



TERRACOM

FY 2018 FINANCIAL RESULTS PRESENTATION



TERRACOM

DISCLAIMER

The information contained in this document (“Presentation”) has been prepared by TerraCom Limited (the “Company”). This Presentation does not constitute an offer or invitation to any person to subscribe for or apply for any securities in the Company. This Presentation contains summary information of a general nature about TerraCom and its activities current as at 31 August 2018. It should be read with the Company’s other periodic continuous disclosure announcements lodged with the ASX.

While the information contained in this Presentation has been prepared in good faith, neither the Company or any of its shareholders, directors, officers, agents, employees or advisers give any representations or warranties (express or limited) as to the accuracy, reliability or completeness of the information in this presentation, or of any other written or oral information made or to be made available to any interested party or its advisers (all such information being referred to as ‘information’) and liability therefore is expressly disclaimed. Accordingly, to the full extent permitted by law, neither the Company nor any of its shareholders, directors, officers, agents, employees or advisers take any responsibility for, or will accept any liability whether direct or indirect, express or limited, contractual, tortious, statutory or otherwise, in respect of the accuracy or completeness of the information or for any of the opinions contained in this Presentation or for any errors, omissions or misstatements or for any loss, however arising, from the use of this Presentation.

This Presentation should not be considered as the giving of investment advice by the Company or any of its shareholders, directors, officers, agents, employees or advisers. Each party to whom this Presentation is made available must make its own independent assessment of the Company after making such investigations and taking such advice as may be deemed necessary. In particular, any estimates or projections or opinions contained in this Presentation necessarily involve significant elements of subjective judgement, analysis and assumptions and each recipient should satisfy itself in relations to such matters.

This Presentation may include certain statements that may be deemed ‘forward-looking statements’. All statements in this Presentation that address future activities or events are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may vary materially. The Company does not represent, warrant or guarantee that the information in this Presentation is complete or accurate. To the maximum extent permitted by law, the Company and its directors and officers disclaim any responsibility to inform any recipient of this Presentation of any other matter that subsequently comes to its notice which may affect any of the information contained in this Presentation. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing, and general economic, market or business conditions.

Investors are cautioned that any forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in forward-looking statements.



HIGHLIGHTS

FOCUS ON CASHFLOW AND GROWTH IN STRONG MARKET

✓ 2019 Financial Year – Financial Highlights

- EBITDA Forecast between \$130 million and \$150 million
- Production from 2 mines producing high value product in 2 strong coal regions – 2.5Mt⁽¹⁾ from Blair Athol and 1.5Mt⁽²⁾ from BNU.



2 Regions

Operations in Australia and Mongolia

✓ 2018 Financial Year – Financial Highlights

- \$34.3 million net operating cashflow
- \$28.6 million EBITDA
- Auditors removed emphasis of matter regarding material uncertainty related to going concern from audit report



Cash Generating

Capitalising on strong coal market targeting 4.0Mtpa⁽¹⁾⁽²⁾ rate generating strong cashflows

✓ Large JORC Resource Base⁽⁴⁾

- 304 Mt JORC of coking and thermal coal in Mongolia
- 2.1 Bt JORC of thermal and PCI coal in Australia



Organic Growth

Near term Brownfield and greenfield expansion opportunities

✓ Strong development pipeline

- Organic /Brownfields expansion from the 2 regional hubs through development of large surrounding resources

✓ Strong Board and management team

- Proven track record in building and operating mines in multiple jurisdictions

FINANCIAL HIGHLIGHTS

RECORD CASH GENERATION FROM OPERATIONS

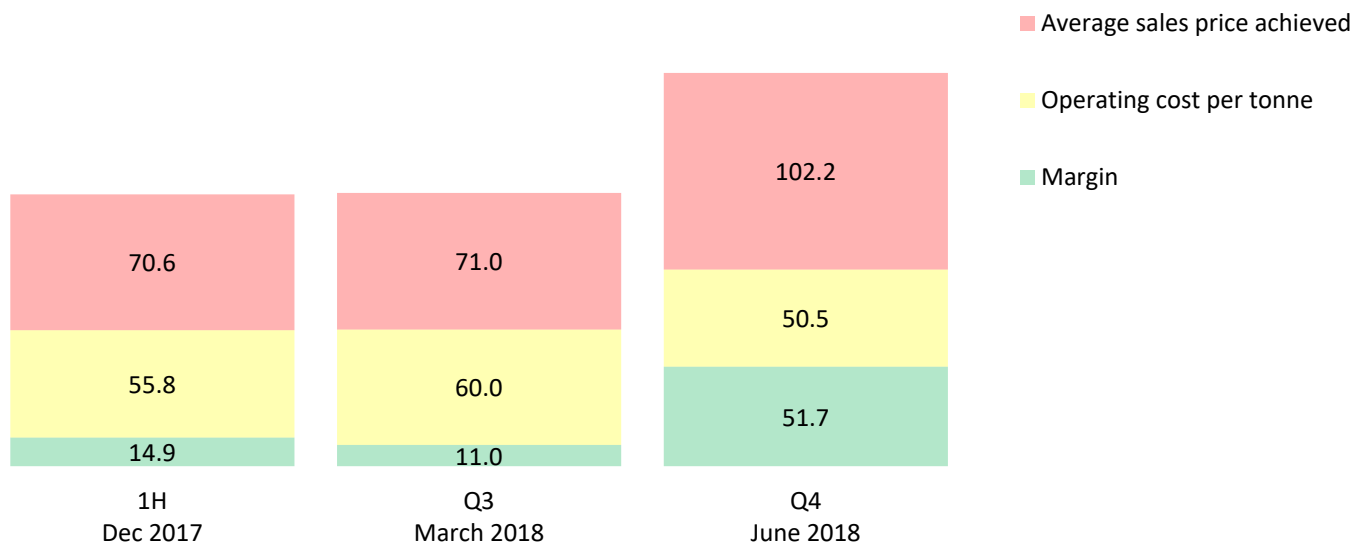
Key Financial Measures	\$M FY 2018	Comments
EBITDA	28.6	FY 2018 EBITDA driven by record sales and margins.
Cash generated from operations	34.3	FY2018 cash generation on the back of record sales at Blair Athol and BNU.
Cash & cash equivalents	13.9	FY2018 cash
Gross working capital	43.5	Substantial increases in coal inventory (carried at cost) and trade debtors resulting from increased production and sales.

FINANCIAL HIGHLIGHTS

BA (AUSTRALIA) – MARGIN AND UNIT COSTS

	\$/t H1 Dec 2017	\$/t Q3 Mar 2018	\$/t Q4 Jun 2018	Comments
Margins & Unit Costs - BA				
Average sales price (A\$/t)	70.6	71.0	102.2	44% increase in revenue per tonne on commissioning of the train load out.
Unit cost per tonne (A\$/t)	55.8	60.0	50.5	Unit costs impacted by coal trucking until Q4 2018.
Margin (A\$/t)	14.9	11.0	51.7	Exponential increase in margin when train load out commissioned in Q4 2018. Margin was impacted through higher transportation costs

Blair Athol Coal Mine performance analysis

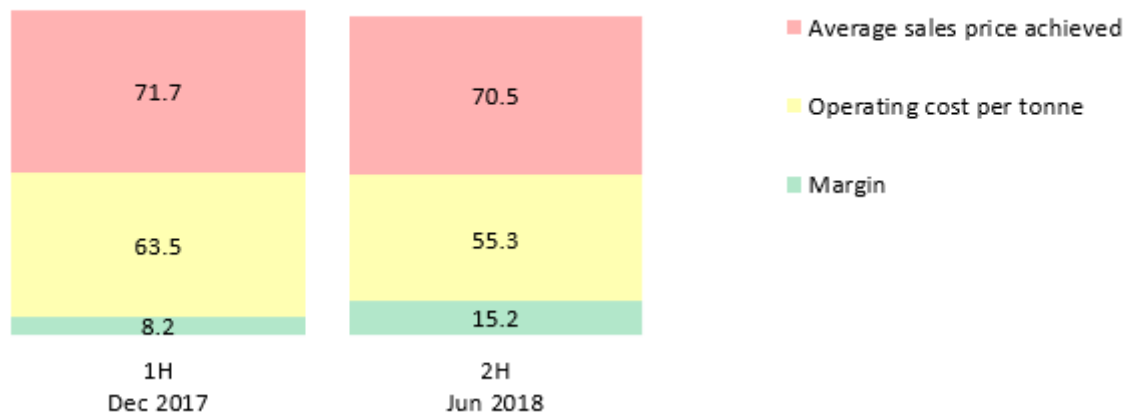


FINANCIAL HIGHLIGHTS

BNU (MONGOLIA) – MARGIN AND UNIT COSTS

	\$/t H1 Dec 2017	\$/t H2 Jun 2018	Comments
Margins & Unit Costs - BNU			
Average sales price (A\$/t)	71.7	70.5	Coal sold raw at the mine gate
Unit cost per tonne (A\$/t)	63.5	55.3	Multi Pit expansion and cost reduction plan improvements
Margin (A\$/t)	8.2	15.2	This is pre-CHPP

BNU Coal Mine performance analysis



FINANCIAL HIGHLIGHTS

FULL YEAR EARNINGS OVERVIEW

Million \$	H1 2018	H2 2018	FY 2018	Comments
Revenue	45.2	101.9	147.1	Record revenue on the back of record production.
Cost of Sales	(35.1)	(71.2)	(106.3)	Substantial increase in COS reflecting BNU and BA ramp up production activities.
Gross Profit/(Loss)	10.1	30.7	40.8	FY 2018 gross profit driven by commencement of BA production and BNU production ramp-up.
Gain on acquisition	0.0	0.0	0.0	
Other Expenses	(4.6)	(7.6)	(12.2)	Other expenses reduced as a result of BA commissioning and BNU production ramp-up activities, transferring to COS.
EBITDA	5.5	23.1	28.6	FY 2018 EBITDA driven by record sales and improved margins.
Depreciation & amortisation	(6.0)	(12.2)	(18.2)	Depreciation increase in H2 reflecting increasing production activities
Net financial expense	(17.2)	(18.9)	(36.1)	
Profit/(loss) before income tax	(17.7)	(8.0)	(25.7)	
Income tax benefit	3.5	3.1	6.6	
Profit/(loss) after income tax	(14.2)	(4.9)	(19.1)	

HEALTH AND SAFETY

STRONG FOCUS AND PERFORMANCE

✓ **BNU Lost Time Injury Free Record World Class**

- The BNU coking coal mine has maintained its excellent safety record, with operations continuing throughout the year without any Lost Time Injury (LTI) incidents occurring.
- By 30 June 2018, a total of 3,404,561 man-hours have been worked across 2,001 calendar days without an LTI.
- It remains that not a single LTI event has been recorded for an employee or contractor since the project construction commenced back in 2013.

✓ **BA Focus on Risk Management and Development of Positive Safety Culture**

- During the year TerraCom, along with mining contractor' Link Mining Services, continued its elevated focus on pro-active risk control and enhancing the positive safety culture within the workforce.
- A safety awards system was introduced during the year to reward positive contributions to safety and has had some exceptional nominations resulting in excellent improvements in safety

ENVIRONMENT

SIGNIFICANT REHABILITATION WORK COMPLETED IN BA

✓ Significant progress of rehabilitation activities in BA

- The capping of the old tailings storage facility completed ahead of schedule as part of the mining operations process.
- The completion of the rehabilitation of 58 hectares as part of the mine's recommissioning to production.
- The rehabilitation performance has resulted in the financial assurance requirements being reduced to \$72,493,383.



Image – 58 hectares of rehabilitation



Image – Capped Tailings Dam

ENVIRONMENT

SIGNIFICANT REHABILITATION WORK COMPLETED IN BNU

- ✓ **Significant progress of rehabilitation activities in BNU**
 - The progressive rehabilitation of 9 exploration trenches and 1,027 exploration drill holes
 - Ongoing maintenance of tree planting program



Image – trench rehabilitation



Image – local wildlife at the mine site



Image – tree planting

COMMUNITY

COMMITMENT TO OUR COMMUNITIES

✓ Sourcing People from and Living in Local Communities in Clermont

- Completed the acquisition of the 41 properties located in Clermont Township (including 39 houses, Guest House and 40 Single Person Quarters) as part of the Company's strategy to live local and not FIFO to operate the BA Mine

✓ Establishment of Community Fund in Mongolia

- Invested in important local infrastructure for nearby township of Noyon such as:
 - Winter Feed Storage Facility
 - Township Lighting Square for Children
 - Amusement Park
 - Basketball / Volleyball Court



OPERATIONAL PERFORMANCE

BLAIR ATHOL MINE IN AUSTRALIA

	Q1 Sep17	Q2 Dec17	Q3 Mar18	Q4 Jun18	TOTAL 2018FY
Run of Mine Coal mined (tonnes)	124,250	317,746	407,952	724,972	1,574,920
Overburden Mined (bcm)	2,221,357	3,739,744	4,348,459	3,939,305	14,248,865
Equivalent Saleable Production (tonnes)	124,250	281,799	294,861	605,851	1,306,761
Sales (tonnes)	46,461	158,087	409,693	380,401	994,642
Inventory (tonnes)	77,789	201,118	91,615	312,119	312,119

✓ BA Rapidly Recommissioned and into Full Production

- 31 May 2017 – Completion of the Sale and Purchase Agreement for mine acquisition
- 13 August 2017 – First Coal Mined
- 25 August 2017 – First Product Coal Crushed
- 26 August 2017 – First Dragline Swing
- 10 October 2017 – First Product Coal Washed
- 19 October 2017 – First Coal Trucked to Third Party Coal Handling Facility
- 6 April 2018 - TLO construction completed and first train loaded
- Q4 - achieved annualised ROM coal production rate of 2.9Mtpa

OPERATIONAL PERFORMANCE

MONGOLIA AND CONSOLIDATED

MONGOLIA	Q1 Sep17	Q2 Dec17	Q3 Mar18	Q4 Jun18	TOTAL 2018FY
Run of Mine Coal mined (tonnes)	147,218	282,000	204,177	290,678	924,073
Overburden Mined (bcm)	3,362,735	3,498,577	2,923,718	2,678,031	12,463,061
Equivalent Saleable Production (tonnes)	147,218	282,000	204,177	290,678	924,073
Sales (tonnes)	112,122	316,795	212,798	268,819	910,534
Inventory (tonnes)	108,891	89,121	82,308	81,521	81,521

CONSOLIDATED	Q1 Sep17	Q2 Dec17	Q3 Mar18	Q4 Jun18	TOTAL 2018FY
Run of Mine Coal mined (tonnes)	271,468	599,746	612,129	1,015,650	2,498,993
Overburden Mined (bcm)	5,584,092	7,238,321	7,272,177	6,617,336	26,711,926
Equivalent Saleable Production (tonnes)	271,468	563,799	499,038	896,529	2,230,834
Sales (tonnes)	158,583	474,882	622,491	649,220	1,905,176
Inventory (tonnes)	186,680	290,239	173,923	393,640	393,640

SIGNIFICANT ACHIEVEMENTS

BLAIR ATHOL MINE IN AUSTRALIA



- ✓ **Recommissioned BA Mine**
 - World class infrastructure capable of supporting 12Mtpa
 - Ramped up to in excess of 2.5Mtpa annualised production rate within 12 months of taking ownership
 - Re-established BA strong coal brand in strong Japanese and Korean markets
- ✓ **Constructed , Commissioned and Paid for dedicated Train Load Out Facility (TLO)**
 - Upgraded the existing unused Agricultural rail line which runs across the Blair Athol mine site and connects into the main Goonyella Rail Line, which then continues to Dalrymple Bay Coal Terminal
- ✓ **Increased JORC Resource and Reserve⁽¹⁾**
 - Increased JORC profile to 18Mt Reserve with 44mt Resource of which 21.9Mt is Measured

SIGNIFICANT ACHIEVEMENTS

BNU MINE IN AUSTRALIA

✓ **Multi Pit Expansion Implemented**

- Progressive development of a multiple shallow pits on coal subcrop along 50km of Noyon Basin edge with planning underway to increase output to 3Mtpa (refer below)
- All pits to be serviced by existing centrally located mine infrastructure

✓ **Thick Intersections on BNU South Hinge⁽³⁾**

- Multiple coal intersections have occurred along the 5km of strike drilled to date, with intersections of up to 122m of total gross coal recorded at downhole vertical stripping ratio as low as 0.35:1
- Plans to bring Pit 6 into production in late 2018

✓ **CHPP**

- Engagement of Conveyor Manufacturers Australia Pty Ltd with their Chinese partners CCTEG to refine CHPP design
- Feasibility study being updated to incorporate refined design which aims to deliver a more profitable fully financed solution
- Target construction and commission in early 2019



TERRACOM

THANK YOU

info@terracomresources.com

- (1) Refer to ASX Announcement on 13 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) Refer 21 November 2016 ASX Announcement for further information and clarification on the BNU Mine production forecast. The material assumptions underpinning the BNU Mine production target in the 21 November 2016 ASX Announcement continues to apply and has not materially changed.
- (3) Refer ASX Announcement on 6 June 2018 for further information and clarification on the BNU South exploration results. The supporting information provided in this initial market announcement continues to apply and has not materially changed.
- (4) Refer TerraCom Limited's website <http://terracomresources.com/table/> for further information and clarification on the JORC Resources and Reserves. The supporting information provided in this material continues to apply and has not materially changed.

TERRACOM

COMPETENT PERSON STATEMENT

Several JORC Resource estimates disclosed in this presentation were prepared and first disclosed under the JORC Code 2004. None have been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Clyde Park & Springsure

Technical Information in this presentation on Clyde Park and Springsure resources (dated February 2012) and Springsure resources (dated November 2012) has been prepared by Kim Maloney who is a member of the Australasian Institute of Mining & Metallurgy. Kim has experience within the Central Queensland coal mines and has held various roles in these mine's Technical Services, including Exploration Geologist, Mine Geologist and Geology Superintendent. Kim is a Competent Person for coal as defined by the [JORC Code (2012)]. Kim is a Senior Resource Geologist, previously with Moultrie Geology. Her principal qualifications are a Bachelor of Science from James Cook University and a Masters of Business Administration (Human Resource Management) from the Central Queensland University.

South Gobi North

Technical information in this report in relation to coal quality and washability analysis of South Gobi Project and fluorite mineralisation on Mid Gobi Project has been compiled by Mr Peter Goodman, who is a Member of the Australasian Institute of Mining and Metallurgy (Member #307830) and has had sufficient experience which is relevant to the style of mineralisation under consideration and to the activities which are being undertaken to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Goodman is employed by Terra Energy LLC and consents to the inclusion of the matters based on his information in the form and context in which it appears. Mr Goodman has over 10 years experience in the processing of fluorite type deposits and over 20 years experience in the design and construction of coal processing facilities.

The information provided by Salva Resources in this report to which this statement is attached that relates to Exploration Results is based on information compiled by Dr Aldo Van Heeswijck, who is a Member of The Australasian Institute of Mining and Metallurgy. Dr Van Heeswijck is employed by Salva Resources and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Aldo Van Heeswijck consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

BNU North

Technical information in this presentation that relates coal resource estimates for the BNU North Deposit is based on information compiled and reviewed by Mr Craig Williams, who is a member of the Australasian Institute of Mining & Metallurgy. Mr Williams, Principal Consultant – Geology and a fulltime employee of HDR|Salva, has sufficient experience that is relevant to the style of mineralisation under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code (2012). Craig Williams consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

South Gobi, Middle Gobi & Hughenden

Technical information in this presentation in relation to the exploration targets and JORC Resources for South Gobi, Middle Gobi, and Hughenden Projects has been compiled by Mr. Mark Biggs, previously Principal Geologist of Moultrie Database and Modelling. Mr Biggs now works for ROM Resources Pty Ltd, Mr. Biggs is a member of the Australasian Institute of Mining and Metallurgy and has over 25 years of experience relevant to the style and type of coal deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined by the Australasian Code for Reporting of Minerals Resources and Reserves (JORC) 2012. The resource information in this report is being released to the Australian Securities Exchange. Mark Biggs consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Noyon Syncline / Khar Severgen

Technical information in this presentation in relation to the exploration target tonnage range and coal resources of Noyon Syncline is based on information reviewed by Mr Troy Turner who is a member of the Australian Institute of Mining and Metallurgy and is a full time employee of Xenith Consulting Pty Ltd. Mr Turner is a qualified geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Turner consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

Blair Athol Resource and Reserves

Technical information in this presentation in relation to the coal resources of Blair Athol is based on information reviewed by Mr Troy Turner who is a member of the Australian Institute of Mining and Metallurgy and is a full time employee of Xenith Consulting Pty Ltd. Mr Turner is a qualified geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Technical Information in this presentation in relation to Reserves for Blair Athol has been prepared by Mr Ian Neilsen under the guidelines of the 2012 edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code). Ian Neilsen is a qualified Mining Engineer and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr Turner and Mr Neilsen consent to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

