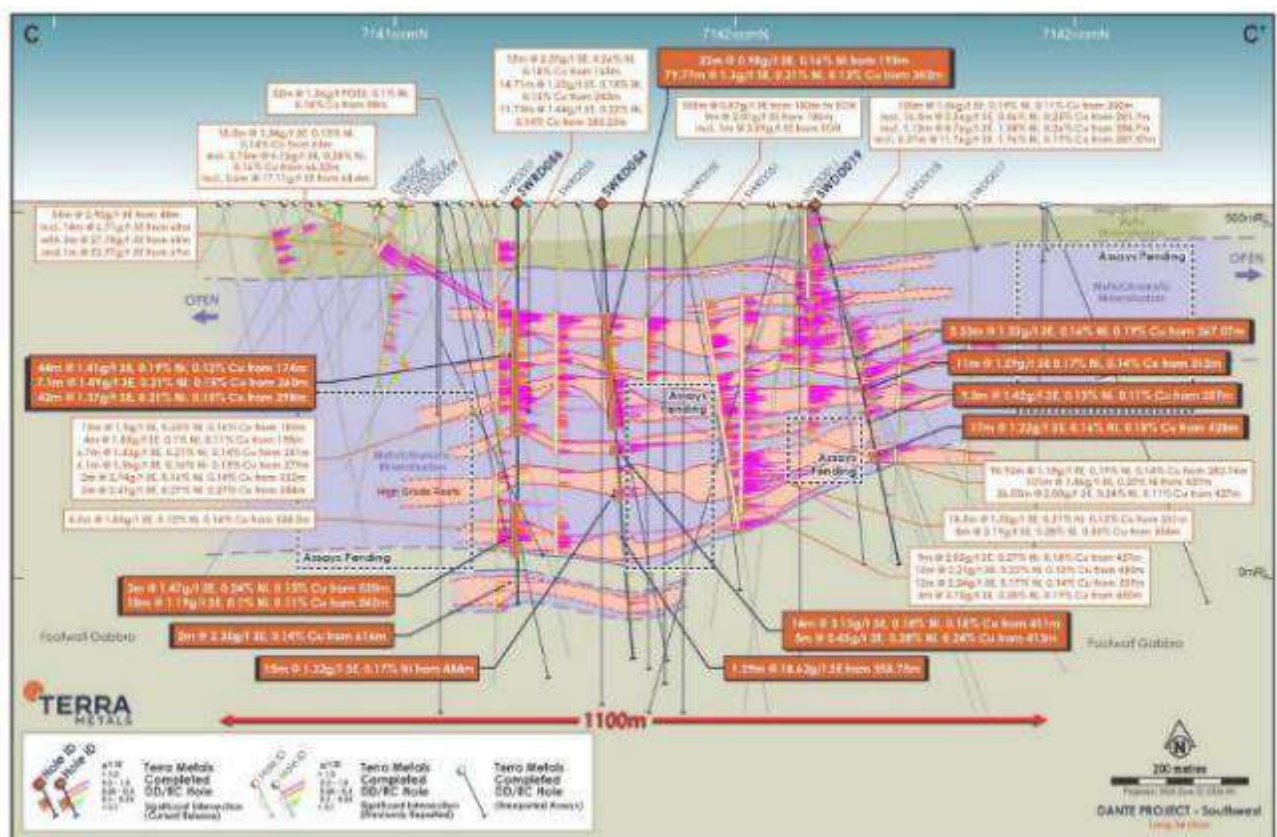
- **Infill drilling increasingly connects SW5 and SW6:** Drilling through previously under-tested areas between the two discoveries has repeatedly intersected sulphide mineralisation, strengthening interpretation of one broader mineralised system.
- **Continuity has strengthened as drilling progresses:** July drilling across a previously under-tested ~650m corridor intersected broad mineralisation in all three holes, while subsequent drilling extended the Southwest Main Sulphide Corridor by ~400m to more than 1,350m of strike.

Investment impact: The progression from gap-filling intersections to broad mineralised intervals materially reduces continuity risk and increasingly supports interpretation of a large, laterally extensive system that remains open along strike and at depth. In June 2026, TM1 reported infill drilling between SW5 and SW6, initially identified roughly 800m apart. The key geological uncertainty was whether the two discovery areas represented isolated mineralised zones or parts of one larger system. Drilling within the gap repeatedly intersected PGM-Cu-Ni-Co sulphides, including 20m at 2.12g/t 3E in SWRC058 and 22m at 1.21g/t 3E in SWRC033, providing early evidence that mineralisation persisted between the discoveries. This infill drilling is important because it directly tests continuity through previously under-drilled areas. Repeated intersections progressively reduce the likelihood that Southwest comprises separate mineralised zones and strengthen confidence in a larger connected system.

That interpretation strengthened materially in July. Three RC pre-collars across a previously under-tested ~650m section all intersected broad mineralisation and ended in mineralised rock. SWRD057 returned 194m at 0.71g/t 3E, while SWRC053 returned 105m at 0.87g/t 3E. Complete SWRD052 assays subsequently confirmed broad mineralisation at depth, reinforcing the system's persistence through the previously under-tested corridor. The system expanded again in August, with SWDD017 extending the interpreted northern limit by ~400m and taking drilled mineralised strike to more than 1,350m, while remaining open.

The results materially reduce continuity risk and strengthen confidence that SW5 and SW6 are part of a single, large, laterally extensive mineralised system with the potential to support a substantial maiden Mineral Resource.

Figure 3: Broad Mineralisation Persists Across a Separate Southwest Cross-Section



Source: Company

Scale and geometry strengthen development potential

- **Substantial thickness confirmed:** SWRD051 returned 448m of continuous downhole mineralisation, which TM1 interprets to represent up to ~400m of true mineralised thickness.

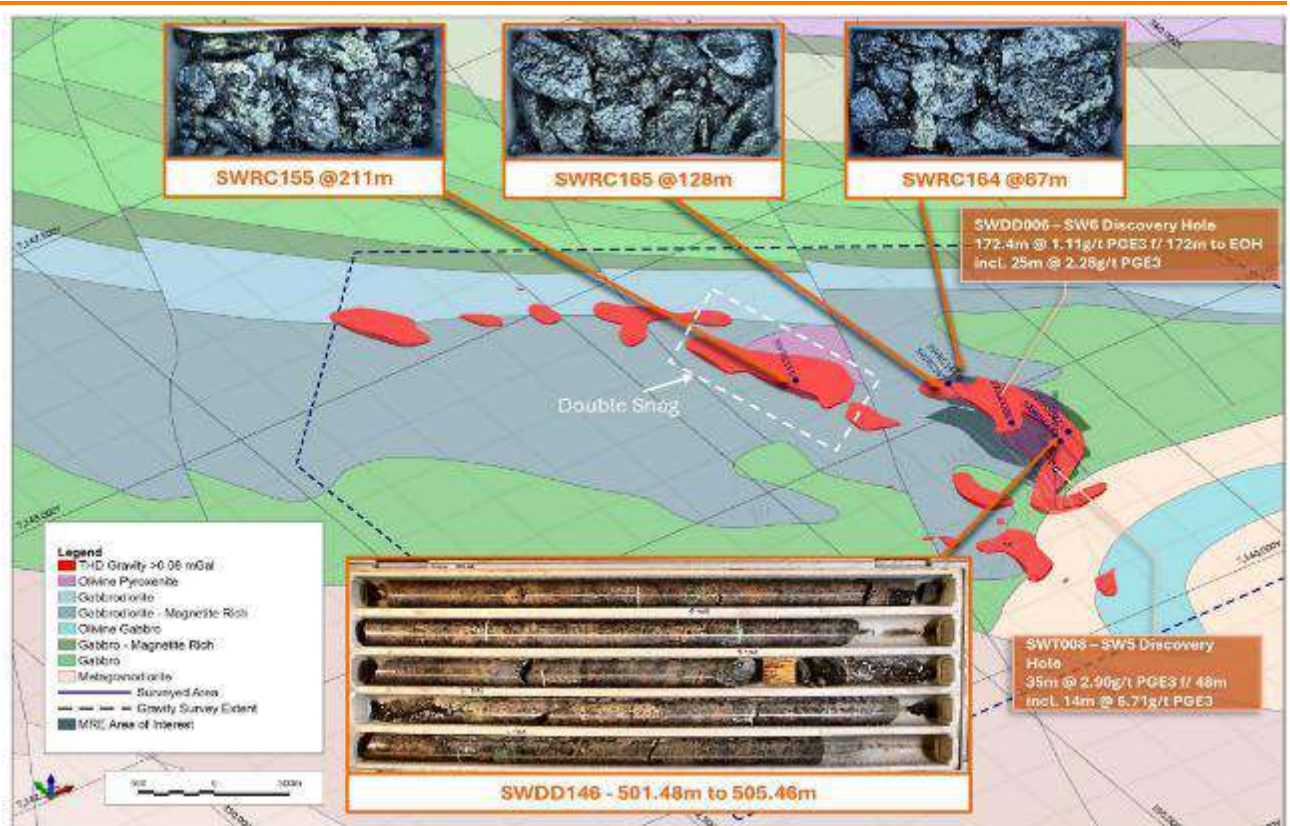
- **Mineralisation extends close to surface:** SWRC064 intersected 157m of mineralisation from only 5m depth, while SWRC083 subsequently returned 73m from 12m, further supporting the shallow geometry of the system.
- **Investment impact:** The combination of substantial thickness, shallow mineralisation and an expanding footprint strengthens the potential for a substantial Mineral Resource and could provide greater flexibility in future mine design.

In July 2026, drilling materially improved understanding of Southwest's scale and geometry, with subsequent August drilling further expanding the defined footprint. The mineralised system is now defined over more than 1,350m of strike, ~700m across strike and at least 750m down-dip, while remaining open along strike and at depth. Drilling also shows that mineralisation extends close to the surface. SWRC064 returned 157m from only 5m depth, including 50m at 1.27g/t PGE3, while SWRC083 subsequently returned 73m from 12m, further supporting the interpretation of shallowly dipping mineralisation across the system.

At depth, SWRD051 remains the standout thickness result, returning 448m at 0.87g/t 3E and 0.15% Ni. TM1 interprets this downhole interval as representing up to ~400m of true mineralised thickness, based on the current drill orientation and geological interpretation. This interpretation remains preliminary and subject to further drilling. SWRD052 has also confirmed broad mineralisation through multiple intervals at depth, reinforcing the persistence of the mineralised system.

The combination of shallow mineralisation, substantial thickness and an expanding footprint strengthens Southwest's potential to support a substantial Mineral Resource. It could provide greater flexibility in future mine design, subject to resource definition, metallurgy and economic studies.

Figure 4: New interpretation of the Southwest Igneous Complex showing newly defined THD-Gravity geophysical data



Source: Company

Southwest advances toward a maiden resource

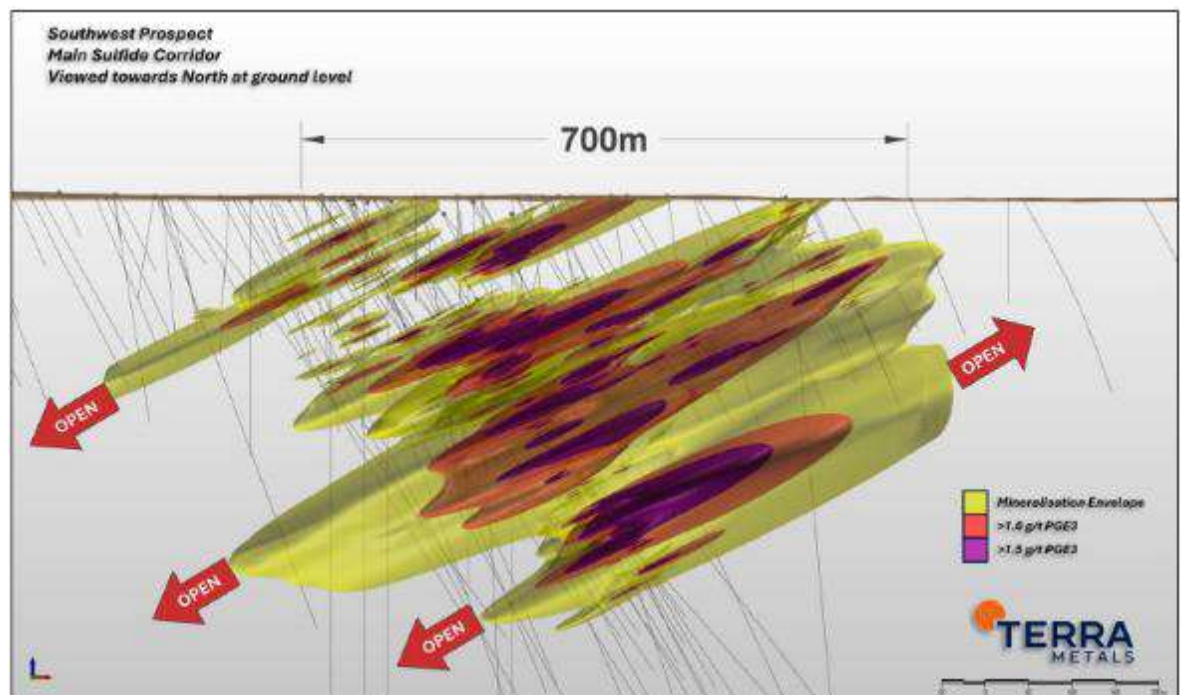
- **Drilling is progressing toward systematic resource definition:** TM1 is increasingly filling gaps, refining geological interpretation and testing extensions to define Southwest's scale, grade and continuity.
- **Five rigs support a substantial definition programme:** More than 56,000m of DD and RC drilling has been completed, of which more than 24,000m had been reported at the time of the latest announcement, leaving ~32,000m of completed drilling with assay results pending.
- **Investment impact:** A maiden Southwest MRE targeted for early 2027 should provide the first formal estimate of mineralised tonnes and grade, establishing a clearer resource basis for valuation and subsequent technical studies.

Southwest is progressing from discovery drilling toward systematic resource definition. Earlier work focused primarily on establishing the discovery and testing its extent. Drilling is increasingly filling gaps between existing holes, testing extensions, and refining the geological and structural model required to estimate the size, grade, and continuity of the mineralised system. The programme remains substantial, with five rigs operating and more than 56,000m of drilling completed. Of this, ~24,000m had been reported at the time of the latest announcement, providing a significant pipeline of further assay results as resource definition progresses.

Ground and downhole EM continue to support drill targeting by identifying conductive anomalies that may represent sulphide accumulations, while downhole televiewer surveys are adding structural data to refine geological interpretation. Heritage surveys have also expanded drill access across Southwest, with drilling underway in newly cleared areas for both exploration and future resource-definition work.

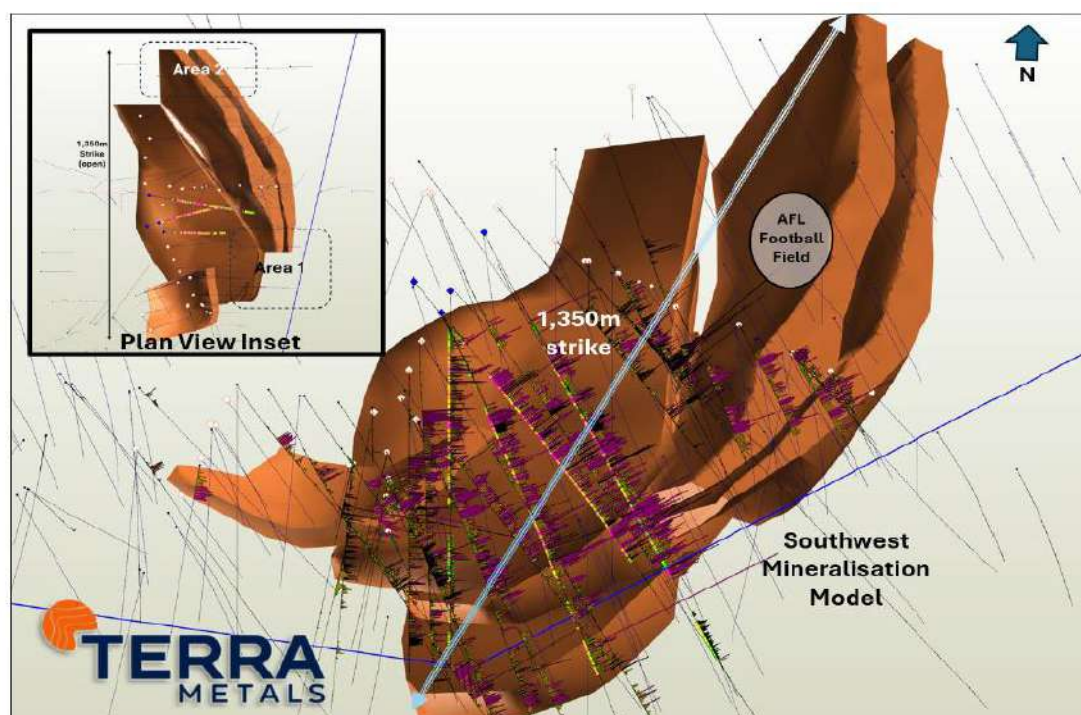
The next major milestone is a maiden Southwest MRE targeted for early 2027. This should provide the first formal estimate of mineralised tonnes and grade and establish a clearer resource basis for valuation and subsequent mine studies. TM1 then plans detailed metallurgical testwork and flowsheet development to advance toward a PFS.

Figure 5: Southwest Resource Definition Progresses Through 3D Geological Modelling



Source: Company

Figure 6: Plan view of the interpreted mineralisation model at Southwest



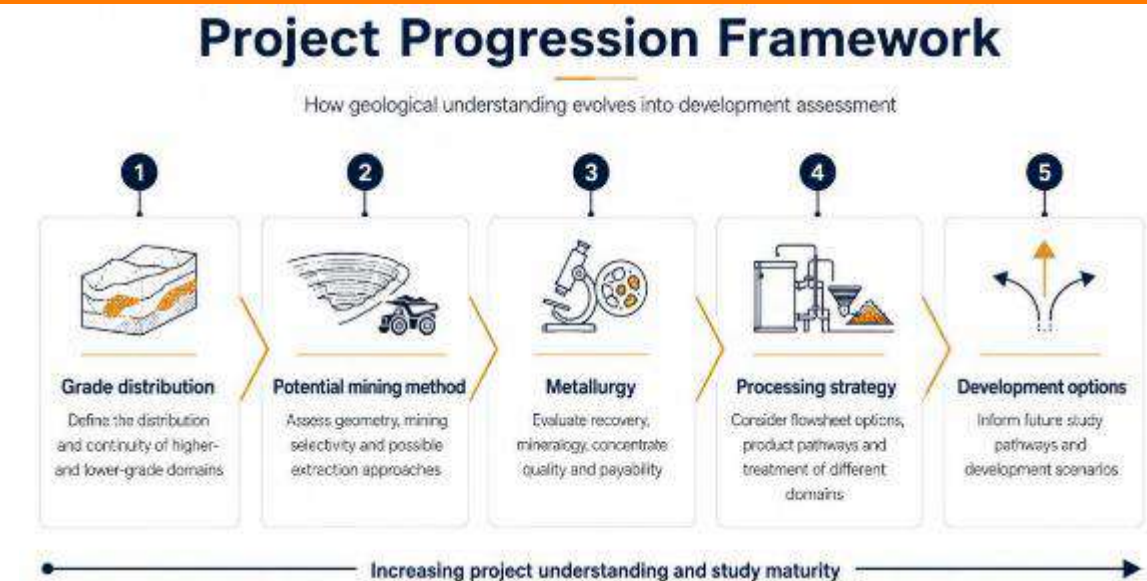
Source: Company

Near-term catalysts driving Southwest's advancement

TM1 is advancing the Southwest Project through a comprehensive work programme to deliver a MRE and further de-risk the asset. Key near-term catalysts include the release of additional assay results from resource-definition drilling, ongoing drilling of extensional targets across the expanded Southwest area, and further delineation of higher-grade mineralised reef domains.

Concurrent metallurgical and mineralogical test work, together with ongoing geological and resource modelling, will provide critical inputs into resource estimation and development planning. We expect these activities to culminate in a maiden MRE, followed by technical studies evaluating potential mining, processing, and development pathways, representing important value-accretion milestones for the project.

Figure 7: Southwest Project has a clearly defined work plan in place



Source: Company

Corporate Update: Leadership and funding strengthen execution

- **Leadership strengthened for development:** Board and executive appointments add mine development, operational, project finance, governance and specialist PGE-Cu-Ni experience.
- **Strong funding position:** TM1 ended June with A\$75.1m in cash, providing substantial funding for its five-rig drilling programme and planned exploration and technical activities.
- **Investment impact:** The combination of strengthened development capability and a substantial cash position reduces execution and near-term funding risk as Southwest progresses through resource definition and subsequent studies.

TM1 has strengthened its corporate and technical capability as Southwest progresses from exploration success toward systematic resource definition. During the June quarter, Debra Bakker was appointed Non-Executive Chair, while Dr Jennifer Purdie and Jeff Quartermaine joined as Independent Non-Executive Directors and Mark Freeman as Company Secretary. After quarter-end, Ben Hammond was appointed Chief Development Officer, and Barry Jones was appointed General Manager, Exploration & Operations. Collectively, the appointments add experience across mine development, large-scale operations, project finance, governance and specialist PGE-Cu-Ni geology.

This capability becomes increasingly relevant as TM1 works toward a maiden Southwest MRE and subsequently progresses metallurgical testwork, flowsheet development and economic studies.

TM1 also ended June 2026 with A\$75.1m in cash and cash equivalents. The position was supported by receipt of ~A\$20.8m following shareholder approval of the second tranche of the March placement. The resulting cash position reduces near-term funding risk and provides flexibility to maintain drilling intensity while progressing resource definition and technical work. In our view, **TM1 now has both the leadership capability and financial capacity required to advance Southwest through its next major de-risking milestones.**

Valuation

Updated Valuation of A\$0.71 – A\$0.92 Per Share

Since our last update, three developments have strengthened the basis for our TM1 valuation.

1. **Larger Southwest footprint:** Continued drilling has expanded the defined mineralised system, supporting a larger conceptual inventory within our Southwest valuation framework.
2. **Improved geological confidence:** Infill and extensional drilling have strengthened confidence in Southwest's scale, continuity, geometry and grade distribution, providing greater support for the assumptions used in our conceptual valuation.
3. **Supportive commodity backdrop:** Copper and precious-metal prices remain supportive of TM1's polymetallic exposure, providing an additional tailwind to the underlying value of both Dante and Southwest.

These developments are reflected in the valuation assumptions and scenario analysis outlined below.

Methodology

We value Terra Metals using a sum-of-the-parts approach, valuing the existing Basal Reefs Mineral Resource and the emerging Southwest discovery separately to reflect their different geological characteristics and stages of definition.

- **Basal Reefs:** We apply an EV/CuEq methodology to the existing 148Mt Mineral Resource Estimate, comprising 38Mt Indicated and 110Mt Inferred. CuEq provides a common basis for valuing Basal Reef's polymetallic metal inventory against relevant peers. We recognise 100% of Indicated and 50% of Inferred resources, resulting in an effective contained resource of ~1,376kt CuEq, before applying peer-derived Base and Upside EV/CuEq multiples.
- **Southwest:** As Southwest does not yet have a Mineral Resource Estimate, we use a conceptual inventory approach based on the drilling-defined footprint. Our Base and Upside cases assume 1,350m of strike, 700m width and 250m to 275m of effective vertical extent, with a 25% geological discount and 50% recognition factor to reflect its pre-MRE status. We then apply assumed PdEq grades and peer EV/PdEq multiples to derive a current Southwest value, before separately recognising exploration upside for mineralisation that remains open beyond the area captured in our valuation assumptions.

We model base and upside cases to capture uncertainty in growth pathway, resource scale, grade and peer valuation multiples. This framework allows us to recognise Southwest's growing potential while retaining appropriate discounts for its earlier stage of definition.

Assumptions

1. Equivalent Grade

We use metal-equivalent grades to consistently rank TM1 and its relevant peers, despite differences in commodity exposure. Equivalent grades convert the value contribution of multiple metals into a single common unit using a consistent set of commodity price assumptions. For Basal Reefs, we use copper equivalent (CuEq), reflecting the polymetallic nature of the existing resource and allowing comparison of contained metal value with other large polymetallic resources on an EV/CuEq basis. For Southwest, we use palladium equivalent (PdEq), which better reflects the PGM-focused nature of the PGM-Cu-Ni sulphide system and provides a consistent basis for comparison with the selected PGM peer group. Importantly, we apply the same commodity price assumptions and equivalent-grade methodology to both TM1 and each relevant peer. This normalises differences in individual metal mix and ensures the resulting EV/CuEq and EV/PdEq multiples are calculated on a comparable basis, rather than relying on company-reported equivalent grades that may use different underlying assumptions.

2. Confidence-Adjusted Resources

For Basal Reefs and the relevant peer resources, we adjust contained metal for differences in geological confidence before calculating EV/resource multiples. We recognise 100% of Measured and Indicated resources and 50% of Inferred resources, reflecting the greater uncertainty associated with Inferred estimates. We apply this methodology consistently across Dante and both the CuEq and PdEq peer groups, ensuring the resulting EV/CuEq and EV/PdEq multiples are calculated on a comparable, confidence-adjusted basis.

3. Southwest Conceptual Mineralised Inventory

Southwest remains pre-MRE, so we use a transparent conceptual inventory framework anchored to the scale and grade demonstrated by drilling, while applying explicit discounts for the uncertainty inherent in valuing an early-stage discovery. Our Base and Upside cases assume 1,350m of strike and 700m of width, consistent with the current drilling-defined footprint, but use a more conservative effective vertical extent of 250m and 275m, respectively. These assumptions are informed by the distribution of mineralised widths across the governed drilling dataset and remain materially below the broader down-dip extent demonstrated by drilling.

We apply a specific gravity of 3.2t/m³ and a 25% geological discount to this conceptual envelope. The discount recognises uncertainty around the final geometry, continuity and wireframing of the mineralised system ahead of the maiden MRE. Because our assumed vertical extent captures only a constrained portion of the broader drilled system, we believe a geological discount provides a reasonable additional allowance without excessively double discounting the conceptual inventory. This results in estimated inventories of ~567Mt in the Base Case and ~623.7Mt in the Upside Case after accounting for the geological discount.

Assuming a perfect rectangular body and extrapolating across strike is likely to overstate the mineralised zone, as orebodies pinch, swell, and thin towards the ends, and grade and continuity vary along strike. We therefore applied a 25% haircut, which we believe is conservative yet realistic pending Terra's maiden Southwest resource estimate.

Our Base and Upside cases apply PdEq grades of 1.54g/t and 1.79g/t, respectively. These assumptions are supported by the distribution of composite grades across the governed drilling dataset, with numerous broad intersections returning PdEq grades materially above our valuation range. Examples include 579.4m at 2.11g/t PdEq in SWRD054, 447m at 2.16g/t in SWRD056, 448m at 1.92g/t PdEq in SWRD051, 389m at 2.09g/t in SWRD052, 230m at 1.98g/t in SWRC031+SWDD006 and 248.46m at 1.78g/t in SWDD019. We therefore view 1.54g/t PdEq as a conservative central assumption that allows for lower-grade material and geological dilution, while 1.79g/t PdEq captures the potential for the repeated higher-grade zones identified across Southwest to contribute more meaningfully to the eventual resource. The final resource grade remains subject to formal wireframing, cut-off selection, and the maiden MRE. *Note that these are palladium-equivalent (PdEq) grades, which capture the value of all payable metals, and are therefore higher than, and not directly comparable with, the 3E (Pt+Pd+Au) grades quoted over the report.*

Given Southwest remains pre-MRE, we apply a further 50% recognition factor to the resulting conceptual PdEq inventory before applying peer EV/PdEq multiples. This recognition adjustment is separate from the geological assumptions above and explicitly discounts the valuation for outstanding resource definition, metallurgical, and economic work.

We separately recognise exploration upside beyond the conceptual inventory. Southwest remains open along strike and at depth, with substantial areas of the mineralised system still under-tested. Rather than extrapolating speculative dimensions and grades into undrilled areas, we apply an exploration upside allowance equal to 100% of the recognised conceptual PdEq inventory. Given the deliberately constrained assumptions in our valuation, we consider this a transparent, conservative proxy for additional geological upside, while keeping exploration potential separate from any future Mineral Resource Estimate.

4. Peer Selection

We use separate peer groups for Basal Reefs and Southwest to reflect their different mineralisation styles and commodity exposures. No listed company provides a direct one-for-one comparison with TM1 across geology, metal mix, resource scale and development stage. We therefore select a focused group of projects that, collectively, provide the most relevant available benchmarks. To improve comparability, we recalculate peer resources using our common CuEq or PdEq methodology and the same confidence weighting as for TM1, with 100% recognition of Measured and Indicated resources and 50% recognition of Inferred resources.

Basal Reefs, CuEq peers: We use Chalice Mining's Gonneville, Bravo Mining's Luanga, Generation Mining's Marathon and Lifezone Metals' Kabanga. Gonneville provides a particularly relevant Australian analogue for a large intrusive polymetallic system containing PGMs, nickel, copper and cobalt. Luanga and Marathon add large-scale PGM and base-metal intrusive systems. Kabanga also provides a high-grade magmatic Ni-Cu-Co sulphide benchmark, strengthening the peer set's base-metal component. The group trades at ~A\$115-A\$264/t of risk-adjusted CuEq, with an average of A\$187.3/t.

Figure 8: CuEq Peer Set

Company	Ticker	Market Cap ¹ (A\$m)	EV ¹ (A\$m)	Measured & Indicated CuEq (kt)	Inferred (CuEq kt)	Total Resources (CuEq kt)	CuEq %	EV / Risked Resource (A\$/t)
Lifezone Metals	NYSE:LZM	430.2	476.9	1613.8	382.4	1996.2	3.4%	264.2
Chalice Mining	ASX:CHN	413.6	356.3	2357.4	1468.8	3826.1	0.6%	115.2
Bravo Mining	TSXV:BRVO	355.0	221.0	1381.9	668.6	2050.5	0.9%	128.8
Generation Mining	TSX:GENM	351.5	319.1	1260.6	129.1	1389.7	0.5%	240.8
Average								187.3

Note: ¹ as of 9 October 2026

Source: Company disclosures, Refinitiv Eikon and East Coast Research

Southwest, PdEq peers: We use Platinum Group Metals' Waterberg, Chalice Mining's Gonneville, Generation Mining's Marathon and Bravo Mining's Luanga. Each provides meaningful exposure to large-scale PGM mineralisation with associated base metals, making the group relevant to Southwest's PGM-Cu-Ni sulphide system. Waterberg provides a high-grade PGM-focused reference, while Gonneville, Marathon and Luanga provide broader polymetallic comparisons. The peer set has an average risk-adjusted EV/PdEq multiple of A\$12.8/oz, which we use as the Base Case valuation multiple for Southwest.

Figure 9: PdEq Peer Set

Company	Ticker	Market Cap ¹ (A\$m)	EV ¹ (A\$m)	Measured & Indicated PdEq (Moz)	Inferred PdEq (Moz)	Total Resources PdEq (Moz)	PdEq g/t	EV / Risked Resource (A\$/oz)
Chalice Mining	ASX:CHN	413.6	356.3	25.0	15.6	40.6	1.9	10.9
Bravo Mining	TSXV:BRVO	355.0	221.0	15.6	7.5	23.0	3.0	11.5
Generation Mining	TSX:GENM	351.5	319.1	13.4	1.4	14.7	1.8	22.7
Platinum Group Metals	TSX:PTM	229.3	201.8	28.4	7.2	35.6	5.1	6.3
Average								12.8

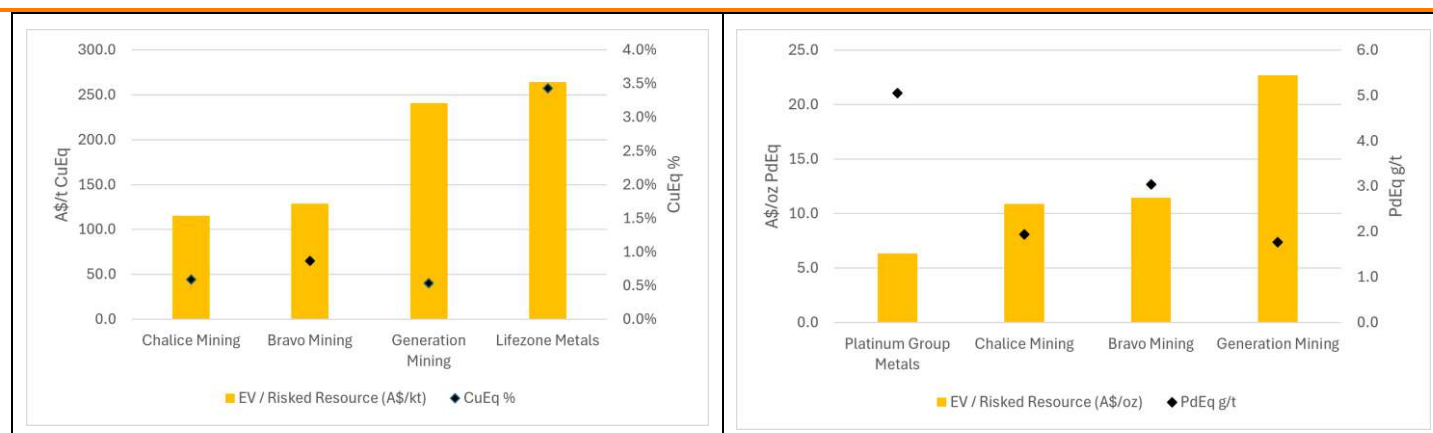
Note: ¹ as of 9 October 2026

Source: Company disclosures, Refinitiv Eikon and East Coast Research

The overlap between the two peer groups is deliberate. Gonneville, Marathon and Luanga contain meaningful exposure to PGM and base metals and remain relevant under both CuEq and PdEq normalisation. Kabanga strengthens the Basal Reef's base-metal comparison, while Waterberg

strengthens the Southwest PGM comparison. Southwest remains materially earlier-stage than the selected peers, which we account for separately by applying a 50% recognition factor to its conceptual PdEq inventory.

Figure 10: Terra Metals Selected Peer Resource Valuation Benchmarks



Source: Capital IQ, East Coast Research

5. Number of diluted shares

Our valuation is based on a fully diluted capital structure. Following the completion of the recent capital raising, Terra currently has ~1,030.9m ordinary shares on issue. In addition, the company has 28m performance and share rights outstanding, as well as a portfolio of 91.8m unlisted options with exercise prices ranging from A\$0.07 to A\$0.25. For valuation purposes, we have incorporated the potential dilution from all in-the-money options, resulting in a fully diluted share count of ~1,150.6m shares. We adjusted the cash calculation in the model accordingly.

Scenario Analysis

We model Base and Upside Cases to capture the key sources of valuation upside as TM1 advances resource definition across Dante and Southwest. The scenarios vary assumptions for Southwest grade and effective vertical extent, peer valuation multiples and incremental exploration potential at Dante, while maintaining conservative geological and recognition adjustments.

- **Southwest grade assumption:** We apply 1.54g/t PdEq in the Base Case and 1.79g/t in the Upside Case, reflecting the potential for repeated higher-grade zones to contribute more meaningfully to the eventual resource.
- **Southwest effective vertical extent:** We apply 250m in the Base Case and 275m in the Upside Case, with strike and width held at 1,350m and 700m. Both remain well below the broader down-dip extent demonstrated by drilling, providing a conservative range for conceptual tonnage.
- **Multiple assumption:** We apply a 10% uplift to Base Case peer multiples in the Upside Case for both Basal Reef's and Southwest. This reflects the potential for improved market recognition as geological confidence increases, and TM1 progresses toward key resource-definition and technical milestones, without assuming a re-rating to more advanced development-stage peers.
- **Dante exploration upside:** In addition to the existing MRE, we recognise potential incremental CuEq inventory equivalent to 45% of Dante's current risk-adjusted resource in the Base Case and 65% in the Upside Case, representing ~619kt and 894kt CuEq, respectively. This separately captures exploration potential that is not included in the existing MRE, while keeping it distinct from the currently classified Mineral Resource.

Valuation

We value Terra Metals using a peer-based sum-of-the-parts methodology, valuing Dante Reefs on a confidence-adjusted EV/CuEq basis and Southwest using a conceptual mineralised inventory and EV/PdEq methodology. On this basis:

We have revised our target price to \$0.81, representing a 461% potential upside from the current share price, based on a Price/NAV multiple of 0.18x.

Our analysis highlights material upside, derived from a midpoint between our base-case valuation of A\$0.71/share and our upside-case valuation of A\$0.92/share. Our valuation sits between our Base and Upside Cases, reflecting Southwest's pre-MRE status and remaining uncertainty around final resource scale, grade continuity, metallurgy and development configuration. However, we believe the current market discount does not fully reflect the scale and continuity increasingly demonstrated by drilling, with mineralisation now defined over more than 1,350m of strike, ~700m across strike, and at least 750m down-dip, including continuous mineralised intervals of up to 448m downhole.

We expect this valuation gap to narrow as ongoing drilling improves geological confidence, the maiden Southwest MRE targeted for early 2027 establishes a formal resource base, and subsequent metallurgical and economic studies clarify the development pathway. While our valuation separately recognises exploration upside, extensions to the mineralised system, additional higher-grade zones, and broader district-scale discoveries could provide upside beyond our current assumptions.

Figure 11: TM1 Valuation

Equity Valuation (A\$M)	Base Case	Bull Case	Remarks
DANTE PROJECT			
Dante Reefs Resources (CuEq kt)	2,041.60	2,041.60	Existing MRE
Dante Reefs Risked Resources (CuEq kt)	1,376.10	1,376.10	Discounting Inferred by 50%
Dante Reefs Incremental Resources (CuEq kt)	619.25	894.47	Exploration Value not captured in MRE
EV / t CuEq (A\$/t)	187.27	206.00	
Riskied Dante Reef Value (A\$m)	373.67	467.73	
Southwest Assumed Resource (PdEq Moz)	28.07	35.89	
EV / Oz PdEq (A\$/oz)	12.83	14.11	Upside capturing in positive factors
Riskied Southwest Value (A\$m)	360.12	506.48	
Implied EV (A\$m)	733.79	974.21	
Cash & cash equivalent ¹ (A\$m)	82.46	82.46	From latest quarterly
Debt ¹ (A\$m)	-0.04	-0.04	
Total Market Value of Equity (A\$m)	816.20	1,056.63	
Number of shares (m) ²	1,150.64	1,150.64	Incl. Dilution
Implied price (A\$)	0.71	0.92	
Current price (A\$) ³	0.15	0.15	
Upside (%)	389%	533%	
Mid-point Target Price (A\$)	0.81		
Mid-point Target Price Upside (%)	461%		
Price / NAV (X)	0.18x		
Note: ¹ From Latest Quarterly Report, as of 30 June 2026; total cash balance has been adjusted for expected inflow from vesting of options ² From Latest HY Report, as of 31 December 2025 ³ As of 25 September 2026 Source: ASX, Company & East Coast Research			

Risks & Re-Rating

Key catalysts

- **Maiden Southwest Mineral Resource Estimate:** Delivery of a maiden Southwest MRE targeted for early 2027 remains the most important near-term re-rating catalyst. A formal estimate of tonnes and grade would provide the first classified resource basis for Southwest, materially improving geological confidence and providing a stronger foundation for valuation and subsequent technical studies.
- **Ongoing drilling and assay results:** Five rigs remain active at Southwest, with more than 52,000m of DD and RC drilling completed but only 22,612m reported, leaving a substantial assay pipeline. Further results and resource-definition drilling should refine grade distribution, continuity and geometry, while additional extensions could increase the mineralised footprint ahead of the maiden MRE.
- **Metallurgy and flowsheet development:** Following the maiden MRE, TM1 plans detailed metallurgical testwork and flowsheet development. Positive recovery, concentrate-quality and processing results would represent an important technical de-risking step and provide the basis for subsequent economic studies and development planning.
- **Progression toward PFS:** Advancement toward a Pre-Feasibility Study would move Southwest beyond resource definition and begin testing mining methods, production scale, capital requirements and project economics. This would materially improve the market's ability to value Southwest on a development basis rather than primarily through conceptual resource and peer-based metrics.
- **Further Southwest and broader Dante exploration:** Southwest now extends over more than 1,350m of strike and remains open along strike and at depth. Completed heritage surveys have also opened substantial new areas for drilling, while success from further extensions or additional PGM-Cu-Ni discoveries could add further exploration optionality.

Key Risks

- **Resource conversion risk:** Southwest remains pre-MRE, and our valuation therefore relies on conceptual assumptions around scale, grade and continuity. The maiden MRE could ultimately establish lower tonnes, grade or geological continuity than assumed, which would reduce the resource base supporting our Southwest valuation.
- **Metallurgical risk:** Dedicated metallurgical work on Southwest remains outstanding. Mineralisation scale and grade alone do not determine economic value; recoveries, concentrate characteristics, and processing requirements will be critical to assessing development potential.
- **Development and capital intensity risk:** No economic study has yet defined the preferred mining method, production rate, capital requirements or operating costs for Southwest. Future studies could identify higher capex, infrastructure requirements or weaker economics than currently implied by the geological scale.
- **Commodity price risk:** Southwest's value remains sensitive to palladium, platinum, nickel, copper and associated metal prices. Weaker commodity prices or lower long-term assumptions could reduce project economics, peer valuation multiples and overall valuation support.
- **Execution, approvals and future funding risk:** TM1 is currently well funded for resource definition, with A\$75.1m cash at 30 June 2026. However, progressing through resource definition, technical studies, approvals and ultimately development will require continued execution and potentially substantial additional capital.

Appendix I: Analyst's Qualifications

Riddhesh Chandwadkar

Riddhesh is an Equity Research Analyst at Shares in Value (East Coast Research) and the lead analyst on this report. He holds a Master of Commerce (Finance and Strategy) from the University of Sydney and has passed the CFA Program Level I and Level II.

General Advice Warning, Disclaimer & Disclosures

Terms & Conditions

The information contained herein ("Content") has been prepared by Shares in Value Pty Ltd (East Coast Research). Shares in Value Pty Ltd (ACN: 643 558 436) is a Corporate Authorised Representative of One Mile Investment Group (ACN: 664624846), which holds an Australian Financial Services Licence (AFSL no. 547945). All intellectual property relating to the Content vests with East Coast Research unless otherwise noted.

Disclaimer

The Content is provided on an as-is basis, without warranty (express or implied). Whilst the Content has been prepared with all reasonable care from sources we believe to be reliable, no responsibility or liability shall be accepted by East Coast Research for any errors or omissions or misstatements howsoever caused. Any opinions, forecasts or recommendations reflect our judgment and assumptions at the date of publication and may change without notice. East Coast Research will not accept any responsibility for updating any advice, views, opinions or recommendations contained in this document.

No guarantees or warranties regarding accuracy, completeness or fitness for purpose are provided by East Coast Research, and under no circumstances will any of East Coast Research officers, representatives, associates or agents be liable for any loss or damage, whether direct, incidental or consequential, caused by reliance on or use of the Content.

General Advice Warning

The Content has been prepared for general information purposes only. It is not (and cannot be construed or relied upon as) personal advice nor as an offer to buy/sell/subscribe to any of the financial products mentioned herein. No investment objectives, financial circumstances or needs of any individual have been taken into consideration in the preparation of the Content.

Financial products are complex, entail risk of loss, may rise and fall, and are impacted by a range of market and economic factors. And you should always obtain professional advice to ensure trading or investing in such products is suitable for your circumstances, and ensure you obtain, read and understand any applicable offer document.

Disclosures

East Coast Research has been commissioned to prepare the Content. From time to time, East Coast Research representatives or associates may hold interests, transact or hold directorships in, or perform paid services for, companies mentioned herein. East Coast Research and its associates, officers, directors and employees, may, from time to time hold securities in the companies referred to herein and may trade in those securities as principal, and in a manner which may be contrary to recommendations mentioned in this document.

East Coast Research receives fees from the company referred to in this document, for research services and other financial services or advice we may provide to that company. The analyst has received assistance from the company in preparing this document. The company has provided the analyst with communication with senior management and information on the company and industry. As part of due diligence, the analyst has independently and critically reviewed the assistance and information provided by the company to form the opinions expressed in the report. Diligent care has been taken by the analyst to maintain an honest and fair objectivity in writing this report and making the recommendation. Where East Coast Research has been commissioned to prepare Content and receives fees for its preparation, please note that NO part of the fee, compensation or employee remuneration paid will either directly or indirectly impact the Content provided.

FINANCIAL SERVICES GUIDE

Shares In Value Pty Ltd (East Coast Research)

ABN: 56 643 558 436

Corporate Authorised Representative (AFSR No: 001283429) of One Mile Investment Group (ACN: 664624846) which holds an Australian Financial Services Licence (AFSL no.: 547945)