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ASX ANNOUNCEMENT

Blair Athol Sales Locked in for Next Quarter

The Board of TerraCom Limited (TerraCom or the Company) (ASX: TER) is pleased to advise the following in relation to coal sales from the fully operational Blair Athol Thermal Coal mine (BA) located in central Queensland.

June 2018 Quarter Sales

The Company is pleased to confirm that coal sale volumes and prices for the June 2018 quarter are in line with forecast which will ensure the Company completes the financial year strongly.

September 2018 Quarter Sales

The Company is also pleased to advise that for the September 2018 quarter it has secured sales for **520,000 tonnes** at a forecast average price of **US\$92 per tonne** and will be looking to lock in another **130,000 tonnes** of sales in coming weeks to complete the quarter forecast sales of **650,000 tonnes**¹. This forecast average selling price should deliver a margin in excess of **AU\$54 per tonne**.

Thermal Coal Market

The market for Australian thermal coal has shown considerable strength over the past two months, with a strong focus from buyers wishing to secure low total sulphur bituminous coal such as the product from BA.

The sales portfolio continues to expand as old customers return looking to secure volume, and new customers trial the product. The BA brand is strong amongst Japanese and Korean buyers.

The mix of contracted customers in the September quarter is as follows; 33% Japan, 46% Korea, 12% Indonesia, and 9% others.



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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 completed the acquisition of the Blair Athol Coal Mine in May 2017. 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 has completed 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 9 years¹ and ongoing progressive rehabilitation.

Additionally, TerraCom has long term exploration plans with the intent on developing two projects in Queensland, Australia: the large thermal coal Northern Galilee Project and the high energy prime thermal coal Springsure Project.

1– Refer to ASX Announcement on 13th February 2018 for further information and clarification on the Blair Athol production forecast. The material assumptions underpinning the Blair Athol production target in this ASX Announcement continues to apply and has not materially changed.

Please contact Nathan Boom, on +61 7 4983 2038 or at info@terracomresources.com for further information.

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Company Secretary