



ASX ANNOUNCEMENT

28 February 2022

TERRACOM SIGNS US\$60 MILLION PREPAYMENT TERM SHEET

- **Binding prepayment term sheet signed for US\$60 million.**
- **Coal sales offtake agreement for 600,000 tonnes as part of prepayment.**
- **Proceeds to be used to accelerate payment of the Euroclear Bond with full repayment to occur on or before 30 June 2022.**
- **Dividends to shareholders expected for the period ended 30 June 2022.**

TerraCom Limited (ASX: TER) (**TerraCom** or **Company**) is pleased to advise shareholders that it has signed a binding term sheet for the prepayment of approximately 600,000 tonnes of Blair Athol coal for the period 1 June 2022 to 31 May 2023 with one of its major, long-standing customers (**Prepayment Agreement**). The Prepayment Agreement is subject to customary conditions precedent for a transaction of this nature.

Key terms of the Prepayment Agreement are noted below:

- Prepayment amount of US\$60 million.
- Coal sales offtake agreement for 600,000 tonnes, with pricing based on and linked to the API4 Index at the time of delivery. Delivery is during the period 1 June 2022 to 31 May 2023.
- Interest rate fixed at 8% per annum.
- Prepayment repaid through the delivery of coal via the coal sales offtake agreement.
- Subject to the satisfaction of customary conditions precedent for a transaction of this nature (these are expected to be completed by 31 March 2022).
- Drawdown date on or before 30 April 2022.

The receipt of funds under the Prepayment Agreement will be used to pay the Euroclear Bond facility. The accelerated payment of US\$60 million in April 2022 along with the planned repayment amounts, based on forecast steady state, will result in the Euroclear Bond being fully repaid on or before 30 June 2022 (approximately 4 months' time).

Commenting, Executive Chairman Craig Ransley said:

"The Company is pleased to enter this offtake agreement with a long-standing customer of Blair Athol. The receipt of US\$60 million in April 2022 will not only allow the Company to pay out the Euroclear Bond within this financial year, but it will also allow the Board to accelerate its plan to return dividends to shareholders. Pricing in the coal export market remains attractive and we look forward to strong financial



performance from our operations continuing throughout the remainder of this financial year and beyond."

This announcement has been approved by the Board for release.

Craig Ransley
Executive Chairman
P +61 7 4983 2038
E info@terracomresources.com

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.