



CHAIRMAN SPEECH

AGM

2016 Annual General Meeting

30/11/16

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A. INTRODUCTION

Ladies and Gentlemen,

Good afternoon and welcome to this Annual General Meeting for TerraCom Limited in Brisbane.

Let me introduce myself - I am Cameron McRae, Executive Chairman of TerraCom Limited and will Chair this meeting on behalf of the Company.

As we have a quorum, I declare this meeting open.

I propose that after making my preliminary comments and outlining some housekeeping matters for the conduct of this meeting that I will proceed with the formal aspects of the meeting as described in the Notice of Meeting you have all received.

It would be appreciated if you could please turn off your mobile phone now if you have not already done so as a courtesy to your fellow shareholders.

Before proceeding, let me introduce you to my fellow colleagues in attendance today:

- The Honourable Craig Wallace, Deputy Chairman, TerraCom Limited
- Mr Michael Avery, Executive Director and Vice President- Corporate Development
- Mr Nathan Boom, Company Secretary and Financial Controller
- Mr David Stone, Executive Director and Vice President – Operations

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- Also present is Mr Lee Marshall, a representative of Link Market Services – TerraCom’s share registrar – who will be acting as returning officer should a poll be called.
- I note also that due to the diverse geographical spread of the Directors of the Board and in the interest of saving travel costs we have elected to have the remaining Directors dial into this meeting.
- I welcome you all to the meeting.

We are all pleased you have joined us today for the meeting which is in compliance with the Corporations Act, formal in nature and restricted to the resolutions detailed in the notice of meeting.

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B. Update to Shareholders on the Background to the AGM

I will now present an update regarding the resolutions presented for consideration at this AGM.

Since our last Annual General Meeting, there have been significant developments at TerraCom. In November 2015, we officially changed our name from Guildford Coal Australia to TerraCom Limited (ASX : TER). This change represented the opening of a new chapter as we make the step change from explorer to producer, across global locations.

TerraCom's deep management experience and strong resource base has placed it in a position poised to grow. Our recent announcement of signing binding agreements for the acquisition of Blair Athol Coal Mine from the Blair Athol Joint Venture is an exciting example of how we plan to grow through opportunistic, selective inorganic growth.

I was appointed Chairman in early June, taking over from the Honourable Craig Wallace. I would like to personally thank Craig for his leadership of TerraCom during the period of debt restructuring and through a very difficult period in the commodity cycle. I appreciate Craig's ongoing support as deputy Chairman and the support of the board and its advisors who are active in their review of our activities, strategies and plans.

Since my appointment we have announced further organisational changes in our management team, finalised the debt restructuring, raised additional equity and converted the Blair Athol opportunity into a binding agreement. The BNU coal mine is also recommencing mining operations after a period used to running down surplus stocks during a period of very low prices and to enable the establishment of a more efficient supply chain. The management team have worked tirelessly

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and diligently in putting TerraCom onto a stronger and sustainable footing. This is evidenced in the improvement in our balance sheet and the opinion of our external auditors.

2015-16 was a very difficult year - with the global coal industry's dilemma continuing for a third consecutive year. During 2015-16 the TerraCom team managed costs in a very stringent manner. This was critical during the period of debt renegotiation and suspended operations. For TerraCom it was a year of repositioning - the good news is that the balance sheet repair is largely behind us, we enjoy the confidence of financiers and we have exciting growth projects in front of us.

We have completed last year's strategic review initiatives and in late June 2016, we announced the successful restructure of \$141 million of existing and soon to be due debt facilities. The new arrangements significantly improved our balance sheet, allowing us to raise additional equity over the past few months.

The Blair Athol acquisition is a very significant growth initiative for TerraCom, representing transformational change, and the announcement of binding agreements being signed is the culmination of complex negotiations over many months. The BA deal structure also gave our major lenders the confidence to convert our debt facilities into a 5-year bond.

Our ability to acquire the assets for \$1, and to have the full rehabilitation liability provided for in cash is testament to the management team's ability to drive a value-adding deal. This structure will also allow us to generate working capital loans off the back of the asset values in Blair Athol.

The Board of TerraCom is cautiously optimistic over the recent recovery of the coal market. We are well positioned to leverage this upturn.

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TerraCom's group of small, but highly skilled employees are committed to delivering shareholder value through its existing pipeline of projects and through potential acquisitions. We remain committed to the health and well being of all our employees and I am pleased to announce that we have now achieved two years of injury free work at our Mongolian operations.

There are 12 resolutions before you today. I will now move on to the formal part of the meeting.