



3 April 2020

Update on Court Proceedings

TerraCom Limited (**TerraCom** or **Company**)(ASX: TER) advises that the Federal Circuit Court yesterday ordered that six TerraCom Directors be removed as respondents from the general protections application made against them by Justin Williams under the *Fair Work Act 2009 (Cth)*.

The Court also made an order that Mr Williams, a former TerraCom employee, pay each of the Directors' costs and disbursements of and incidental to their applications for the claims against them to be summarily dismissed, which if not agreed, are to be assessed and if necessary taxed under the Federal Court Rules.

The Court also made orders granting Mr Williams an extension of time to make a general protections application to the Court against TerraCom and for TerraCom to be substituted as the first respondent to the proceeding. Mr Williams was also granted leave to join TerraCom Chief Executive Officer, Danny McCarthy, as the second respondent to the proceeding. Mr Williams has seven days to file and serve an amended application.

Both TerraCom and Mr McCarthy intend to continue to vigorously defend the proceedings.

TerraCom also notes the ASX statement by ALS yesterday regarding an independent investigation into the ALS Australian Coal Superintending and Certification Unit.

As previously stated, TerraCom took the allegations by Mr Williams that its CEO and CFO had been involved in a scheme relating to the fake analysis of coal samples seriously and an independent forensic investigation was conducted. That investigation found that the allegations against them were unfounded and neither had done anything wrong.

Since those allegations were made by Mr Williams, none of TerraCom's customers have raised any concerns about the quality of supplies from TerraCom's Blair Athol mine in Central Queensland.

Some of TerraCom's customers also asked for additional coal samples to be tested, and in every instance, they found no quality control issues.

Commenting on TerraCom's coal testing procedures, CEO Danny McCarthy said: *"During my time as CEO of TerraCom there has not been an occasion whereby clients have complained about the quality of the coal as certified by the Certificate of Analysis (COA)."*

Under the COA process, each time a ship is loaded the testing Company (which can be nominated by the Buyer) carrying out the coal sampling and analysis take samples and divide them onto three lots:

1. Control Sample tested for the issuance of the COA which forms the basis of the certified result for the Buyer and invoicing / payment purposes.
2. Buyers Sample sent to the customer for their own internal sampling and checking (only if requested).

3. Umpires Sample held in reserve under full Chain of Custody requirements and “seal” held by the testing Company for a pre-determined period and for the sole purpose of an Umpire sample should either the Seller or the Buyer require it.

“In the one recent instance where a customer requested three shipments be “Umpire tested” at a third-party laboratory, the Umpire results aligned and were consistent with the certified (COA) results used for the basis of invoicing and payment.” Mr McCarthy said.

TerraCom is unaware of any regulatory investigation into Mr Williams allegations.

Mr Williams’ allegations were made only after he was dismissed as part of a Company-wide redundancy program.

TerraCom and each of its Directors, reserve their rights to take legal action against any party that publishes false or misleading information based on Mr Williams’ allegations.

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

For further information, contact:

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

Megan Etccl
Company Secretary
P +61 7 4983 2038
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 Mongolia and Queensland, Australia. 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, please visit www.terracomresources.com.