



TerraCom Limited
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2nd July 2018

ASX Announcement

30 June 2018 Update

The Board of TerraCom Limited (TerraCom or the Company) (ASX: TER) is pleased to advise the following update in relation to the June 2018 and September 2018 quarters.

Gross Working Capital Position – as at 30 June 2018

Gross working capital of the Company as at 30 June 2018² includes the following:

- Cash and Cash Equivalents – A\$11.9 million
- Accounts Receivable – A\$13.5 million
- Inventory (at revenue realisation value) – A\$36.1 million

Blair Athol Thermal Coal Mine – June 2018 Quarter Sales

As previously announced the Company's Blair Athol Train Load Out was commissioned on 2nd April 2018 and the first train was loaded on 6th April 2018. The following milestones were achieved during the quarter:

- Coal sales for the June 2018 quarter totalling 384,672 tonnes against a forecast of 462,000 tonnes. The Company advises that due to supply chain delays during the quarter that its final shipment has been delayed to the first week of July.
- The average sale price achieved for the quarter was in line with forecast at AU\$102 per tonne; as well as, the Company achieved the margin as previously forecasted of A\$42 per sales tonne.

Blair Athol Thermal Coal Mine – September 2018 Quarter Sales

The Company is also pleased to confirm that for the September 2018 quarter it has secured sales for 583,000 tonnes at a forecast average price of US\$94 per tonne and will lock in another 130,000 tonnes of sales in coming weeks to complete the quarter forecast sales of 713,000 tonnes¹. This forecast average selling price should deliver a margin in excess of A\$54 per tonne (as previously announced).

Blair Athol Thermal Coal Mine – Production Financial Year 2019

To take advantage of the forecast strong thermal coal market a revised production schedule for BA has been developed which will deliver 2.5Mt¹ of sales during the 2019 financial year.

Refinements have also been made to the coal processing and train loading system to deliver these increased annual outputs including:

- Installation of by-pass crusher system at the TLO to increase throughput and reduce haulage costs
- Installation of jaw crusher on the front end of the coal preparation plant feed to improve yield and throughput



BA TLO Product Stockpiles with By-Pass Crusher System



BA Coal Processing Plant with Jaw Crusher on Feed

ABOUT TERRACOM – 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 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.

2– Based on management accounts, subject to audit.

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



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