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## **ASX Announcement**

### **Queensland Government Completes Blair Athol Lease Transfer**

TerraCom Limited (TerraCom or the Company) (ASX: TER) is pleased to announce that its wholly owned and operated subsidiary, Orion Mining Pty Limited, is now the mining title holder for Blair Athol Coal Mine (BA or ML1804) following completion of the transfer by the Queensland Government's Department of Natural Resources and Mines (DNRM). This activates all the associated BA finance facilities (US\$9m and AU\$11.6m) previously disclosed which will enable the Company to commence the drawdown of these funds to fully fund recommissioning.

The Company expects to assume control of the BA mine site in May 2017 and recommence mining and rehabilitation activities in June 2017 with more than 600 direct and indirect jobs expected to be generated in the local and regional communities. The BA mine will ramp up to the annualised coal mining rate of approximately 2Mtpa<sup>1</sup> very quickly and there has been strong interest from customers in North Asia for the well-known Blair Athol Coal brand. Based on current prices the Company plans to export an estimated \$1.2 billion in product from BA over the next 7 years.

The Chairman of Orion Mining and TerraCom Board Member, Mr Jim Soorley reiterated that, *"the completion of transfer of the Blair Athol Mining Lease is not only great news for TerraCom but is great news for the community of Clermont and the state of Queensland, with up to \$80 million in taxes and royalties to flow from the re-opened mine operation and with the recommencement of rehabilitation activities."*

The combination of TerraCom's operating BNU Coking Coal Mine in Mongolia and the Blair Athol Mine in Queensland will see TerraCom capitalise on the strong international coal coking and thermal coal markets becoming a strong independent mining company with two world class operations. This calendar year to date TerraCom has already shipped ~200kt from the BNU Mine as part of its 5.5 year, 7.5Mt contract with Kingho China. By the end of 2017 calendar year the Company plans to have 2 high calibre mines producing highly sort after product – coking coal from Mongolia's BNU Mine and thermal coal from Queensland's Blair Athol Mine.

Mr Soorley went on to say, *"with these two assets performing according to plan in the current market should see TerraCom deliver strong profits which will be directed towards servicing and reducing the Company's debt"*.

## **ABOUT BLAIR ATHOL**

On completion of the Blair Athol Sale and Purchase Agreement, TerraCom will acquire the Blair Athol Coal Mine for AUD\$1 and the Queensland Government will receive AUD\$79.6m from the Blair Athol Coal Joint Venture (BACJV) to meet Blair Athol Coal Mine's rehabilitation (which will form part of TerraCom's financial assurance quantum of AUD\$93.1m). The acquisition will include 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 will be 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 years<sup>1</sup> and ongoing progressive rehabilitation.

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.

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***Please contact Nathan Boom, on +61 2 4268 6258 or at [info@terracomresources.com](mailto:info@terracomresources.com) for further information.***



**Jim Soorley**

Chairman – Orion Mining Pty Limited

Director – TerraCom Limited