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## **ASX Announcement**

### **Blair Athol Update – Coal Production Commences**

TerraCom Limited (TerraCom or the Company) (ASX: TER) is pleased to provide an update on coal production commencement at its wholly owned Blair Athol Thermal Coal Mine (Blair Athol) in Queensland.

#### **Coal Mining Operations**

TerraCom through its wholly owned subsidiary Orion Mining Pty Ltd (Orion) has commenced coal production at Blair Athol. This has occurred on schedule and the operation will continue to rapidly ramp up as planned to approximately 2 million tonnes per annum annualised run rate<sup>1</sup> in Q4 2017.

Initial coal sales will meet product specification as a bypass crushed thermal product.

The coal production has been in conjunction with bulk earthworks required for the rehabilitation of the prior operations towards a final landform as defined in the Environmental Authority.

The Dragline overhaul is continuing as planned with the Dragline being placed back into operation before the end of the month. Similarly, the recommission of the CHPP continues on plan with a scheduled recommencement mid October 2017.



## Coal Sales

With the recommencement of coal mining production at Blair Athol, the mine is on track to deliver first coal sales this month (August 2017).

As previously announced the first 6 months of coal sales will be transported to a nearby train loading facility. During this time TerraCom (in conjunction with Aurizon) will establish Blair Athol's own dedicated train loading facility recommissioning the rail line that runs across the Blair Athol site and connects into the main Goonyella Rail Line which runs to DBCT.

## **ABOUT TERRACOM – [www.terracomresources.com](http://www.terracomresources.com)**

TerraCom has fully commissioned the Baruun Noyon Uul (BNU) coking coal mine in the South Gobi of Mongolia. Export shipments under a 5.5 year offtake agreement have commenced on schedule. The company's goal is to become one of the largest and highest quality coking coal producers in Mongolia, providing exceptional value for its steel-producing customers.

TerraCom has acquired the Blair Athol Coal Mine for AUD\$1 and the Queensland Government has received AUD\$79.6m from the Blair Athol Coal Joint Venture (BACJV) to meet Blair Athol Coal Mine's rehabilitation. The acquisition included the mining lease, related licenses, land, site infrastructure, active contracts and all mining plant & equipment, including a dragline, to deliver TerraCom's forecast production schedule and the progressive rehabilitation.

The acquisition of the Blair Athol Coal Mine is a significant milestone for TerraCom, bringing the following benefits:

- Progressive rehabilitation of one of Queensland's oldest coal mines;
- The resumption of coal mining and export sales from the Blair Athol Coal mine providing the local, state and federal economies with increased economic activity, employment, royalties and taxation; and
- Forecast positive cash flow through a low overhead structure and operational efficiencies.

TerraCom plans to commence over 50 hectares of site rehabilitation while bringing the mine back into production. The operation, under TerraCom management, is planned to deliver approx. 2Mtpa over 7 years<sup>1</sup> and ongoing progressive rehabilitation.

In order to support further growth and expansion, TerraCom continues to evaluate cash generative assets for potential acquisition. The Company is evaluating the acquisition of a hard coking coal mine in Kalimantan, Indonesia, a 500,000 tpa operation located in close proximity to road, barge and port infrastructure connecting it to the seaborne coal market.

Additionally, TerraCom is focused on developing two priority projects in Queensland, Australia: the large thermal coal Northern Galilee Project and the high energy prime thermal coal Springsure Project.

1- Refer 7 November 2016 ASX Announcement for further information and clarification on the Blair Athol production forecast. The material assumptions underpinning the Blair Athol production target in the 7 November 2016 ASX Announcement continues to apply and has not materially changed.

***Please contact Nathan Boom, on +61 2 4268 6258 or at [info@terracomresources.com](mailto:info@terracomresources.com) for further information.***



**Nathan Boom**  
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