EVOLUTION CAPITAL

TM1 | UPDATE REPORT | RESOURCES

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Southwest Carries the Upside

Terra Metals Limited

We update coverage on Terra Metals Limited (ASX: TM1) maintaining a Speculative Buy rating with a **12-month target of A$0.670 (TSR 199%)**, set on a per-asset sum-of-the-parts (Dante and Southwest each carrying their own re-rating multiple); our de-risking range is A$0.580 / 0.670 / 0.770 (bear/base/bull).

We view TM1 as offering a compelling blend of downside support and exploration upside. The Dante Project provides a bankable titanium-vanadium foundation, while the Southwest Project offers leveraged exposure to a potential PGE-Cu-Ni discovery.

Investment Thesis

Sum-of-the-Parts: Dante's defined resource underpins a bankable A$0.95/sh equity NAV floor; the emerging Southwest discovery layers high-leverage exploration optionality on top — an unrisked sum-of-the-parts NAV of A$2.07/sh.

Dante Floor: A JORC-defined Ti-V-Cu-PGM magnetite-reef resource of 148 Mt — vanadium- and titanium-driven (~75% of NSR) and largely independent of exploration outcomes; the rebuilt DCF returns an unrisked project NPV of ~US$569M (A$837M).

Southwest Carries the Upside: An emerging PGE-Cu-Ni sulphide system — 23 hits across 22 holes over ~950 m of strike, open in all directions — conceptual today but the primary re-rating driver as it de-risks; our geometry-derived modelling case is ~275 Mt at ~1.1 g/t 3E PGE (~9.7 Moz 3E).

Catalyst-Rich 12 months: A dense newsflow path — Southwest infill and grade fences (2H CY2026), an updated Dante MRE (Q3 CY2026) and a maiden Southwest MRE (guided Q1 CY2027) — a path that both grows NAV and narrows the P/NAV discount.

Deep Discount to NAV: At A$0.225 the market pays just ~0.24× our A$0.95/sh Dante floor — and only ~0.11× our A$2.07/sh SOTP NAV — a deep discount to even the defined asset. Spec Buy; 12-month target A$0.67 (range A$0.58–0.77), a +199% TSR.

Large Untested Mineral System: The tenure sits over a single Bushveld-class layered intrusion — the Dante envelope alone runs ~54 km × 32 km, larger than Singapore — and the two systems found to date occupy only a small fraction of the ground, leaving significant district-scale discovery potential.

Strongly Funded for Growth: Pro-forma cash of ~A$87.5M fully funds an aggressive drilling, resource-growth and development programme across both Dante and Southwest.

Evolution Capital's Internal TM1 SOTP Valuation

Sum-of-the-Parts Valuation	A$M	A$/sh
Dante Project NPV10 (unrisked)	837	0.747
+ Remaining resource (2.5% NSR)	158	0.141
+ Net cash (PF)	87	0.078
− Corporate adjustments	(21)	(0.019)
Dante floor — Equity NAV (unrisked)	1,061	0.947
+ Southwest (conceptual, gross in-situ)	1,255	1.119
SOTP NAV	2,316	2.067
12-month target — per-asset SOTP	754	0.670

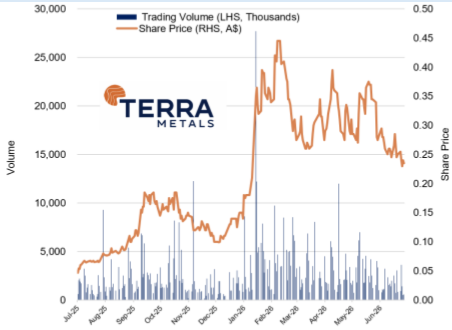
De-risking range (12-month, per-asset SOTP): A$0.580 (bear) / A$0.670 (base) / A$0.770 (bull)

Recommendation	**SPEC BUY**
Price Target	**A$0.670**
Share Price	**A$0.225**
TSR	**+199%**

Company Profile

Market Cap	~A$232M
Enterprise Value	~A$144M
Cash (Est.)	A$87.5M
52-Week Range	$0.047-0.470

Price Performance



Company Overview

Terra Metals Limited (ASX: TM1) is developing what we view as one of Australia's most compelling emerging critical minerals districts. Its flagship Dante Project hosts a large titanium-vanadium-copper-PGM resource that underpins a robust development case, while the nearby Southwest discovery provides significant exploration upside through an emerging PGE-copper-nickel sulphide system.

With ~A$87.5 million in pro forma cash, the company is well funded to accelerate drilling, resource growth and development studies across both assets.

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Majority Shareholders

Star Success Pte Ltd	14.07%
Tribeca Inv. Partners	13.56%
Pine Energy Pte Ltd	8.88%
Gold Quay Capital Pte Ltd	5.76%
Yujing Lim	3.17%

Upcoming Catalysts

Updated Dante MRE	Q3 CY2026
SW Infill Drill Results	Q3 CY2026
SW Ext. Drill Results	Q4 CY2026
SW Maiden MRE	Q1 CY2027
SW Scoping Study/PFS	H2 CY2027

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Valuation Summary

What's Changed Since Initiation (Dec 2025)

We initiated coverage on 3 December 2025 ("The Australian Bushveld") with a Speculative Buy and an A$0.260 target — a Dante-only sum-of-the-parts: a 35% risk factor applied to an A$0.742/sh un-geared NAV (Dante NPV10 A$654M / US$405M + net cash, on 887M diluted shares).

Two things have transformed the story since — the emergence of the Southwest PGE-Cu-Ni discovery as a separate, high-leverage asset, and a re-rating of the stock from A$0.125 to A$0.225. We have also refreshed our long-run price deck, rebuilt the Dante DCF and moved to a per-asset sum-of-the-parts. Net, our 12-month target is A$0.67 (base), with a de-risking range of A$0.58 / 0.67 / 0.77; we retain our Spec Buy.

Metric	Initiation 3 Dec 2025	Now 15 Jul 2026
Recommendation	Spec Buy	Spec Buy (retained)
12-month price target	A$0.260	A$0.67 (per-asset SOTP, base)
Share price	A$0.125	A$0.225
Implied TSR	~108%	~+199%
Valuation basis	Dante only; 35% risk factor	Per-asset SOTP — Dante 0.40× developer + Southwest exploration 0.25× P/NAV;
Dante equity NAV (un-geared)	A$0.742/sh	A$0.95/sh (unrisked bankable floor)
Dante NPV10	A$654M (US$405M)	US$569M unrisked (A$837M)
Southwest in valuation	No — flagged as future catalyst	Yes — conceptual PGE-Cu-Ni; carries the upside
SOTP NAV	A$0.742/sh (Dante only)	A$2.07/sh
P/NAV (discount to NAV)	0.17×	0.24× Dante NAV (0.11× SOTP)
Shares (FD) / Market cap	887M / A$99M	1,121M / ~A$232M
Pro-forma cash	A$16.4M	~A$87.5M

Table 1 – Valuation comparison of initiation (Dec 2025) vs Update Report 1 (July 2026)

Southwest Discovery: At initiation the valuation was Dante-only, with a maiden Southwest MRE flagged only as a future catalyst. Through 2026, drilling has defined the Southwest PGE-Cu-Ni sulphide region (23 hits to date) — now the primary source of upside and a key driver of the higher target.

Re-rating & Capital: The share price has re-rated from A$0.125 to A$0.225 (~+80%), and TM1 has raised capital — pro-forma cash of ~A$87.5M (from A$16.4M) — lifting market cap to ~A$232M and the diluted share count to ~1,121M (from 887M).

Commodity deck & Dante DCF: We refreshed our long-run vanadium, titanium, copper and PGM assumptions and rebuilt the Dante DCF (US$569M unrisked project NPV). The Dante floor is now its full unrisked equity NAV of A$0.95/sh — up from A$0.742/sh at initiation — reflecting the removal of the probability-of-development haircut (Dante's development risk is instead carried in the 0.40× developer multiple used to set the target), net of the refreshed deck, a more conservative remaining-resource treatment (2.5% NSR; 50% of the Inferred tail excluded) and the intervening dilution.

Framework: We moved from a single 35%-risked Dante NAV (point target A$0.260) to a per-asset sum-of-the-parts, in which Dante (a defined resource, near-PFS) and Southwest (a conceptual target) each carry their own re-rating multiple — a developer P/NAV for Dante, a lower exploration P/NAV for Southwest — with cash held outside the multiple. It is better suited now that value straddles a bankable asset and a conceptual one and is expressed as a bear/base/bull range rather than a single point.

Net effect: Our target rises from A$0.260 (Dante only) to a 12-month A$0.67 (per-asset SOTP, base) — driven by the emergence of Southwest as a separately valued asset and the move to a per-asset P/NAV framework; the Dante floor alone (A$0.95/sh) already sits over 4× today's A$0.225. Spec Buy retained.

Investment Thesis

TM1 is a sum-of-the-parts story. The Dante project — a defined JORC Ti-V-Cu-PGM magnetite-reef resource — underpins a bankable equity NAV floor of A$0.95/sh (unrisked), largely independent of exploration outcomes. Layered on top is the Southwest discovery, an early-stage PGE-Cu-Ni sulphide system that is currently a conceptual exploration target but offers most of the upside as it de-risks.

At A$0.225 the market is paying ~0.24× our A$0.95/sh Dante floor — and just ~0.11× our A$2.07/sh SOTP NAV — a deep discount to even the defined asset. We view the next 12 months of Southwest drilling (infill, grade fences and a maiden MRE, guided Q1 2027) as the catalyst path that both grows NAV and narrows the P/NAV discount.

One dial drives the target: a re-rating P/NAV applied per asset — a fixed 0.40× developer multiple for Dante's bankable, JORC-defined NAV, and a lower exploration multiple for Southwest that ramps toward 0.25× as it de-risks — with cash and corporate held outside the multiple at 1.0×. We do not apply a separate probability-of-development haircut: each asset's development risk is expressed directly in its multiple, which avoids double-counting risk.

Sum-of-the-Parts valuation	A$M	A$/sh
Dante Project NPV10 (unrisked)	837	0.747
+ Remaining resource (2.5% NSR)	158	0.141
+ Net cash & corporate	66	0.059
Dante floor — equity NAV (unrisked)	1,061	0.947
+ Southwest (conceptual, gross in-situ)	1,255	1.119
SOTP NAV	**2,316**	**2.067**
Implied at today's 0.24× Dante NAV		0.225
12-month target — per-asset SOTP	**754**	**0.67**

Table 2 –Sum-of-the-parts valuation — Dante's bankable unrisked floor (A$0.95/sh) plus Southwest at gross in-situ = SOTP NAV A$2.07/sh; the market prices ~0.24× the Dante floor alone. The 12-month target (A$0.67) applies a per-asset re-rating P/NAV (Dante 0.40× developer, Southwest exploration → 0.25×).

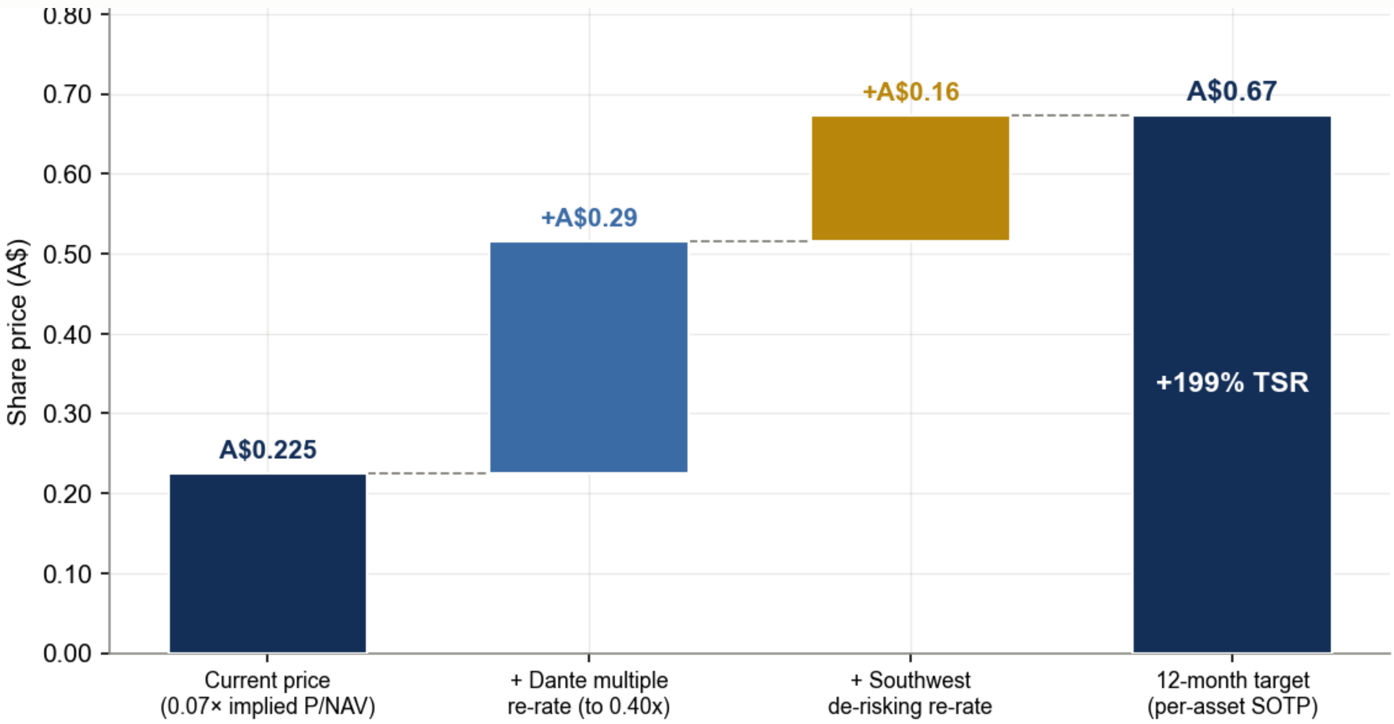

Figure 1 – NAV growth (Southwest de-risks) plus the P/NAV re-rate; +199% over 12 months.

Valuation Methodology

Two dials drive the model, kept deliberately separate: a probability of development on each asset, to get intrinsic NAV; and a re-rating P/NAV applied per asset — a developer multiple for Dante, a lower exploration multiple for Southwest, with cash held outside the multiple — to get the target price.

Dante (the floor): Our DCF returns an ungeared project NPV10 of ~US$569M (A$837M, A$0.75/sh) at a 10% real discount rate, first production 2030. We apply no probability of development to Dante: as a defined JORC resource nearing PFS, its development risk is carried in the developer P/NAV within the per-asset target, not in a separate PoD.

The resource sitting outside the DCF mine schedule is valued at an effective 2.5% of NSR (A$158M, A$0.14/sh). Adding pro-forma cash (~A$87.5M) less corporate adjustments (−A$21M) gives an un-risked Dante equity NAV — the floor — of ~A$1,061M, or A$0.95/sh.

Southwest (the optionality): Southwest is valued bottom-up in five steps:

1. **Tonnage — fixed geometry:** We fix the mineralised envelope per the 13 July 2026 release and derive: 950 m of strike × 120 m effective true width (a 400 m package, held from the printed ~150 m to >500 m band, × a 30% continuity factor, consistent with the 71–157 m of mineralisation drilled per hole, averaging ~120 m) × 750 m down-dip × 3.2 t/m^3 bulk density = ~275 Mt, held fixed.

2. **Grade — length-weighted averages of the SW5/SW6 hits:** LWAs of the included parent intercepts run 1.05 g/t PGE3 (SW5) and 1.07 g/t (SW6), 0.93 g/t across the full corridor; we hold a 1.10 g/t PGE3 credit grade plus Cu 0.10% and Ni 0.15%.

3. **PGE3-equivalent conversion:** Copper and nickel are converted into PGE3-equivalent grams at deck prices against the 3E basket (Pt/Pd/Au split ~31/65/4), giving 1.93 g/t PGE3-eq, or ~17.0 Moz PGE3-eq contained. We quote PGE3-equivalent rather than gold-equivalent — the same material prints only ~0.33 g/t AuEq, which optically understates the deposit against peer PGE coverage.

4. **In-situ value at a 5% NSR:** The NSR basket applies Dante's recoveries and payabilities to copper (~92% net) and the PGEs (Pt/Pd ~63%, Au ~73% net). Southwest nickel metallurgy is untested, so we assume 70% nickel recovery — the mid-point of the ~64–74% fresh-sulphide range benchmarked off Chalice's Gonneville high-grade core — at 85% payability. Five per cent of the resulting in-situ value equates to **A$74/oz PGE3-eq**, for a gross in-situ value of ~A$1,255M.

5. **Probability of development:** The gross in-situ value is flexed by a PoD reflecting conceptual-target risk: 15% today, ramping to 30% / 45% / 60% (bear / base / bull) at the maiden MRE.

From NAV to the target: Dante's unrisked NAV carries a fixed 0.40× developer P/NAV and Southwest's risked NAV a lower exploration P/NAV (0.20× / 0.25× / 0.30× by case), with net cash held outside the multiples at 1.0×. Southwest's multiple ramps linearly from the spot-implied ~0.08× to its case anchor at the maiden MRE, and **the 12-month target sits half-way between the maiden MRE and the Scoping/PFS stage: A$0.67, within a de-risking range of A$0.58 / 0.67 / 0.77 (bear/base/bull).**

Valuation Target Summary

We value TM1 on a de-risking range rather than a single point target, reflecting that Southwest grade and scale are not yet resource-defined; the range is driven by Southwest's tonnage, grade and the pace of de-risking, on a fixed Dante floor.

Our headline 12-month target of A$0.67 is set on a per-asset sum-of-the-parts (base case), with a de-risking range of A$0.58 / 0.67 / 0.77 (bear/base/bull). Pricing each de-risking stage through the same per-asset engine — Dante held at a fixed 0.40× developer multiple throughout, Southwest's exploration multiple re-rating from ~0.08× toward 0.25× as it de-risks — the base SOTP-implied value runs A$0.52 (today) → 0.57 → 0.61 → 0.65 (maiden MRE, Q1 2027) → 0.69 (PFS 2027); the A$0.67 target sits half-way between the last two points, with the bull reaching A$0.79 and the bear A$0.59 by PFS. That the base already prints ~A$0.52 today — 2.3× the A$0.225 share price — is the core mispricing: the market is not yet paying even a current-multiple sum-of-the-parts.

The 12-month target (A$0.67) is the base case at the 12-month mark — half-way between the maiden Southwest MRE (guided H2 2026, now tracking Q1 2027) and the 2027 Scoping/PFS study; even the bear case holds ~A$0.58. Recommendation: Spec Buy; 12-month target A$0.67.

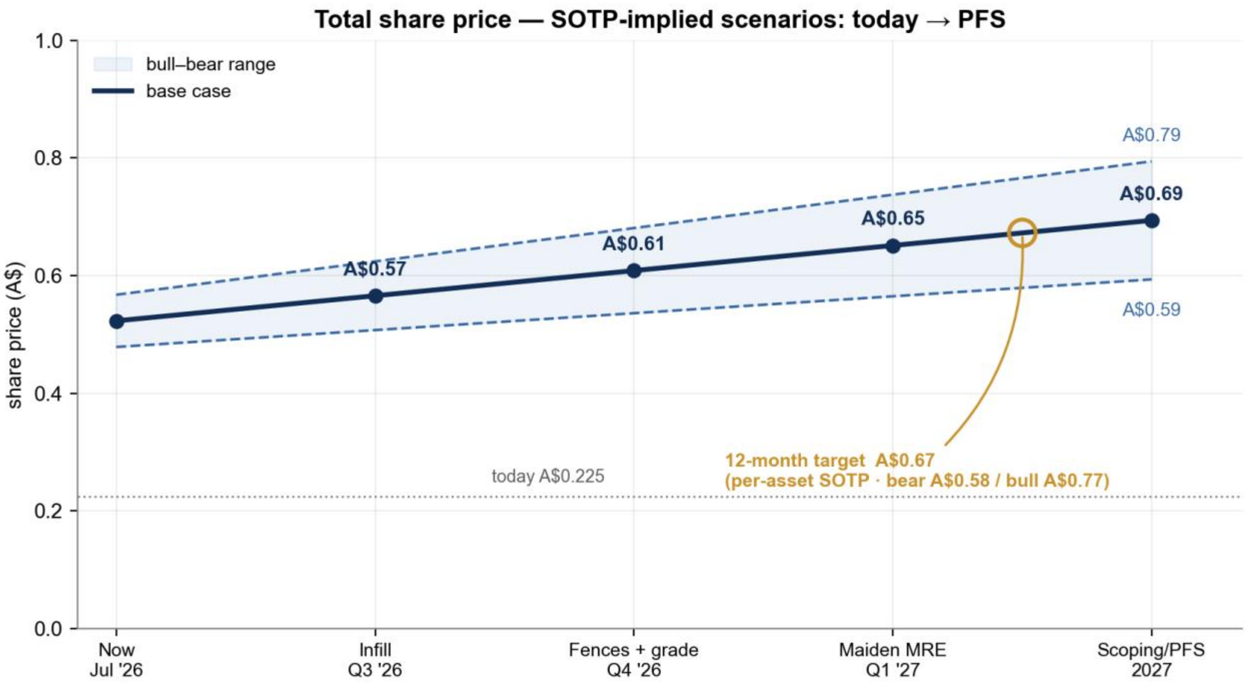

Figure 2 – Southwest share-price scenarios, today → PFS — priced on the per-asset SOTP at each de-risking stage. The 12-month target (A$0.67, gold) sits half-way between the maiden MRE (Q1 '27) and Scoping/PFS; the base continues to A$0.69 and the bull to A$0.79 by PFS.

Path	Now July'26	Infill Q3'26	Fences Q4'26	Maiden MRE Q1'27	12m Target July'27	PFS 2027
Price — Bear (A$/sh)	0.52	0.54	0.55	0.57	**0.58**	0.59
Price — Base (A$/sh)	0.52	0.57	0.61	0.65	**0.67**	0.69
Price — Bull (A$/sh)	0.52	0.61	0.68	0.75	**0.77**	0.79

Table 3 – Total share price by milestone (A$/sh) — per-asset SOTP engine: Dante at a fixed 0.40× developer multiple, Southwest re-rating toward its case cap, cash & corporate at 1.0×. The 12M column is the indicative 12-month target — half-way between the maiden MRE and Scoping/PFS.

Valuation – Southwest Standalone

Southwest on a standalone basis: because today's A$0.225 sits below even the Dante floor alone, the market is effectively paying nothing for the discovery — so we also show Southwest on its own. Valued at gross in-situ (A$1.12/sh unrisked) times an exploration P/NAV that re-rates from nil at spot to the case cap at Scoping/PFS, Southwest alone is worth A$0.21/sh at the maiden MRE and A$0.28/sh by PFS (base), for an indicative 12-month Southwest-only value of A$0.24/sh (bear A$0.20 / bull A$0.30) — roughly today's share price again, from the asset the market is not yet paying for (the total path above starts Southwest at the ~0.08× already implied in today's price; this view re-rates it from nil).

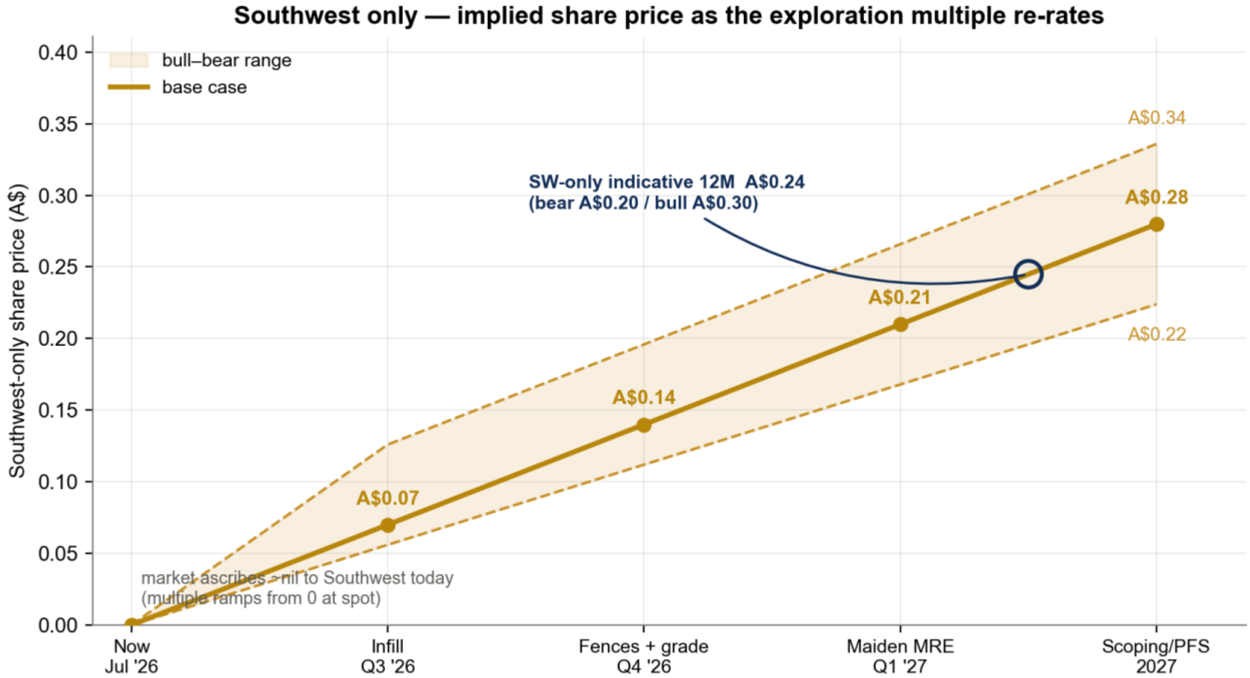

Figure 3 – Southwest only — implied share price as the exploration multiple re-rates from nil at spot toward its case cap (base 0.25×, reached at Scoping/PFS). The indicative 12-month Southwest-only value is A$0.24 (bear A$0.20 / bull A$0.30).

Southwest only	Now	Infill Q3'26	Fences Q4'26	Maiden MRE Q1'27	12M value (indic.)	PFS 2027
SW — Bear (A$/sh)	0.00	0.06	0.11	0.17	**0.20**	0.22
SW — Base (A$/sh)	0.00	0.07	0.14	0.21	**0.24**	0.28
SW — Bull (A$/sh)	0.00	0.13	0.20	0.27	**0.30**	0.34

Table 4 – Southwest-only implied share price by milestone (A$/sh) — gross in-situ × exploration P/NAV ramping from nil at spot to the case cap (bear 0.20× / base 0.25× / bull 0.30×). The 12M column is the indicative Southwest-only value at the 12-month mark.

Commodity Price Deck

All valuation work runs off a single standardised price deck, applied in two columns. The Spot column (marked July 2026) strikes every in-situ and NSR value in the model — the Dante remaining resource, the Southwest in-situ value and the PGE3-equivalent conversion of copper and nickel credits. The DCF Base column is the long-run deck from first production (2030+) and drives the Dante DCF. Spot marks are taken from Fastmarkets and LME; long-run levels are anchored to 10-year averages, CRU incentive pricing and peer study decks (AVL / VR8 for vanadium), and generally sit below spot.

Commodity	Unit	Spot (July 26)	DCF Base (2030+)	Basis
V_2O_5 flake (≥98%)	US$/t	10,700	10,500	10-yr avg ~$12k; CRU incentive $15–18k, discounted
V_2O_5 powder (≥99.5%)	US$/t	14,000	14,000	~20% battery-grade premium to flake
V_2O_5 blended (70/30)	**US$/t**	**11,690**	**11,550**	**Flake × 0.7 + powder × 0.3 (SRL product mix)**
Ti concentrate (≥47% TiO_2)	US$/t	270	270	Ilmenite-type concentrate, CIF China
Copper (LME)	US$/t	13,350	12,500	Long-run below spot; deficit-supported
Gold	US$/oz	4,100	3,500	Long-run haircut to spot
Platinum	US$/oz	1,600	1,400	Long-run consensus
Palladium	US$/oz	1,230	1,200	Held near spot
Nickel	US$/t	16,500	14,000	Long-run through-cycle; Indonesian oversupply

Table 5 – TM1 standardised commodity price deck. Spot strikes NSR/in-situ values; DCF Base (2030+) drives the Dante DCF. Vanadium is sold as a 70/30 flake/powder blend through the salt-roast leach (SRL) circuit.

How the deck feeds the valuation: On the 148 Mt Dante MRE the deck implies a gross in-situ value of ~US$185/t of ore (DCF base), or ~US$137/t (~A$201/t) after recoveries and payabilities. Vanadium and titanium together carry ~75% of Dante NSR (V_2O_5 ~38%, TiO_2 ~37%), copper ~15% and the precious metals ~10% — which is why the long-run vanadium price is the largest single Dante-side driver in our sensitivity tornado.

For Southwest: the same deck (at spot) prices the 3E basket and converts the Cu and Ni credits into PGE3-equivalent ounces; 5% of the recovery-adjusted NSR gives the A$74/oz PGE3-eq in-situ unit value used in the bottom-up build.

Recoveries & Payabilities

Metallurgical settings for Dante follow TM1's test-work: a ~33% mass pull to magnetite concentrate grading ~2.0% V_2O_5, processed through a SRL circuit at ~83% V_2O_5 recovery, with toll-conversion costs, transport and buyer margin netted off in the NSR. Copper, gold and PGM recoveries and payabilities reflect a conventional flotation con.

Metal	Recovery	Payability	Net
TiO_2 (into ilmenite con)	63.7%	100%	63.7%
V_2O_5 (through SRL)	83.0%	100%	83.0%
Copper	95.8%	96%	92.0%
Gold	75.8%	96%	72.8%
Platinum	74.4%	85%	63.2%
Palladium	74.4%	85%	63.2%
Nickel (Southwest only)	**70.0%**	**85%**	**59.5%**

Table 6 – Recovery and payability assumptions. Dante settings per TM1 metallurgical test-work; Southwest applies the same copper and PGE settings, with nickel set separately as Southwest metallurgy is untested.

Southwest nickel: Southwest metallurgy is unproven, so nickel is the one setting we do not import from Dante: we assume 70% recovery — the mid-point of the ~64–74% range demonstrated for fresh-sulphide, high-grade-core material at Chalice's Gonneville project — at 85% payability, a 59.5% net recovery. This is deliberately conservative relative to established magmatic-sulphide operations.

Project Valuation – NAV Build-Up

Dante (floor): our DCF returns an ungeared project NPV of ~US$569M (10% real discount, first cash flow 2030), adjusted for pro-forma cash (~A$87.5M), the in-situ value of the remaining resource (2.5% NSR) and pre-production corporate/exploration costs, gives an unrisked equity NAV of ~A$1,061M, or A$0.95/sh. We no longer apply a probability-of-development haircut here; Dante's development risk is carried in the conservative 0.40× developer multiple used to set the target.

Southwest (optionality): valued on a geometry-derived case of ~275 Mt at 1.1 g/t 3E PGE plus Cu 0.10% / Ni 0.15% credits (~9.7 Moz 3E) using deck-derived in-situ unit values and a lower exploration P/NAV. Southwest's gross in-situ NAV is ~A$1.12/sh; its contribution to the target rises from ~A$0.09/sh today to ~A$0.28/sh by PFS as the exploration multiple re-rates from ~0.08× toward 0.25×. It is the main swing factor in the range — its share of the target rises from ~17% to ~40% by PFS — and it dominates the bull case.

Together the two assets stack to an unrisked SOTP NAV of ~A$2.07/sh (Figure 4). At A$0.225 the market is paying ~0.24× the Dante floor alone (~0.11× the SOTP NAV), before ascribing any value to Southwest.

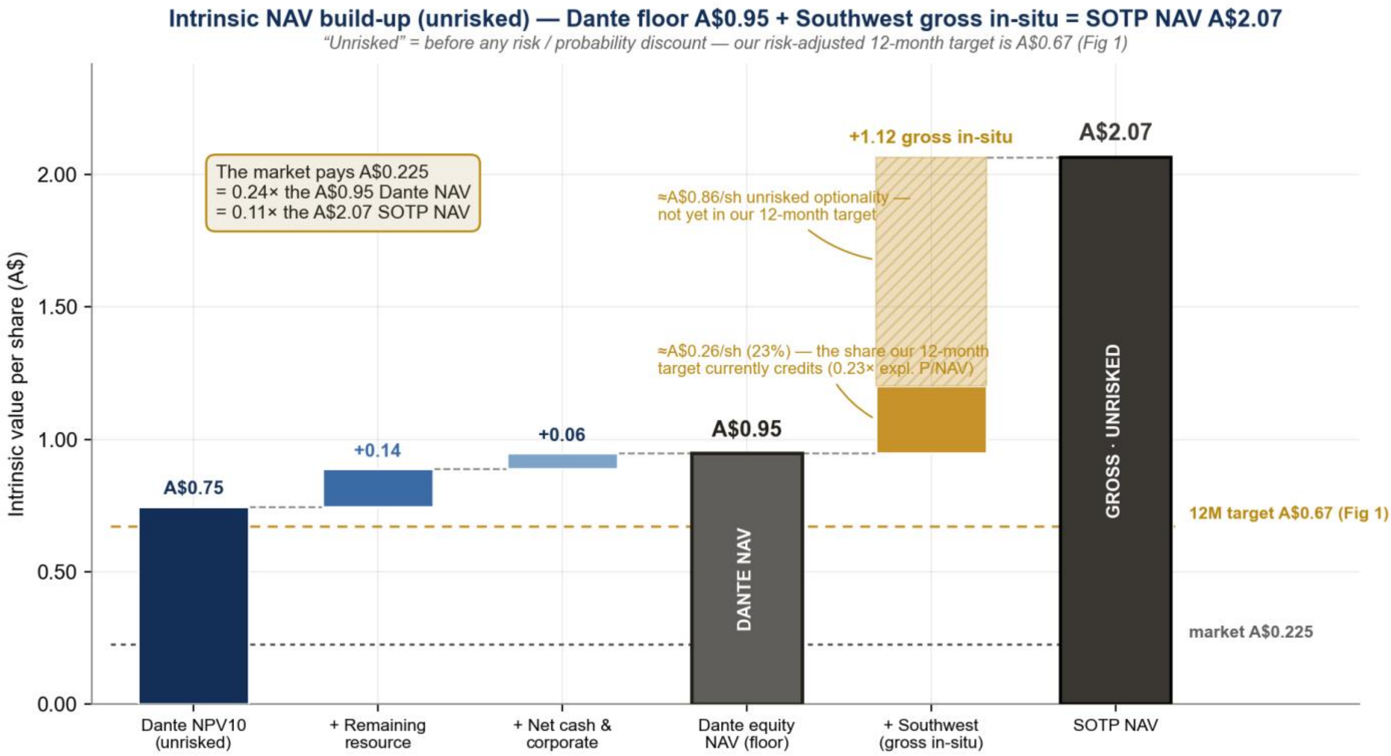

Figure 4 – Per-share NAV build-up — Dante NPV10 (unrisked, PoD removed) + remaining resource + net cash & corporate = the A$0.95 Dante floor, + Southwest (gross in-situ) = SOTP NAV A$2.07. The market (A$0.225) prices ~0.24× the Dante floor (0.11× SOTP).

Project Valuation – Target Contribution

The mix shifts over the year — Dante anchors the target throughout, while each successful Southwest assay batch lifts SW's contribution from ~A$0.09/sh today to ~A$0.28/sh by PFS. The lower exploration multiple keeps Southwest's share of the target below its share of intrinsic NAV.

On the base-case catalyst path the target builds from ~A$0.52/sh today to ~A$0.69/sh at scoping/PFS, crossing our A$0.67 12-month target shortly after the maiden MRE (Q1 2027). Southwest's share of the target rises from ~17% to ~40% over that span, while Dante's falls from ~68% to ~51% but remains the anchor (Figure 5).

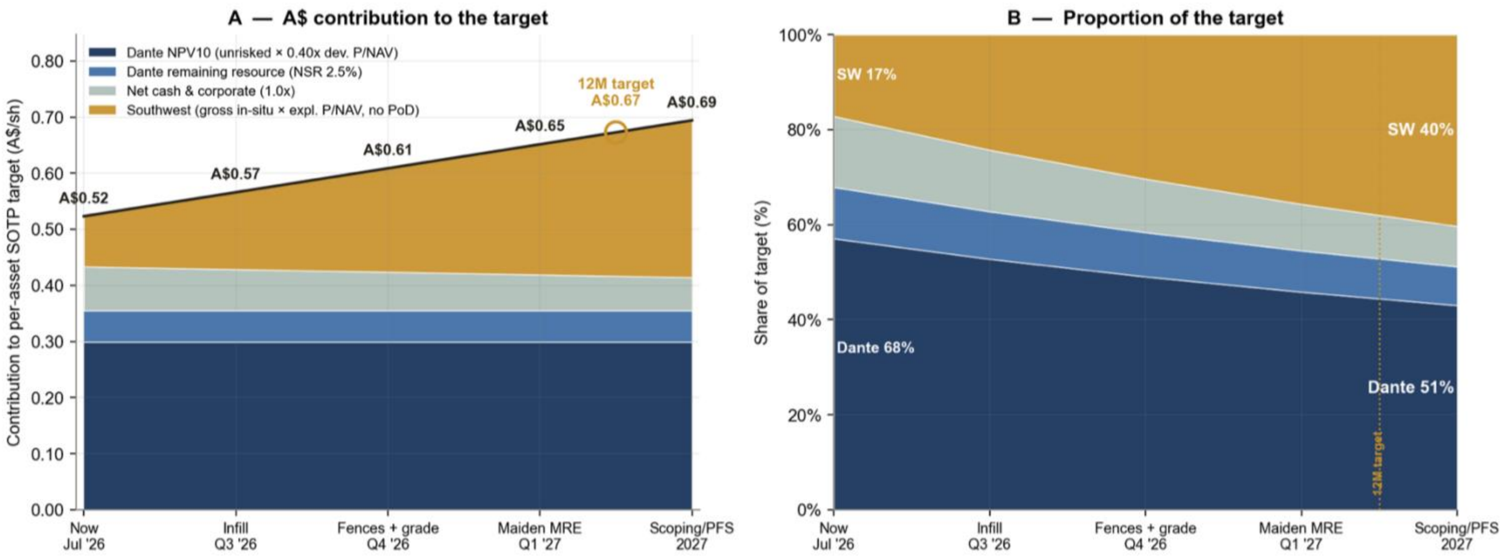

Figure 5 – Contribution to the per-asset SOTP target by component (base case). Southwest rises from ~17% of the target today to ~40% by PFS;

Cash Flow Analysis

The Dante DCF assumes first production in 2030 after PFS/BFS, permitting and construction. Long-run (DCF-base) prices are V2O5 ~US$11,550/t (70/30 flake/powder blend), TiO2 concentrate US$270/t, copper US$12,500/t and a PGM basket (Pt US$1,400/oz, Pd US$1,200/oz, Au US$3,500/oz) at AUD/USD 0.68. Pre-production G&A, exploration and study spend are NPV'd to first cash flow; the model carries no debt.

Utilisation	Class.	Ore (Mt)	V_2O_5 (kt)	TiO_2 (kt)	Cu (kt)	Au (koz)	Pt (koz)	Pd (Koz)
100%	**Indicated**	38	280	6,992	90.0	200	500	180
50%	**Inferred**	55	260	7,425	90	100	190	75
Grand Total		**93**	**540**	**14,417**	**180**	**300**	**690**	**255**

Table 7 – DCF utilised Grades and Dante Resource (100% Ind + 50% Inf)

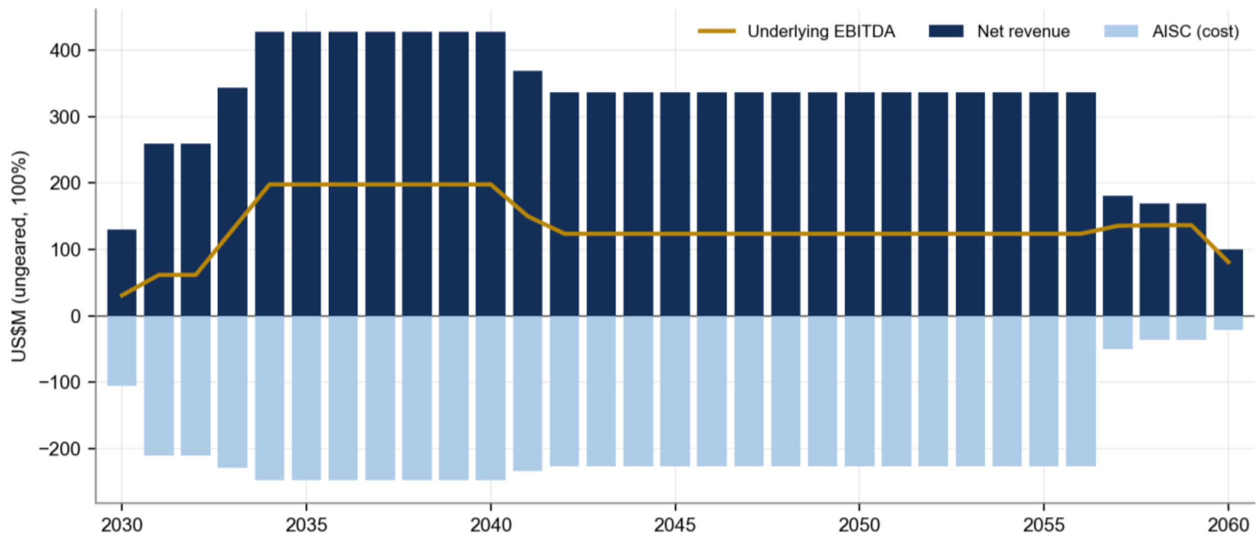

Figure 6 – Dante DCF — annual net revenue, all-in sustaining cost and underlying EBITDA (US$M, ungeared, 100% basis).

Revenue steps up through ramp-up — ilmenite plus Cu-Au-PGM concentrate first (2030–33), then vanadium via the salt-roast leach circuit from ~2034 — lifting underlying EBITDA into a ~US$125–200M steady state.

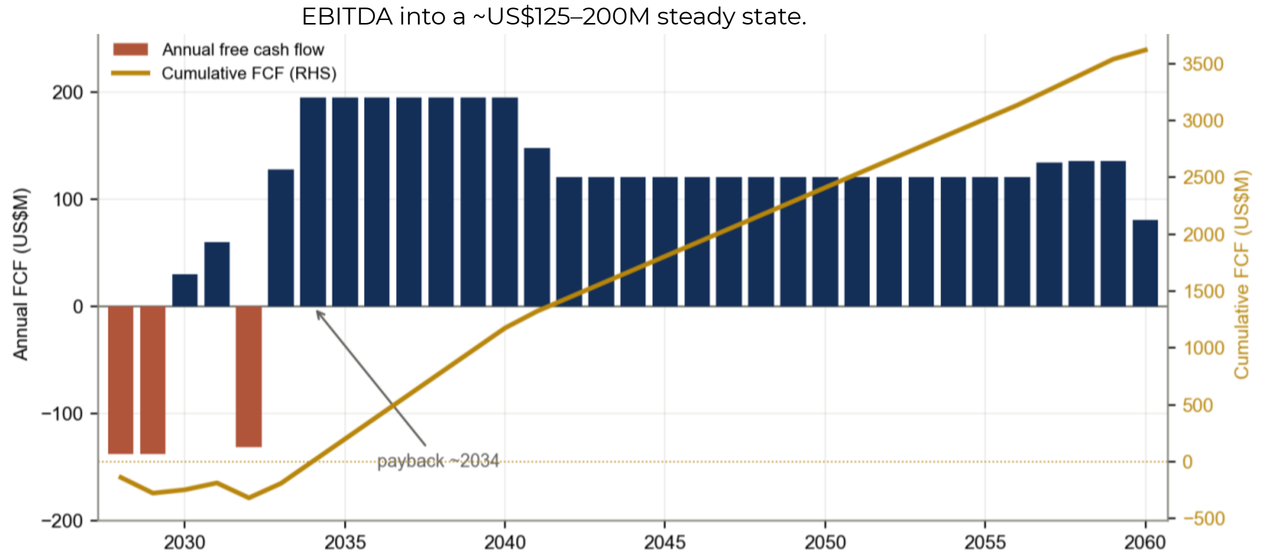

Figure 7 – Dante DCF — annual free cash flow and cumulative FCF (US$M); capital payback ~2034.

After ~US$280M of pre-production capital (2028–29) and the SRL expansion spend (~2032), the project turns cash-generative and pays back peak funding around 2034 — roughly four years after first production — then compounds to >US$3.6bn of undiscounted life-of-mine free cash flow. Southwest is not yet in the cash-flow model; it is carried at risked in-situ value pending a maiden resource and economic studies.

Sensitivity Analysis

We tornado the 12-month target (A$0.67 base) for a defined move in each key driver, holding the others at base. In order of impact, the valuation is most sensitive to:

1. **Southwest exploration P/NAV** — the market's willingness to re-rate the conceptual asset is the single largest swing: bear-to-bull (0.20× ↔ 0.30×) moves the target A$0.62 → A$0.72, and the full bear/bull case spans A$0.58 → A$0.77.

2. **The Dante developer P/NAV** (0.35× ↔ 0.45×: A$0.63 → A$0.72) — how the market rates the bankable NAV.

3. **The long-run vanadium price** (±20% → ±~A$0.04), which dominates Dante revenue. Then the discount rate (±2pp). Southwest PGE grade, copper and AUD/USD are second-order.

In short, TM1 is a bet on Southwest scale and the market's willingness to re-rate it, cushioned by a vanadium-driven Dante floor. The rebuilt Dante DCF (US$569M / ~A$837M unrisked project NPV) underpins a floor of A$0.95/sh, well above today's A$0.225.

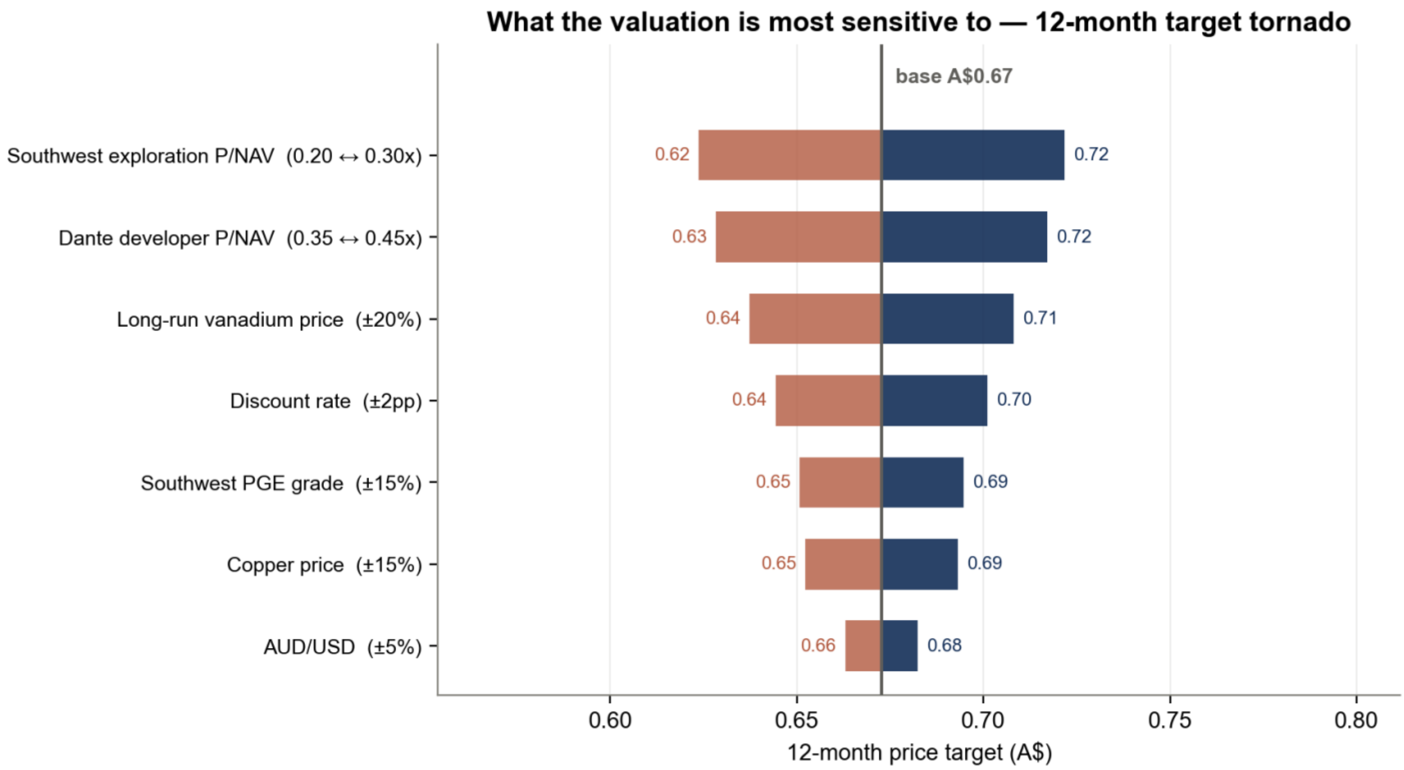

Figure 8 – Sensitivity of the 12-month target (base A$0.67) to a defined move in each driver, ranked by swing. The Southwest exploration multiple and the Dante developer multiple dominate; vanadium leads the price drivers

Terra Metals

Company Overview

Terra Metals Limited (ASX: TM1) is a Western Australian critical-minerals explorer-developer. Its flagship Dante project hosts a defined titanium-vanadium-copper-PGM magnetite-reef resource, while the adjacent Southwest prospect is an emerging PGE-Cu-Ni sulphide discovery. The company is funded from a recent placement (pro-forma cash ~A$87.5M) to progress an aggressive drilling and study program across both assets.

District Scale

TM1's tenure is a mineral district held under one contiguous package over a single Bushveld-class layered intrusion. The Dante envelope runs ~54 km × 32 km — out-sizing Singapore (~730 km²) — yet the two systems found to date, the Dante Reefs and the Southwest sulphides, occupy only a small fraction of the ground; the balance is untested district-scale optionality.

The Company holds 24 tenements across two projects: Dante (22, 100%-owned — six granted E69 licences plus sixteen still under application, the latter being what secures the district over time) and the early-stage, non-core Onslow Cu-Au (2 tenements), carried at nominal value.

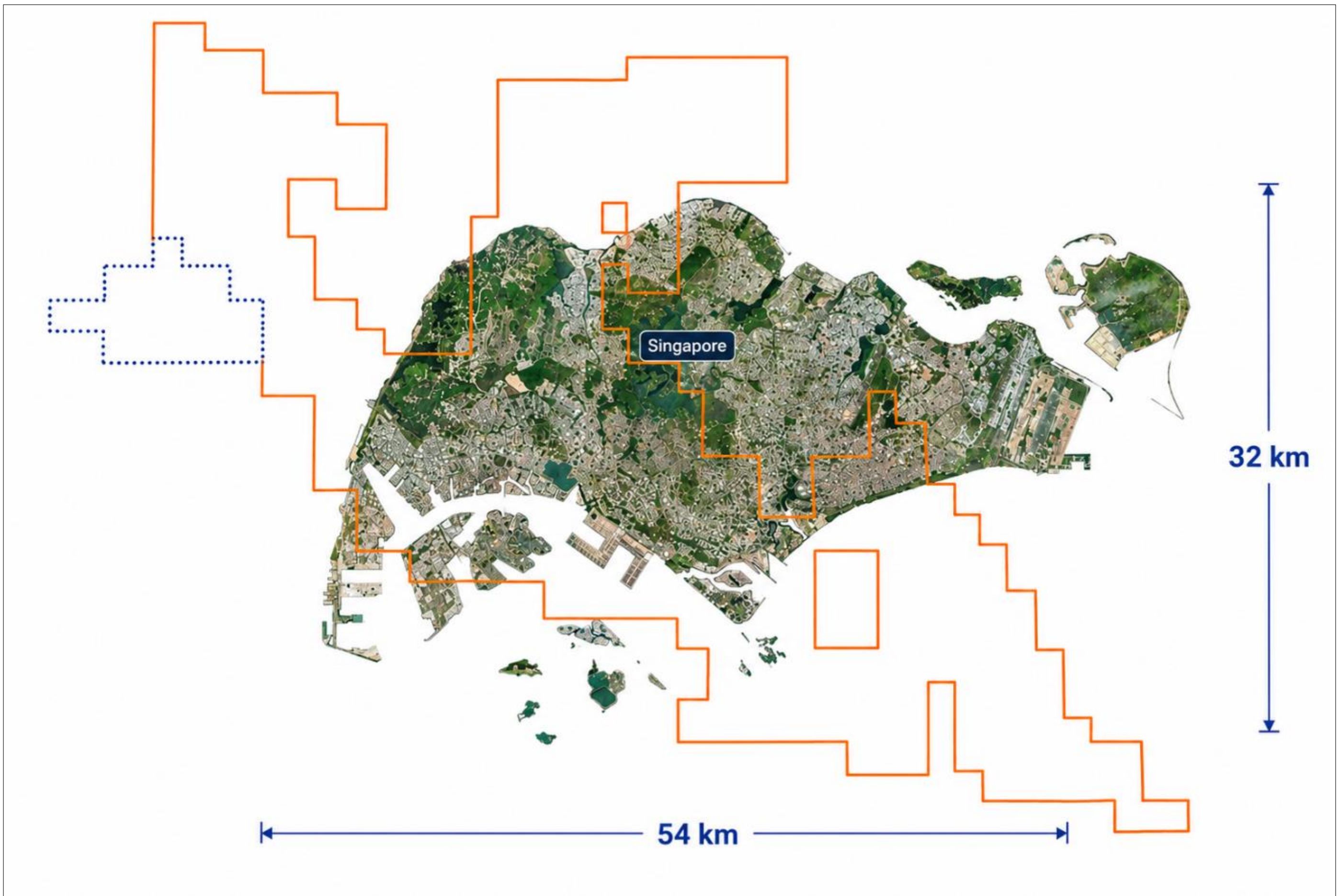

Figure 9 – Dante Project tenement footprint overlaid on Singapore. The package spans ~54 km × 32 km larger than Singapore (~730 km²) — underlining the district scale of the tenure.

Geology

Setting: The Dante Project sits within the Jameson Layered Intrusion — a large mafic-ultramafic layered intrusion in the West Musgrave region of Western Australia, the same class of intrusion that hosts South Africa's Bushveld Complex. Dante's defined resource is a stratiform, oxide-hosted Ti-V-Cu-PGM magnetite-reef system. Southwest is geologically distinct: a magmatic nickel-copper-PGE sulphide system — described by the company as a completely new style of mineralisation for the district.

Host & Style: Southwest mineralisation is hosted in an eastern ultramafic (troctolitic) package within the intrusion and is not constrained to a single reef or layer — it spans a range of mafic-to-ultramafic rock types across what the company terms the "Southwest Sulphide Corridor". The assemblage is magmatic pyrrhotite-pentlandite-chalcopyrite, carrying palladium, platinum and gold with copper, nickel and cobalt credits (PGM-Cu-Ni-Co). Every reported infill and extensional hole to date has intersected sulphide, and the company interprets Southwest as potentially a single, large-scale magmatic sulphide system.

What's in the Deposit: Two mineralisation styles co-exist. Broad, disseminated-to-net-textured sulphide halos give the thick, moderate-grade intercepts — the 100–194 m zones at ~1 g/t 3E PGE (Pd+Pt+Au). Within them sit narrow, very high-grade veins and semi-massive-to-massive sulphide bands — e.g. 0.3 m @ 31 g/t 3E PGE (with ~1 oz/t massive sulphide, 1.3% Ni) and 1 m @ 53 g/t 3E PGE (52.3 g/t Pd). Massive sulphides have been intersected at the SW6 down-hole electromagnetic (DHEM) conductor, consistent with a non-stratiform, feeder-style accumulation. The value combination is bulk-tonnage disseminated halo plus high-grade feeder cores, plus base-metal (Cu-Ni-Co) credits.

Geometry & Zonation: Management guides a mineralised ultramafic troctolite printing ~150 to >500 m true thickness (base case held at 400 m) over ~950 m of strike, drilled to ~750 m down-dip and open in all directions, and near-surface (mineralisation from ~5 m). Multiple zones have been defined along the corridor — SW1 (north), SW5 and the SW5–SW6 corridor (the current drilling focus) and SW6 (north-east) — with a separate SW2 iron-oxide-apatite (Kiruna-style) horizon as regional upside, distinct from the sulphide target.

Key Unknowns: True width and inter-zone grade continuity are the main geological uncertainties. Because the host dips shallowly while most earlier holes were drilled at ~−60°, their reported widths are downhole and overstate true width; the first eastern, west-dipping ultramafic-tail holes (SWRC061–064, reported 13 July 2026) intersect the unit close to perpendicular — downhole ≈ true width of ~71–157 m per hole — and underpin the maiden Southwest Mineral Resource Estimate (guided Q1 2027).

Exploration Upside

The Southwest discovery is the re-rating driver. Our geometry-derived modelling case is ~275 Mt at 1.93 g/t PGE3 Eq, within the guided band. This remains a conceptual exploration target: there has been insufficient drilling to estimate an MRE.

23 PGM-Cu-Ni sulphide intercepts (across 22 holes) have been returned across three zones — SW1 (north), SW5 (south) and the SW5–6 corridor / SW6 (north-east). Most earlier widths are downhole: the host dips shallowly while those holes were drilled at ~−60°, so headline thicknesses confirm continuity but overstate true width. The first eastern, west-dipping ultramafic-tail holes (SWRC061–064, reported 13 July'26) intersect the unit close to perpendicular — downhole ≈ true width of ~71–157 m per hole — and underpin the maiden MRE.

Hole	Zone	Intercept (downhole)	Peak / high-grade incl.
SWRC031	SW6	172.4 m @ 1.11 g/t PGE3 from 172 m	0.3 m @ 31.1 g/t (1.0 oz/t)
SWRD057	SW5–6	194.0 m @ 0.71 g/t from 58 m	11 m @ 2.62 g/t
SWRC063	SW5–6	150.0 m @ 0.86 g/t from 54 m	5 m @ 2.04 g/t
SWRC064	SW5–6	157.0 m @ 0.73 g/t from 5 m	3 m @ 5.05 g/t
SWDD011	SW6	100 m @ 1.06 g/t from 200 m	0.4 m @ 11.76 g/t; 1.96% Ni
SWT008	SW5	35 m @ 2.90 g/t from 48 m	1 m @ 52.97 g/t (52.3 g/t Pd)

Table 8 – Top 6 of 23 Southwest hits (22 holes) by PGE3 grade-thickness (PGE3 = Pd+Pt+Au). Downhole widths; downhole ≈ true width for the eastern west-dipping holes (SWRC061–064), not yet established elsewhere.

Massive sulphides have been intersected at the SW6 down-hole DHEM conductor, and SW1, SW5 and SW6 remain open. The catalyst path over the next 12 months — infill, grade fences, deep diamond tails and a maiden MRE (guided Q1 2027) — is what converts this optionality into NAV; a Scoping/Pre-Feasibility Study follows in H2 2027.

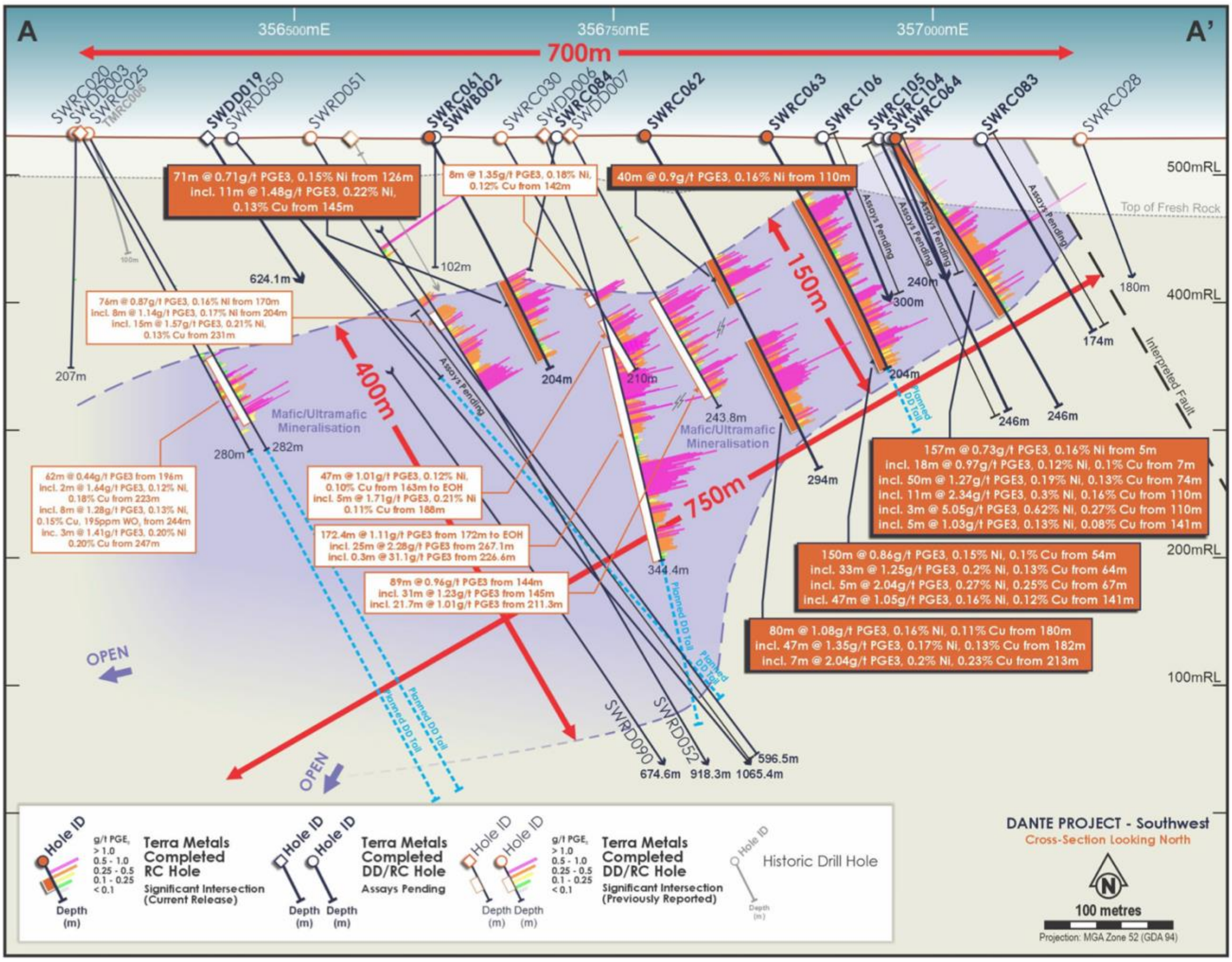

Figure 10 – Cross-section A-A' through the Southwest Main Sulfide Zone including the currently reported RC holes and previously reported RC and DD drillholes together with interpreted mineralised envelopes.

Neighbours

The Southwest PGE-Cu-Ni style invites comparison with the Bushveld Northern Limb (Plat reef) systems that management cites as scale analogues, and with other WA magmatic-sulphide systems. We ascribe no direct read-through value and assess Southwest strictly on its own drill results.

The most relevant neighbour is BHP's Nebo-Babel copper-nickel sulphide development (the West Musgrave Project), ~15 km south of Dante within the same West Musgrave mafic-ultramafic province.

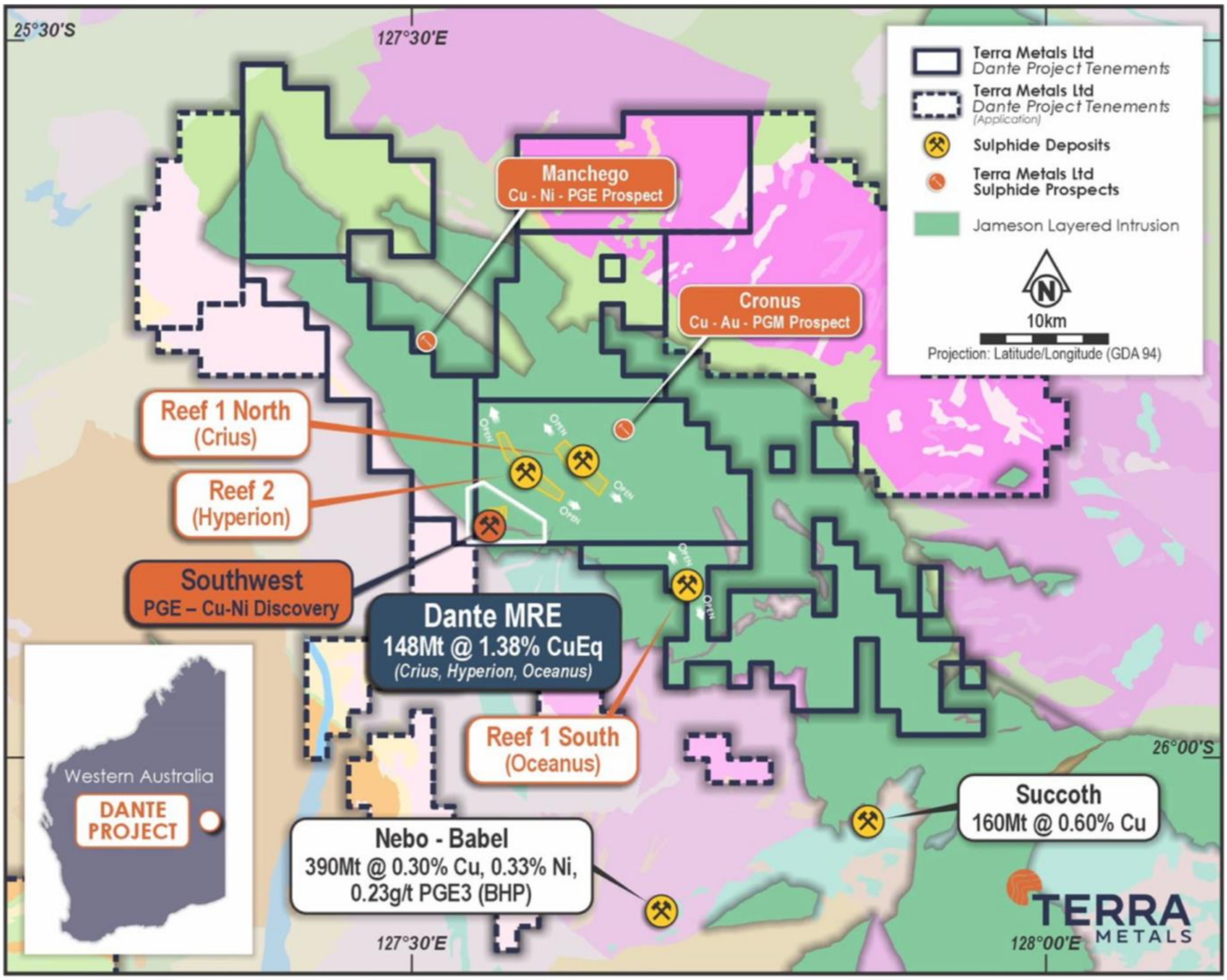

Figure 11 – Location of the Company's Dante Project tenure, overlying the geology map of the West Musgrave Region.

Nebo-Babel / West Musgrave

BHP's Nebo-Babel copper-nickel development (West Musgrave), ~15 km from Dante, was scoped in the OZ Minerals / Cassini PFS (Feb 2020): a 10 Mtpa, ~26-year open pit over a 220 Mt reserve (0.36% Cu, 0.33% Ni) producing ~28 ktpa copper and ~22 ktpa nickel, for a post-tax NPV of ~A$800m (8.5% real) on ~A$995m of capital. BHP inherited the project with OZ Minerals (2023) and suspended construction in mid-2024 within its ~US$3.5bn nickel impairment as Indonesian oversupply collapsed the nickel price. That suspension, under review to February 2027, is the source of the "the economics have come off" narrative.

We think that narrative is stale. Nickel today (~US$7.46/lb) sits within ~2% of the US$7.60/lb the PFS assumed; copper, struck at US$2.91/lb, now trades at ~US$6.20/lb — more than double. Flexing metal prices only (volumes, costs, capital, FX 0.67 and 30% tax held at PFS settings), the revenue mix flips from ~67:33 nickel-led to roughly balanced, copper-led; indicative revenue rises ~36% to ~A$1.1bn; and the post-tax NPV re-rates ~3×, from ~A$800m to ~A$2.6bn. What reads in the headlines as a stranded nickel asset has quietly become a copper story with nickel optionality.

A methodology cross-check sharpens the point. A PFS applies a through-cycle deck, not spot — and on 12 February 2020 the deck actually sat ~13% (copper) and ~32% (nickel) above the prevailing COVID-hit spot; at that actual spot the same model returns ~−A$200m, confirming the deck was struck above the market, not below it. Grossing today's spot up by those same premiums implies a PFS-consistent deck of ~US$6.99/lb copper and ~US$9.83/lb nickel, on which the NPV re-rates to ~A$4.1bn (~5×). The re-rate is robust to a pullback: even a 20% haircut to today's spot still supports ~A$1.2bn, comfortably above the published ~A$800m.

Metric	PFS (Feb 2020)	PFS Spot (Feb 2020)	Today's spot (Jul 2026)	−20% Discount Spot (Jul 2026)
Copper price (US$/lb)	2.91	2.58	6.20	4.96
Nickel price (US$/lb)	7.60	5.77	7.46	5.97
Revenue mix, Ni : Cu	~67 : 33	~64 : 36	~49 : 51	~49 : 51
Indicative revenue (A$/yr)	~820m	~655m	~1,110m	~890m
Post-tax NPV (8.5% real)	~A$800m	~(A$200m)	~A$2.6bn	~A$1.2bn

Table 9 – Nebo-Babel (West Musgrave) PFS re-priced, 100% project basis, flexing metal prices only. The PFS deck was struck ~13% (Cu) / ~32% (Ni) above 12 Feb 2020 spot — at that actual spot the project modelled sub-economic; the −20% column stresses today's spot as a conservative case. Indicative, ±25% (PFS accuracy). Source: OZ Minerals / Cassini PFS (12 Feb 2020); Evolution Capital estimates.

The re-rate is now being externally tested. With BHP marketing West Musgrave as non-core, South32 has emerged as the leading bidder (rival Sandfire is reported to have stepped back). A recapitalised owner restarting a ~A$1.7bn build (OZ Minerals' 2022 investment-decision estimate) 15 km from Dante would materially de-risk the province: shared regional infrastructure (village, airstrip, upgraded Jameson road, borefield, hybrid-renewable power), an offtake and concentrate-logistics pathway to Leonora / Esperance, and precedent on approvals and Ngaanyatjarra native-title agreements.

We ascribe no direct NAV read-through to TM1 — Nebo-Babel is a lower-grade, bulk-tonnage Cu-Ni sulphide system, not a PGE-reef analogue — and value Dante / Southwest strictly on their own drill results. The relevance is contextual: the district reads as a copper-nickel province with live, improving economics rather than a shelved nickel one, and a South32 entry would supply the infrastructure, offtake and corporate interest that typically compress a developer's path to value. We note the re-price holds capital at 2020 real terms — six years of WA cost inflation would temper, though not offset, the headline NPV.

Appendix

Key Risks

Resource / conceptual-target risk: The Southwest valuation rests on a conceptual exploration target, not a JORC Mineral Resource. There is no guarantee drilling defines an economic resource, and tonnage/grade could be materially lower than modelled.

Commodity price risk: NAV is highly geared to the long-run vanadium price, and secondarily to titanium, copper and PGM prices — all volatile and revised lower this cycle.

Development & timing risk: We no longer apply an explicit probability-of-development haircut; instead, Dante's development risk is carried in a conservative 0.40× developer multiple and Southwest's in a lower exploration multiple. The milestone dates (maiden MRE Q1 2027, PFS 2027) are company aims, not commitments; assay-lab turnaround is the main slippage risk, and delays through PFS/BFS, permitting and construction would defer the re-rating and could significantly compress the multiples we apply.

Funding & dilution risk: TM1 is pre-revenue and will require further capital for drilling, studies and eventual development; equity raisings may dilute existing holders.

Metallurgical & processing risk: The salt-roast vanadium flowsheet and, especially, untested Southwest metallurgy carry recovery and cost risk that could impair economics.

Board & Management

Debra Bakker, Independent Non-Executive Chair

Debra Bakker is a highly experienced mining and finance executive with more than two decades of expertise spanning precious metals, base metals, critical minerals, oil and gas, commodity trading and corporate finance. She currently serves as a Non-Executive Director of Yancoal Australia and Ten Sixty Four and previously spent 10 years on the Board of IGO. Her career includes senior leadership roles in natural resources banking and mining finance at Commonwealth Bank, Standard Bank, Barclays and Kiodex, providing extensive experience in project financing, capital markets, risk management and strategic advisory across the global resources sector.

Thomas Line, Chief Executive Officer & Managing Director

Thomas Line is an experienced geologist, project generator and executive with 14 years' experience in mining, exploration and resource development including his most recent role as CEO of Taruga Minerals Ltd (ASX: TAR). Mr Line holds a Bachelor of Science (Honours) in Geology, highlighting his deep knowledge in the field. He is a member of the Australian Institute of Geoscientists.

Jeff Quartermaine, Independent Non-Executive Director

Mr Jeff Quartermaine is a highly accomplished mining executive with more than 35 years of experience across engineering, finance and executive leadership in the global resources sector. He most recently served as Managing Director and Chief Executive Officer of Perseus Mining for nearly 13 years, leading its transformation from a junior, single-asset developer into an ASX 100 multi-mine, pan-African gold producer generating more than 500,000 ounces of annual gold production. His extensive background spans project development, operations, corporate strategy, capital allocation and financial management across Australia, Papua New Guinea, the Philippines and South America. He currently serves as Non-Executive Chairman of Asara Resources, bringing significant expertise in building and scaling successful mining companies.

Dr Jennifer Purdie, Independent Non-Executive Director

Dr Jennifer Purdie is a highly experienced resources and infrastructure executive with extensive leadership experience across the mining, energy and heavy manufacturing sectors. She previously served as Asset President of BHP's Olympic Dam, where she led a significant operational turnaround, delivered successive production records and positioned the business for long-term growth through major expansion initiatives. Her career also includes senior executive roles with Rio Tinto, Jemena and Adani's Australian Renewables business, spanning operations, project delivery and strategic development. Dr Purdie currently serves as a Non-Executive Director of Metro Mining and Urban Utilities, bringing deep expertise in operational excellence, large-scale project execution and organisational transformation.

Haydn Smith, Non-Executive Director

Haydn Smith is the Managing Director of Wundowie Carbon, a biocarbon business focused on reducing GHG emissions. He previously managed the Natural Resources Credit business at Tribeca Investment Partners following a 20-year career at Macquarie Bank where he was an Executive Director & Executive Committee Member with the Commodities and Markets Group. Mr Smith holds a Bachelor of Commerce from the University of Sydney, a Graduate Diploma in Applied Finance from FINSIA and is a Graduate of the Australian Institute of Company Directors.

Dr Solomon Buckman, Chief Geologist

Dr Solomon Buckman is a senior structural and economic geologist with 30+ years of exploration, mapping and academic experience. He holds a PhD in Geology (University of Hong Kong) and a BSc (Hons) in Geology (University of Sydney), with career expertise spanning ore petrography, zircon geochronology, layered-intrusion architecture, and critical-minerals targeting. Dr Buckman previously served as Associate Head of School at the University of Wollongong, where he has been an influential academic since 2007—training more than a generation of Australian geoscientists while maintaining an active research profile in structural geology and magmatic systems.

Dr Evan Kirby, Chief Metallurgist

Dr Evan Kirby is a highly credentialed metallurgist with more than 40 years' global experience in process design and evaluation across gold, copper, PGMs, vanadium, lithium, graphite and base metals. He holds both a BSc and PhD in Metallurgy from Newcastle University and has held senior technical and operations roles with Impala Platinum, Rand Mines, Rustenburg Platinum Mines, Minproc Engineers and Bechtel, including serving as Bechtel's Mining & Metals Technology Manager. Dr Kirby has led metallurgical programs, plant expansions and project studies across the Bushveld, Scandinavia and Australia, and has overseen concentrator design, optimisation and technology implementation for multiple PGM producers including Anglo Platinum, Rand Mines, Aquarius, Stillwater and Sylvania.

Dr Scott Halley, Chief Geochemist

Dr Scott Halley is a leading exploration geochemist who has advised more than 150 mining and exploration companies across 25+ countries over the past 14 years. With 20 years' prior experience as an exploration geologist, he is recognised for applying geochemistry practically and effectively to discovery, targeting and mining challenges. Dr Halley is a regular presenter in the CODES MSc (Econ Geol) program and a frequent invited speaker at international geology conferences. He holds a BSc (Hons I) from the University of Tasmania (1982) and a PhD from the Australian National University (1987).

Evolution Capital Ratings System

Recommendation Structure	• **Buy:** The stock is expected to generate a total return of >10% over a 12-month horizon. For stocks classified as 'Speculative', a total return of >30% is expected. • **Hold:** The stock is expected to generate a total return between -10% and +10% over a 12-month horizon. • **Sell:** The stock is expected to generate a total return of <-10% over a 12-month horizon.
Risk Qualifier	• **Speculative ('Spec'):** This qualifier is applied to stocks that bear significantly above-average risk. These can be pre-cash flow companies with nil or prospective operations, companies with only forecast cash flows, and/or those with a stressed balance sheet. Investments in these stocks may carry a high level of capital risk and the potential for material loss.
Other Ratings:	• **Under Review (UR):** The rating and price target have been temporarily suppressed due to market events or other short-term reasons to allow the analyst to more fully consider their view. • **Suspended (S):** Coverage of the stock has been suspended due to market events or other reasons that make coverage impracticable. The previous rating and price target should no longer be relied upon. • **Not Covered (NC):** Evolution Capital does not cover this company and provides no investment view.

Expected total return represents the upside or downside differential between the current share price and the price target, plus the expected next 12-month dividend yield for the company. Price targets are based on a 12-month time frame.

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