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## Media Release

### TerraCom Reports Record Full Year Sales

TerraCom Limited (“TerraCom” or “The Company”) today announced record sales of \$141.1 million and EBITDA of \$28.6 million for the full year to 30 June 2018, reinforcing the significant operational turn-around at the Blair Athol coal mine in central Queensland.

Commenting on the substantial progress made in FY18, Terracom chairman Mr Wal King said the Company was on track to report a net operating profit of up to \$100 million in FY19.

#### Highlights:

- Coal production delivered sales of \$141.1 million
- \$28.6 million EBITDA
- \$34.3 million net operating cashflow
- Net loss of \$19.1 million
- 1.9 million tonnes from Blair Athol and Baruun Noyon Uul, Mongolia
- Blair Athol JORC Reserves<sup>(1)</sup> upgraded to 18 million tonnes with a resource of 44 million tonnes
- Rail siding commissioned linking Blair Athol to main Goonyella Rail Line

Mr King said Blair Athol’s performance justified the Company’s decision to recommission what was once Australia’s largest thermal coal project following the completion of its purchase from Rio Tinto in early 2017.

“It is pleasing to have made this level of progress in such a short period of time and we hit several key milestones during the year,” Mr King said.

“We increased coal production at Blair Athol in each quarter and are continuing to negotiate long term sales contracts with several key customers in Japan and Korea.

“We have benefited from the growth in demand from South East Asia and Blair Athol’s long-standing reputation for producing high quality thermal coal will deliver contracts with new customers this year.

“Our net loss for the year reflected our debt obligations and the Board is giving priority to fully refinancing our \$180 million debt portfolio to taking advantage of the fact that we are now producing

coal with a \$51 margin per tonne.

The Company is also ahead of schedule with one of the country's largest mine rehabilitation projects at Blair Athol and was able to reduce the rehabilitation financial assurances to the Queensland Government from \$80 million to \$72 million.

Another significant milestone was the completion of the rail siding at Blair Athol which allows the mine to feed directly into the Goonyella main rail line which carries coal to the Dalrymple port, thus reducing production costs by around \$20 a tonne.

In Mongolia the Company also increased production of coking coal in every quarter and improved margins.

## **ABOUT TERRACOM – 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 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 years<sup>1</sup> 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 13<sup>th</sup> 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.

***For media enquiries please contact John Hurst (Quay Advisers) on +61 418 708 663.***



**Wal King**  
Non-Executive Chairman