



TerraCom Limited

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ASX Announcement

Balance Sheet Restructuring Complete

TerraCom Limited (**TerraCom or the Company**) (**ASX: TER**) is pleased to announce that it has reached agreement on a number of critical financing arrangements.

Following the completion of the Blair Athol acquisition, this effectively completes the Balance Sheet Restructuring for TerraCom. This will allow the Company to capitalise on the strong coking coal and thermal coal markets next financial year and thereby deliver substantial value to its shareholders.

Coupon Interest on Listed Euroclear Bond

TerraCom is making its first coupon interest payment of US\$7.75 million on its Listed Euroclear Bond **today**. The Company has elected to PIK 50% of the interest.

Super Senior Notes

OL Master Limited (OCP) have agreed to defer the US\$12.0 million principal repayment from 30 June 2017 to 50% on 30 October 2017 and 50% on 30 January 2018. The coupon interest will be paid as agreed between the parties on or before 7 July 2017.

Fuel Exclusivity Facility

Noble Resources International Pte Limited (Noble) and the Company have agreed to convert US\$7,159,470 of Noble's Fuel Exclusivity Facility into 298,311,234 fully paid ordinary shares of TerraCom. The Company will be utilising its existing capacity under Listing Rules 7.1 and 7.1A. The effective issue price per ordinary share is \$0.032 cents (rounded to 3 dp).

The remaining principal of US\$1,573,863 will be repaid on 30 January 2018 and will accrue interest at 12.5% per annum payable on the principal repayment date.

ABOUT TERRACOM – www.terracomresources.com

TerraCom has fully commissioned the **Baruun Noyon Uul (BNU) coking coal mine** in the South Gobi of Mongolia. Export shipments under a 5.5 year offtake agreement have commenced on schedule. 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 has acquired the Blair Athol Coal Mine for AUD\$1 and the Queensland Government has received AUD\$79.6m from the Blair Athol Coal Joint Venture (BACJV) to meet Blair Athol Coal Mine's rehabilitation (which forms part of TerraCom's financial assurance quantum of AUD\$93.1m). The acquisition includes the mining lease, related licenses, land, site infrastructure, active contracts and all mining plant & equipment, including a dragline, to deliver TerraCom's forecast production schedule and the progressive rehabilitation.

The acquisition of the Blair Athol Coal Mine is a significant milestone for TerraCom, bringing the following benefits:

- Progressive rehabilitation of one of Queensland's oldest coal mines;
- The resumption of coal mining and export sales from the Blair Athol Coal mine providing the local, state and federal economies with increased economic activity, employment, royalties and taxation; and
- Forecast positive cash flow through a low overhead structure and operational efficiencies.

TerraCom plans to commence over 50 hectares of site rehabilitation while bringing the mine back into production. The operation, under TerraCom management, is planned to deliver approx. 2Mtpa over 7 years¹ and ongoing progressive rehabilitation.

In order to support further growth and expansion, TerraCom continues to evaluate cash generative assets for potential acquisition.

The Company is evaluating the acquisition of a hard coking coal mine in Kalimantan, Indonesia, a 500,000 tpa operation located in close proximity to road, barge and port infrastructure connecting it to the seaborne coal market.

Additionally, TerraCom is 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.

1- Refer 7 November 2016 ASX Announcement for further information and clarification on the Blair Athol production forecast. The material assumptions underpinning the Blair Athol production target in the 7 November 2016 ASX Announcement continues to apply and has not materially changed.

Please contact Nathan Boom, on +61 2 4268 6258 or at info@terracomresources.com for further information.



Cameron McRae

Executive Chairman – TerraCom Limited