

ASX ANNOUNCEMENT

24 February 2020



Binding Term Sheet for the Acquisition of Anglo African Minerals plc

TerraCom Limited (ASX: TER) (TerraCom or the Company) is pleased to announce that it has executed a binding term sheet (**Term Sheet**) for the acquisition of Anglo African Minerals plc (**AAM**).

AAM, being an exploration and development company, is the owner of significant bauxite resources¹, the primary feedstock for aluminium production. AAM's bauxite resources are located in the Republic of Guinea, one of the world's leading countries in terms of proven bauxite reserves (~25%).

The acquisition of AAM is subject to customary conditions precedent for the benefit of TerraCom, including due diligence and regulatory approvals. In return for the granting of an exclusivity period until 31 August 2020, TerraCom has agreed to pay a US\$500,000 refundable deposit that is first ranking over all assets of AAM.

TerraCom has partnered with The Private Office of His Royal Highness Sheikh Ahmed Bin Dalmook Al Maktoum, Member of the Ruling Family of Dubai, United Arab Emirates (**UAE**). The Private Office of His Highness has made investments in energy, oil and gas, mining, infrastructure, agriculture and other Projects across Africa and the Middle East region. His Highness has also played a pivotal role of promoting economic diplomacy across Africa in his personal capacity and through his private investments.

AAM assets comprise a focused portfolio of licences and ownership of the rights to some of Guinea's key bauxite permits. AAM currently has three bauxite assets in development stage, summarised as follows¹:

- **Forward African Resources ("FAR")**. A project targeting 70 million metric tons of export quality bauxite resources.
- **Société Minière d'Alumine S.A. ("Somalu")**. A project targeting 450 million metric tons of export quality bauxite resources.
- **Tougue Bauxite and Alumina Corporations S.A. ("Toubal")**. A project targeting 865 million metric tons of export quality bauxite resources.

The intent is to focus initially on the development of the FAR project (**Project**). The Project is situated in close proximity to existing rail infrastructure which will connect the mine to the coast allowing for the completion of the export supply chain and is expected to be in production at an initial rate of 3Mtpa¹ between 13 to 16 months from the commencement of development activities, increasing to 5Mtpa¹ over the following 12 months.

TerraCom Chairman Wal King commented:

"This is a very sensible deal for TerraCom shareholders and endorses our entry into Africa to further diversify our geographic and commodity base through an exciting and highly rewarding emerging market sector."

TerraCom have an exceptional management team with extensive experience in the development and operation of mining and mineral resources related projects worldwide and are excited about partnering with The Private Office of His Royal Highness Sheikh Ahmed Bin Dalmook Al Maktoum, Member of the Ruling Family of Dubai, United Arab Emirates to develop a world class asset portfolio of commodities.

The Company looks forward to providing further updates to its shareholders as the transaction progresses.”

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 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.

1 – The Company is currently progressing the due diligence on AAM and therefore at this stage is classing the resource tonnage as an exploration target. The potential quantity and grade of an exploration target is conceptual in nature, there has been insufficient exploration to determine a mineral resource and there is no certainty that further exploration work will result in the determination of mineral resources or that the production target itself will be realised. Further evaluation work and appropriate studies are required to establish sufficient confidence that the target will be met.