TerraCom Limited
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ASX ANNOUNCEMENT

11 December 2020

TERRACOM

Operations Update

TerraCom Limited (**TerraCom** or **Company**) is pleased to provide shareholders with the following operations update.

Australia

The Company's Blair Athol mine in Clermont, Queensland continues to deliver strong operational results following its transition to owner operator on 31 July 2020 (**Transition**).

As previously announced, Free on Board (**FOB**) costs were forecast to reduce significantly by approximately 17% or AU$15 per tonne to approximately AU$59 per tonne. The Company is pleased to announce that this significant reduction has consistently been achieved since the Transition throughout the last four (4) months (August, September, October and November 2020). This places the Blair Athol mine in the first quartile of seaborne export FOB operating costs per tonne.

The thermal coal market has been challenging in recent times and the entire Blair Athol team has continued to deliver exceptional results and the proven reduced cost structure means that the Company is now in a strong position to take advantage of recent improved coal pricing and demand for Blair Athol Coal. For context, since 1 July 2020 (beginning of the financial year), the Newcastle thermal coal index has improved by more than 45%, having increased from US$52 on 1 July 2020 to US$76 on 9 December 2020.

As a result of the exceptional cost management, an increased demand for Blair Athol coal and the strenthening coal price, BA is set to deliver strong EBITDA margins for the 2021 Financial Year.

South Africa

Underpinning the strategic acquisition of Universal Coal plc (**Universal**) in June 2020 was the ability for the Company to diversify the South African coal sales mix from a mainly domestic market, to an increased proportion of export sales whilst still delivering on Universal's contracted domestic coal sales volumes.

The Company is pleased to advise shareholders that it has executed its export strategy which has been under development since July 2020. The first full shipment of thermal coal from the Company's South Africa operations will be exported from South Africa in January 2021. This is a milestone achievement for the South African operations and the Company looks forward to leveraging this milestone to increase its export coal sales in line with its strategic objectives.

Coal Sales

Consistent coal sales have continued for the 2021 Financial Year despite the ongoing economic disruptions being caused by COVID-19. Coal sales for the period 1 July 2020 to 30 November 2020 are shown in the table below.

	MANAGED TONNES				EQUITY TONNES			
	Export (000's)	**Domestic (000's)**	**Total (000's)**	**Annualised (Millions)**	**Export (000's)**	**Domestic (000's)**	**Total (000's)**	**Annualised (Millions)**
Australia	1,044	-	1,044	2.50 Mt	1,044	-	1,044	2.50 Mt
South Africa	673	2,418	3,091	7.41 Mt	330	1,231	1,561	3.74 Mt
Total	**1,717**	**2,418**	**4,135**	**9.91 Mt**	**1,374**	**1,231**	**2,605**	**6.24 Mt**

Commenting on the coal sales, TerraCom CEO Danny McCarthy said:

"The coal sales achieved year to date continue to be positive regardless of the ongoing market challenges. Based on an annualised assessment the Company is well positioned to achieve annual coal sales of approximately 9.9 Mt, consistent with FY2020.

With low cost mining already implemented at Blair Athol, the Company is well positioned to deliver stronger EBITDA results as coal pricing continues to improve."

This announcement has been approved by the Company's Disclosure Committee for release.

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About TerraCom Limited

*TerraCom Limited (**ASX: TER**) is an emerging company originating as a resource explorer with a large portfolio of operating assets in Australia and South Africa. We are currently enacting a growth strategy towards delivering a Mid-Tier diversified operating and trading business and have a global focus on the development of a high yielding diversified asset portfolio for its investors. To learn more about TerraCom visit terracomresources.com.*