



TERRACOM

CHAIRMAN SPEECH

AGM

CHAIRMAN'S SPEECH

Ladies and Gentlemen,

Good morning and welcome to this Annual General Meeting of TerraCom Limited.

I am Wal King, Non-Executive Chairman of the Company.

As it is 10.00am and as we have a quorum, including their valid proxies, I declare this meeting open.

Before I proceed with the formal aspects of the meeting as detailed in the Notice of Meeting, I wish to introduce my colleagues in attendance today:

- Mr Jim Soorley
Non-Executive Director / Independent Director
- Mr Michael Avery
Executive Director
- Mr Craig Wallace
Deputy Chairman and Non-Executive Director / Independent Director
- Mr Nathan Boom
Company Secretary and Chief Financial Officer

Other Directors, who are listed in the papers, are currently all overseas:

- Mr Tsogt Togoo
Non-Executive Director based in Mongolia / Independent Director
- Mr Philip Forrest
Non-Executive Director based in Singapore / Independent Director

I now wish to comment on the Company's position as it enters the next critical period of its development.

The 2017 Financial Year was a truly remarkable year for the Company, as it transformed itself from an Exploration company to an Export Mining company in Australia and Mongolia.

The Company still retains interests in a number of Coal Leases in Northern Queensland, with indicated and inferred coal resource of 1.9 billion tonnes.

Full details of the subject Leases are set out in the Annual Report.

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The Company's complete focus over the short to medium term will be on achieving nameplate production from the Blair Athol Mine in Queensland and the BNU Mine in Mongolia of 2.0mtpa and 1.5mtpa respectively.

Consequently, I will not be making further comments on these longer-term Development Leases.

As the Annual Report details various aspects of the 2016/17 year, I will not make many further comments on a period which now can only be described as history. I will concentrate on the period from July up to now. This period has established the platform for the Company to be an operational mining company.

Blair Athol Mine has now been recommissioned and first coal was mined around mid-August 2017, with first coal trucked from site in October 2017.

From 1st July to 26th November 2017, the following tonnages have been achieved at Blair Athol:

Coal Mined	336,784 tonnes
Coal Sold	114,785 tonnes
Coal Stockpiled at Blair Athol	221,999 tonnes

To date, there has not been any significant quality issues providing a higher Kcal than previously envisaged.

The next critical activity for the Blair Athol Mine is the Construction and Commissioning of a dedicated rail load-out facility.

Planning is well advanced and initial construction work will commence in early December 2017, and it is expected the facility will be commissioned by the end of February 2018.

This load-out facility will have a substantial impact on the economics of the mine, with a freight saving of at least \$15 per tonne.

By March, coal exports from the mine should be running around approximately 35,000 to 40,000 tonnes per week.

Restoration and rehabilitation of the site is proceeding generally in accordance with the Company's obligations, and the visual enhancement of the old mine area is very evident.

After this year's wet season, the restored areas will blend into the landscape as vegetation takes hold.

The path is now set for Blair Athol to become a successful mine which, based on current knowledge and confirmed drilling, should operate for at least eight years.

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Now turning to Mongolia.

Although the winter has set in in Mongolia, production levels continue to improve and recently, 8,570 tonnes was exported from the mine in a single day, which is an all-time record for the mine.

Pit 3 is producing superior coal quality that is allowing the blending of thermal coal to get down the specifications.

The Company continues to direct efforts to obtaining a greater diversity of customers to ensure a better balance in its sales programme.

Planning in respect of a dedicated Coal Handling and Preparation Plant at the mine site is continuing. The Plant will further improve the overall economics of the mine and the Company is scheduled to start construction around the end of February 2018.

From 1st July to 26th November 2017, the following tonnages have been achieved in Mongolia:

Coal Mined	302,799 tonnes
Coal Sold	299,282 tonnes
Coal Stockpiled at Mine including tonnage from last year	74,317 tonnes

Focusing on the Company at large, I can now report that most barriers in respect of the Company's operation are being progressively overcome and, by the end of the 2017 calendar year, the BNU Mine should be running at its nameplate production of 1.5mtpa and early Q1 2018, the Blair Athol Mine should be running at its nameplate production of 2.0mtpa.

With the improved cash flow forecast over the next six months, the Company will address the balance sheet structure to ensure a firm foundation can be put in place for the future.

The Company remains vigilant in respect of Occupational Health and Safety and I can report that all senior executives remain committed to achieving an injury-free workplace in Australia and Mongolia.

I would like to acknowledge the efforts and dedication of Mr Cameron McRae, who served as Executive Chairman and subsequently as a Non-Executive Director of the Company.

Cameron, who is a resident of Mongolia, has decided to direct greater attention to his personal activities in that country. We thank him for his efforts.

Now turning to the formal part of the meeting.

The Company notes that no questions have been submitted. Notwithstanding, the Company's Auditor is present to answer any questions.

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NOTICE OF MEETING

Notice of this Annual General Meeting has been given to shareholders in accordance with the Company's Constitution, the Listing Rules of the Australian Securities Exchange Limited (ASX) and the Corporations Act. A copy of the Notice of Meeting has been lodged with the ASX and posted to all shareholders.

Does anyone not have a copy of the Notice of Meeting who would like a copy?

Replacement copies are available from Link Market Services staff at the entrance to the room. I table the Notice of Meeting dated 27 October 2017, which is taken as read.

There were 11 resolutions contained in the Notice of Meeting.

However, as a result of Cameron McRae resigning from the Company as a Director, Resolution 5 is withdrawn.

VOTING PROCEDURE

I would like briefly to summarise the voting procedures which will apply to this meeting.

Prior to discussion on the resolution put to shareholders, I will advise the number of direct and proxy votes received. Where undirected proxies have been given in favour of the Chairman, I will vote in favour of the resolution.

As a significant number of our shareholders now vote by direct vote or proxy, the Board considers it appropriate to recognise the votes both of those shareholders present today and those who have voted by direct vote or proxy.

Accordingly, I don't propose to call for show of hands on each resolution. Instead, all resolutions will be put to a poll at the end of the meeting.

Those of you who are shareholders will have received a yellow voting card as you registered today. As each resolution is put to vote, please record your vote in respect of the relevant resolution in one of the boxes marked "for", "against" or "abstain" on your card. At the end of the meeting, when votes on all the resolutions have been recorded, your card should be placed in the boxes which will be circulated by attendants from our Share Registry, Link Market Services.

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Your votes will then be counted by personnel from Link under the scrutiny of our Auditor, Ernst & Young.

I will now have Link collect all of the “yellow” voting cards. Does anyone need more time?

Link have now collected the “yellow” voting cards, are there any cards not collected?

I now declare the poll closed. The results of the poll will be released as soon as available through the Australian Securities Exchange and will also be displayed on the Company's website.