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ASX Announcement

BNU Coking Coal Mine and BA Thermal Coal Mine Update

The Board of TerraCom Limited (TerraCom or the Company) (ASX: TER) is pleased to announce positive progress and results in both the Mongolian BNU coking coal and Australian Blair Athol (BA) thermal coal mines.

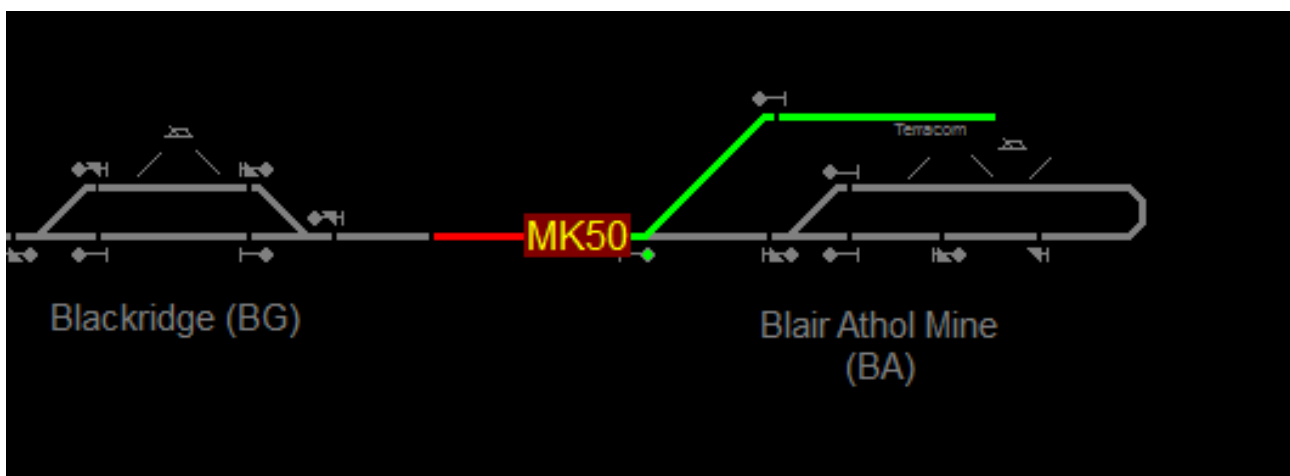
BNU Sales Record

The BNU Coking Coal in Mongolia continues to produce and sell prime quality hard coking coal into the northern Chinese coke and steel markets. A new daily export record was recently set with more than 100 trucks loaded resulting in excess of 10,000 tonnes being exported in the day which is the equivalent of almost 3Mtpa on an annualised basis.

BA Dedicated Train Loadout Facility (TLO)

The BA dedicated TLO has now been commissioned on schedule on the 6th April 2018. The first Pacific National train denoted as MK50 in the diagram below rolling into the TerraCom Blair Athol Rail spur.

Figure 1 –First Train Rolling into BA TLO on 6th April 2018



The train was loaded with approximately 9,700 tonnes of Blair Athol thermal coal bound for Asian markets.

The TLO facility utilises the existing unused rail line which runs across the BA site and connects into the main Goonyella Rail Line and then runs to Dalrymple Bay Coal Terminal (DBCT).

The TLO will be operated by a subsidiary of the Toll Group Ltd.

This load-out facility will have a substantial positive impact on the economics of the BA mine, forecasting to deliver an additional \$20 per tonne improvement in margin. The commissioning of the dedicated rail load-out facility will allow the trucks which are currently transporting the coal to another rail load-out facility to be taken off the road. The Company's dedicated rail load-out facility is forecasted to provide substantial additional Operating Cash Flow and Net Profit Before Tax of A\$34 million per annum which will flow through to consolidated results.

Figure 2– First Train Entering the BA Rail Spur from Main Goonyella Line



Figure 3 – First Train approaching the BA TLO



Figure 4 – First Train alongside TLO Coal Stockpile prior to Loading



Figure 5 – First Wagon of First Train being Loaded with BA Coal



Figure 6 – First Train being Loaded with BA Coal



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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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