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Press Release

New life for long-serving Blair Athol

After purchasing the mothballed Blair Athol coal mine from Rio Tinto for A\$1 a few months back, TerraCom hopes to have the central Queensland operation up and running within weeks. The company plans to annually deliver 2 million tonnes of thermal coal and carry out progressive rehabilitation with the revitalised operation to employ more than 100.

TerraCom is awaiting approval from Queensland's Department of Natural Resources and Mines for transfer of the mining lease. The application was submitted in September and a decision is expected shortly, which will prompt an almost immediate restart.



Cameron McRae



It will be another feather in the cap for TerraCom, which recently resumed production at the BNU coking coal mine in Mongolia, has a number of promising Queensland coal projects and is close to finalising acquisition of a coking coal mine in Indonesia.

As well as being in the right place at the right time, taking advantage of the strong recovery in coal prices, TerraCom has an experienced and talented team of mining professionals, led by former Rio executive Cameron McRae, who played a big role in getting the Oyu Tolgoi Copper-Gold Project in Mongolia operational.

After helping secure the acquisition of Blair Athol he said there were good bargains to be found in unwanted coal assets. "The extent of the commodity down-cycle has put a lot of miners under pressure

and you've seen companies sell up because their balance sheets require it. When you see a significant down-cycle you always see assets come onto the market."

The acquisition includes the mining lease, related licences, land, active contracts and all mining plant & equipment, including a dragline, as well as site infrastructure. Blair Athol, which produced high quality thermal coal for more than 100 years, ceased production in late 2012 and has been maintained in good condition.



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Since the acquisition TerraCom has executed a five year contract with Link Mining Services to recommence operations. It is working with Link to finalise a mobilisation and integration plan to ensure a seamless transition to the new operators.

Link is providing A\$11.6 million for material mining and beneficiation recommencement costs. This is in addition to US\$12 million TerraCom raised recently to support commissioning of the mine. TerraCom will begin more than 50 hectares of rehabilitation while bringing the mine back into production.

Xenith Consulting conducted an extensive review and has been able to reinstate and improve total JORC reserves to 13.5 million tonnes and JORC resources to 44 million tonnes, enabling the mine plan to be extended from 5 years to 7 years. The resource upgrade provides potential to increase mine life further should some of this be converted into reserve.

TerraCom also aims to build a 60MW solar power station on rehabilitated mine land, which will help achieve Queensland's renewable energy targets. The Quantum Group from Singapore will work with GHD in Queensland to initially plan the solar power system.

Reopening Blair Athol will also boost Queensland's Treasury. In addition to \$80 million Rio Tinto has offered as financial assurance for rehabilitation but which is yet to be accepted by the government, it will receive additional cash receipts from the re-opening. On current pricing for Blair Athol coal, more than \$133 million will come from Royalties alone, while supplemental receipts include payroll tax of \$4 million and stamp duty of \$705,000 which has been paid.

Techenomics serves the mining industry with innovative oil analysis and fluid management services. CEO Chris Adsett says TerraCom's progress in Australia and Asia is very welcome. "Techenomics helps the industry achieve sustainable maintenance in Australia, Mongolia and Indonesia through our state-of-the-art, comprehensive and cost-saving services."

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