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## **ASX Announcement**

### **Debt Restructuring Overview**

TerraCom Limited (**TerraCom or the Company**) (**ASX: TER**) is pleased to announce finalisation of the restructuring of its balance sheet and the continued implementation of its previously communicated Strategic Plan.

Following extensive negotiations with its lenders over the past few weeks, TerraCom has successfully finalised the following:

- Principal of US\$ 55 million refinanced by a 5-year interest-only bond with the first interest payment deferred until 23 December 2016 and no principal repayments until 2021 (the Bond).
- The working capital facility of US\$ 41 million has been extended to 23 December 2016 in line with ongoing coal sales and supply chain program; this includes interest and principal payments deferred to this repayment date. For the remainder of 2016 the Company will work on re-financing options and/ or a new working capital facility to match the broader plans of the Company.
- Short term facility of US\$ 5 million initially provided to replace the SPG Investment Holdings Ltd (SPG) equity placement which did not proceed will be ultimately rolled into the Bond. This has a significant benefit to shareholders as requisite funds have been raised without significant dilution (583.3 million shares were to be issued to SPG representing circa 25% of the shares currently on issue).
- Convertible Notes Principal of US\$ 5 million conversion date has been extended to 28 February 2016, before which time the Company expects this will be rolled into the Bond.

The above has a significant impact on the Company's free cash flow and will give it much greater operational headroom and flexibility compared to the replaced financing facilities which were principal and interest.

## **Implementation of Growth and Development Strategy**

In parallel to the financial restructuring, TerraCom continues to implement its stated growth and development strategy and has successfully transitioned from being an explorer to a coal producer despite the challenging global commodities market through the establishment of the BNU hard coking coal brand in China with the ongoing support of marketing partner and supply chain logistics provider the Noble Group. The Company is currently working to re-calibrate and optimise its supply chain in Mongolia, which it believes will lead to substantial improvements in its cash margins and profitability.

## **Potential Listing on Asian Stock Exchange (Dual or Sole)**

TerraCom continues to actively investigate the merits and mechanisms for a potential listing (dual and/or sole) on Asian stock exchange (**Potential Listing**). This was a crucial recommendation flowing from the strategic review of the Company completed in the 2015 strategic review process, which is strongly supported by the Company's financiers.

Shareholders are advised that there is no certainty or assurance as at the date of this announcement that the Potential Listing will proceed or be completed. The Company will make the necessary announcements when there are further developments in relation to the Potential Listing.

## **Business Development**

In order to support the growth and expansion of the Company and to de-risk from single mine and single country operator TerraCom continues to evaluate cash generative assets for potential acquisition.

The Company is currently considering a strategic opportunity in Queensland Australia to acquire a mature mining operation which is currently on care and maintenance.

The Company is nearing completion of its desktop due diligence on a hard coking coal mining operation in Indonesia. The mine's production licence has a 12 year remaining life and is located in close proximity to road, barge and port infrastructure which connects into the seaborne coal market. The mine has a capability of delivering 500,000 tonnes per annum of hard coking coal.

**ABOUT TERRACOM – [www.terraconomresources.com](http://www.terraconomresources.com)**

TerraCom has fully commissioned the Baruun Noyon Uul (BNU) coking coal mine in the South Gobi Mongolia. The Company's goal is to become one of the largest and highest quality coking coal producers in Mongolia, providing exceptional value for its steel-producing customers. TerraCom is also focused on developing two priority projects in Queensland, Australia: the large thermal coal Northern Galilee Project and the high energy prime thermal coal Springsure Project.

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**Craig Wallace**  
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