



ASX ANNOUNCEMENT

16 May 2022

COMPANY UPDATE

TerraCom Limited (ASX: TER) (**TerraCom** or **Company**) wishes to provide shareholders with the following updates.

Coal Sales Prepayment and Outlook

TerraCom has been working with its long-standing customer to finalise the Prepayment Facility¹ and is pleased to confirm that a further US\$10 million has been received and the remaining US\$30 million is forecast to be received on or before Friday 27 May 2022.

Due to the unforeseen delays on receipt of the coal sales prepayment, the Company's long-standing customer has agreed to provide the prepayment on an interest free basis to the Company (previously the interest rate was 8% per annum¹).

As previously announced, as at 5 May 2022, the balance of the Euroclear Bond was US\$38.8 million. The Euroclear Bond will be fully repaid upon receipt of the remaining funds from the Prepayment Facility.

For the June 2022 quarter, Blair Athol is still forecast to deliver eight (8) cargoes equating to approximately 650,000 tonnes². Of these cargoes, six (6) are currently index linked³, and two (2) are contracted at a fixed price of US\$300 per tonne 5500 NAR basis.

Withdrawal from the Republic of Guinea

The Company has decided that it will withdraw from all interests in the Republic of Guinea and is no longer seeking to progress any opportunities or potential projects within this jurisdiction.

Whilst the Company has continued to closely assess its position with respect to potential projects in this jurisdiction, the decision of the Company is motivated by the change in regime that took place in September 2021 in the Republic of Guinea which has created ongoing uncertainty and instability of the current government.

Commenting on the update, Executive Chairman, Craig Ransley said:

"With eight cargoes forecast for the June 2022 quarter, cash generation remains strong given the buoyant thermal coal market and the Company remains on track to declare a dividend for the period ending 30 June 2022."

¹ Refer ASX announcement dated 28 February 2022 "TerraCom signs US\$60 million prepayment term sheet".

² Subject to shipping nomination tonnage.

³ Newcastle Index or API4 Index. BA may convert any number of these cargoes into fixed price cargoes.



The Prepayment Facility has unfortunately taken longer than initially anticipated to finalise; however, the Company has negotiated a very good overall outcome whereby the prepayment funds will now be interest free. The Company will continue to update the market and provide confirmation when the Euroclear Bond is fully repaid in the coming weeks.

TerraCom continues to assess growth opportunities and is also conducting a review of all non-core assets as part of its overall strategic plan."

This announcement has been approved by the Board 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 global focus on the development of a high yielding diversified asset portfolio for its investors. To learn more about TerraCom visit terracomresources.com.