



TerraCom Limited
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28 February 2018

Supplemental Release

2018 Half Year Maiden Operating EBITDA

TerraCom Limited (TerraCom or the Company) (ASX: TER) is pleased to announce the 2018 Half Year Financial Statements. The full release has been lodged with the ASX and is available for review.

SIGNIFICANT HIGHLIGHTS

- **2018 Half Year Maiden Operating EBITDA of \$5.525 million**
- **Gross profit from operations of \$10.125 million**
- **Blair Athol Thermal Coal mine successful return to production**

2018 Half Year Maiden Operating EBITDA of \$5.525 million

The Company has registered its maiden Operating EBITDA for the half year of **\$5.525 million** and gross profit from operation for the half year of **\$10.125 million**:

- Blair Athol gross profit from operation for the half year was \$4.453 million. Based on coal sales of 204,548 tonnes this represents a gross profit margin of approximately \$22 per coal sold tonne.
- BNU gross profit from operations for the half year was \$5.672 million. Based on coal sales of 428,917 tonnes this represents a gross profit margin of approximately \$13 per coal sold tonne.

Blair Athol Thermal Coal mine successful return to production

The Company has fully recommissioned and restarted the Blair Athol Mine on an extremely compressed timetable. Milestone events since acquisition have been as follows:

- 13 August 2017 – First Coal Mined
- 25 August 2017 – First Product Coal Crushed
- 26 August 2017 – First Dragline Swing
- 10 October 2017 – First Product Coal Washed
- 19 October 2017 – First Coal Trucked to Third Party Coal Handling Facility
- December 2017 – 2 Mtpa name plate production run rate achieved

The Company also announced¹ a further upgrade to the Blair Athol Mine JORC Reserve and Resources with independent experts Deswik Mining Consultants (Australia) Pty Ltd upgrading the total Blair Athol Mine JORC Reserves to 18Mt and effectively adding one extra year to mine life, which now totals **9 years** based on ~2 million tonnes per annum¹.

Blair Athol Mine Train Loadout Facility Update

The critical activity for the Blair Athol Mine (BA) is the Construction and Commissioning of a dedicated Train Loadout facility (TLO). The rail line runs across BA site and connects into the main Goonyella Rail Line which runs to Dalrymple Bay Coal Terminal. The TLO construction work is well advanced including the mobilisation of Aurizon Network for the commencement of rail recommissioning works this week (see following photos). It is expected the TLO will be commissioned (including first train) in this March 2018 quarter.

This load-out facility will have a substantial impact on the economics of the BA mine, forecasting to deliver an additional \$20 per tonne improvement in margin. The commissioning of the dedicated rail load-out facility will allow the trucks which are currently transporting the coal to another rail load-out facility to be taken off the road. The Company's dedicated rail load-out facility is forecasted to provide substantial additional Operating Cash Flow and Net Profit Before Tax of A\$34 million per annum which will flow through to consolidated results.



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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 has completed 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 9 years¹ and ongoing progressive rehabilitation.

Additionally, TerraCom has long term exploration plans with the intent on developing two projects in Queensland, Australia: the large thermal coal Northern Galilee Project and the high energy prime thermal coal Springsure Project.

1– Refer to ASX Announcement on 13th February 2018 for further information and clarification on the Blair Athol production forecast. The material assumptions underpinning the Blair Athol production target in this ASX Announcement continues to apply and has not materially changed.

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