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ASX Announcement

Company Update

TerraCom Limited (TerraCom or the Company) (ASX: TER) is pleased to provide an update on the restructuring of the Board and positive progress at Blair Athol Thermal Coal Mine in Queensland bringing the mine into full production.

Board Augmentation for Mining and Growth

The Company is pleased to announce the appointment of Wallace (Wal) Macarthur King AO as Non-Executive Chairman of the Board of TerraCom effective immediately. Wal replaces Mr Cameron McRae who will step down as Executive Chairman but remain on the Board as a Non-Executive Director.

Mr King has been on the TerraCom Board since May 2017 and has made significant positive contribution to the Board and Company since that time. Mr King brings a wealth of relevant experience being a highly successful leader in mining and construction industry successfully leading Leightons Holdings Limited to become one of the world's major contracting, services and project development organisations, and also the world's largest contract miner, collectively employing around 45,000 people and operating in more than 30 countries.

The Board looks forward to Mr King supporting TerraCom's growth in becoming a large and strong coal mining company operating in Australia and Asia.

The Company would also like to announce further to this change that Mr David Stone has resigned as an Executive Director effective immediately. TerraCom also wishes to confirm that Mr Neville McAlary is responsible for the Blair Athol Mine as Australia Business Unit Head and Mr Sam Bowles is responsible for the BNU Mine as Mongolia Business Unit Head.

Neither of these executive positions are being replaced which will result in a significant overhead reduction for the Company. The operational reporting structure will be streamlined with both Neville and Sam now reporting directly to Wal.

The Company would like to take this opportunity to sincerely thank both Mr McRae and Mr Stone for their efforts in their respective executive roles in TerraCom.

Ordinary Share Capital Consolidation

The Board of Directors have unanimously approved a consolidation of ordinary shares of 10:1. This is subject to regulatory approvals, including shareholders' approval at the AGM later this year. The consolidation, if passed, will reduce the number of shares on issue from 3.01 billion shares to 301.3 million shares.

Mining Progress

The Company is pleased to advise that the Blair Athol Coal Mine is an operational mine rapidly ramping up to 2 million tonnes per annum annualised rate¹ in Q4 2017. The Company mined ~25,000 tonnes and invoiced ~9,000 tonnes of coal sales in August 2017.

A number of significant milestones were achieved on schedule to deliver these sales including:

First Coal Mined – 13th August



Run of Mine Stockpile



First Product Coal Crushed – 25th August



First Dragline Swing – 26th August



Bulk earthworks have also continued on the rehabilitation element of the operation, which is being conducted in accordance with the requirements defined in the Environmental Authority.



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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 completed the acquisition of the Blair Athol Coal Mine in May 2017. The acquisition included 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.



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