



TERRACOM

QUARTERLY REPORT

FOR THE QUARTER ENDED 30 JUNE 2016

TerraCom Limited (“TerraCom” or the “Company”) (ASX: TER) is pleased to present its quarterly activities report for the period ended 30 June 2016.

HIGHLIGHTS

- The outcomes from the 2015 Strategic Review are progressing across operational and corporate levels as summarised as follows:
- Balance Sheet Restructure
 - Issued on Euroclear the 5-year interest only bond with a face value of US\$129 million, and an additional secured note for US\$12 million with repayment linked to the Company’s free cash flow.
 - US\$27.0 million interest and deferral fees irrevocably waived.
 - Outstanding US\$5 million Convertible Note rolled into bond which had this been converted to equity this would have represented a 48% increase in the number of ordinary shares on issue. Dilution of existing shareholders has been avoided.
- Mongolia
 - Commissioning of the new supply chain into Chinese hard coking coal markets has delivered improved yield results, middling’s recovery and ash control on BNU Coal to generate additional value within the coal chain.
 - A price increase in hard coking coal has been achieved for Q2 2016 sales.
 - In the second quarter of 2016, TerraCom’s Mongolian subsidiary Terra Energy LLC (Terra Energy) has been granted a fifth exploration licence in the Uvs region by the Minerals Resource Authority of Mongolia (MRAM). TerraCom will commence work in this area with prospective targets of outcropping evaporate and associated brines.
- Business Development
 - Reached agreement to acquire the Blair Athol Coal Mine (mine) in Queensland, Australia from the Blair Athol Coal Joint Venture (BACJV). The acquisition price is AUD\$1 and TerraCom will receive AUD\$80m from the BACJV to meet Blair Athol Coal Mine’s

rehabilitation liability as determined by Queensland's Department of Environment Heritage Protection in November 2015. The Company plans to submit the application for the transfer of the Mining Lease for the consideration of the Minister for Natural Resources and Mines.

- o Positive progress made on a potential acquisition of a cash flow positive asset in Indonesia to supplement cash flow.

CORPORATE STRATEGY AND OPERATING ENVIRONMENT

Despite the continuing weak global market conditions during the Quarter there are some early positive signs in both coking and thermal coal markets. Whilst this is promising the volatility continues to present economic and funding challenges for TerraCom.

In the face of these challenges, the Company has remained focused on delivering both the corporate and operational recommendations of the strategic review of the Company which was completed in early 2015.

5-YEAR INTEREST ONLY BOND

TerraCom completed the execution of the long form documents on 23 June 2016 which resulted in the issue of the 5-year interest only bond with a face value of US\$129 million, and an additional secured note for US\$12 million with repayment linked to the Company's free cash flow. These amounts include all secured debt in the Company thus removing any uncertainty related to these facilities.

The Bond is traded on Euroclear (listed on 30 June 2016) and will pay interest semi-annually in arrears (except the first payment, which will be made after 12 months) with a fixed component of 12.5% p.a. and a variable component linked to revenues. Further, the Company shall have the option, at its discretion, to capitalise 50% of each fixed interest payment to assist with cash flow management.

The issuance of the new Bond will have a significant positive impact on the Company's free cash flow over the next 5 years, giving it much greater operational headroom and flexibility compared to the previous debt facilities.

The equivalent AU\$136.0 million that was recorded as current borrowings in the 31 December 2015 half year financial statements will be moved to non-current liabilities. Therefore, the net working capital position of the Company improves by the equivalent of AU\$136.0 million.

The financiers have agreed to irrevocably waive US\$27.0 million (equivalent AU\$36.5 million) in interest and deferral fees accrued but not yet paid. This transaction will increase the net asset position of TerraCom by the equivalent of AU\$ 36.5 million.

NO SHAREHOLDER DILUTION – OUTSTANDING CONVERTIBLE NOTES

The outstanding US\$5 million convertible note facility has been rolled into the Bond. This is positive for shareholders as it removes the substantial shareholder dilution had this facility been converted from debt to equity.

Had the convertible note been converted to equity, approximately 1.1 billion shares would have been issued – based on a conversion price of AU\$0.006 per share and AUD:USD 0.74. The 1.1 billion shares would have represented a 48% increase in the number of ordinary shares on issue.

APPOINTMENT OF NEW CHAIRMAN

Cameron McRae was appointed Non-Executive Chairman on 6 June 2016; and was appointed Executive Chairman on 27 June 2016. Effective from Cameron's appointment Craig Wallace stepped down to Deputy Chairman.

The appointment is to facilitate the ongoing transformation of TerraCom into a global independent coal miner and Cameron will take an active and hands-on role in leading the Company.

Cameron has served a distinguished 28 year career at Rio Tinto, holding executive level positions in 5 countries. Cameron was CEO-President of Oyu Tolgoi (OT) copper-gold business in Mongolia, CEO of Richards Bay Minerals in South Africa, Managing Director of Murowa Diamonds in Zimbabwe and Project Director for the Hail Creek Coal Mine Expansion Project in Central Queensland. In 1995 he was also a key member of the M&A team that brought RTZ plc and CRA Limited together to form the dual listed Rio Tinto.

MANAGEMENT RESTRUCTURE

On 27 June 2016 TerraCom announced a management restructure which resulted in the following:

- Michael Avery moved to Vice President Corporate Development though will remain on the Board as an Executive Director;
- David Stone became Vice President Operations;
- Karl Arnold who is currently Mongolian Business Unit Head moved to Chief Financial Officer; and
- Julien Lawrence continues to be the Chief Development Officer.

POTENTIAL ASIAN STOCK EXCHANGE LISTING

TerraCom also continues to investigate the merits and mechanisms for a potential listing on an Asian stock exchange, a crucial recommendation of the strategic review. A regional hub in Singapore is providing logistics and marketing support to the Company (this is not relevant at the moment).

OPERATIONS - MONGOLIA BNU

Coal from BNU continued to be transported, processed and sold to Chinese end users during the quarter through the newly established supply chain. Mining operations will recommence in the next quarter when BNU mine coal stockpiles are sufficiently depleted. This newly established supply chain has been successfully commissioned and included the full commissioning of a coal washery in Ceke and integrating a new set of trucking providers. During the quarter, coal was successfully delivered to JISCO and Haohai steel mills in China. The demand for BNU hard coking coal in the region has continued to remain strong

with all tonnes from the new supply chain sold to regional customers, reinforcing the favourable characteristics of the Company's coal for end users.

The Terra Energy mining personnel and assets have been retained during this period to enable rapid startup of mining operations once the supply chain is cleared. Despite retaining the ability to rapidly return to work, significant cash savings have been realized through prudent management of expenses throughout the quarter. Pit 2 at BNU remains ready for a return to mining at 125,000 tonnes per month (1.5Mtpa annualized).

SAFETY

The BNU Coal Project has continued to maintain its excellent safety record with no significant incidents in the quarter. This result has maintained BNU's very impressive safety record of No Lost Time Injury (LTI) since inception and has now recorded 1.65 million man hours without an LTI.

OPERATIONS UPDATE

During February 2016 Terra Energy enacted a slowdown of site operations for the Tsaagan Sar traditional holiday period without incident. The slowdown continued during the current quarter while the alternative supply chain delivered significant stockpiles of BNU coal to end users in China. The current on site crew have maintained the operation ready for recommencement of mining and delivered 56,274 tonnes of raw coal from BNU to the Ceke Border using the new haulage contractor. This brings the export under the new supply chain to a total of 88,622 tonnes.

The focus at BNU during this slowdown period has been to remove costs out of the business and reduce the mine site stockpile to target levels which has been achieved whilst maintaining the site in a state of readiness. The operation is fully prepared for an immediate recommencement.

The Chinese hard coking coal market has stabilized and there are initial signs of recovery for premium products such as BNU hard coking coal with prices going from CNY¥495 per mt for Q1 2016 sales to CNY¥505 per mt for Q2 2016 sales, on a Free on Transport basis at Ceke in China. Terra Energy has also been able to develop new market products at differing ash levels to provide the required coal to regional end users whilst maintaining operating margins through efficient use of the new coal processing plant.

PRODUCTION

During the quarter, the BNU operation focused on shipping of stockpiles to end users in China.

	Q4 2015/2016	Q3 2015/2016	2015/16 Financial Year
Rom coal production (tonnes)	-	35,259	368,773
Overburden removed (BCM)	-	86,329	4,551,716
Coal trucked to China (tonnes)	56,274	32,348	318,079
Coal washed (tonnes)	33,928	19,851	207,618
Overall gross product yield	94%	91%	88%
Prime HCC delivered to Customers (tonnes)	18,265	17,309	131,399
Other Coal delivered to customers (tonnes)	7,911	-	70,577
EOM ROM Stocks (tonnes)	40,049	96,326	40,049

TABLE 1 – QUARTERLY BNU COAL PROJECT PRODUCTION STATISTICS

BNU ALTERNATIVE SUPPLY CHAIN

With the increasing mining volumes through the planned ramp up in late 2015 it became rapidly evident that the existing supply chain (both trucking and coal processing) was not able to support the rapid increase in tonnes extracted at the BNU Mine. A full and detailed review of the supply chain lead to the implementation of an alternative supply chain, focused on a change in washing provider in Ceke, to ensure adequate volumes of coal could consistently reach China.

At the end of the quarter, the supply chain had successfully exported 88,622 tonnes of BNU coal to China and completed processing of 53,779 tonnes of hard coking coal.

The XingChen CPP is a Jig/TBS/Flotation wash plant with 3.0Mtpa capacity across two modules. The plant that is still being fully commissioned has been able to deliver improved yield results, middlings recovery and ash control on BNU Coal to enhance additional value within the coal chain.



FIGURE 1- KEY INFRASTRUCTURE IN SUPPLY CHAIN, THE XINGCHEN COAL PROCESSING PLANT, CEKE, CHINA



FIGURE 2- BNU RAW COAL STOCKPILED AT CEKE, CHINA

BNU EXPLORATION UPDATE

The Terra Energy team completed a major exploration strategy review in March 2016 identifying and ranking a number of highly prospective targets across the 50km of identified coal strike within the Terra Energy South Gobi assets. This program is planned deliver targets to enable further expansion of the production profile to match demand and capacity in the supply chain.

This exploration is planned to commence in the third quarter of 2016 calendar year.

BUSINESS DEVELOPMENT – MONGOLIA

UVS PROJECT

In June 2016, an additional licence in the Uvs project region was granted to Terra Energy LLC, TerraCom's Mongolian Subsidiary, through tender by the Minerals Resource Authority of Mongolia (MRAM). The Uvs Project is a strategic project for TerraCom in North West Mongolia with potential for the discovery and development of multiple commodities.

Exploration Licence XV-20539 compliments the current Uvs licences, bringing Terra Energy's holding to a total of five exploration licences. The new licence is located adjacent to the current Terra Energy exploration licences and completes a strategic holding in the highly prospective area. The additional licence has been granted for a term of 3 years. Following the 3-year term, a further 3 years can be granted in stages, up to 12 years, following approval by MRAM.

The Uvs project is located in the Uvs Nuur basin in North West Mongolia this region is host to geologically mixed sedimentary and volcanic units. The area is known for local evaporite deposits including the active Tuz Tag salt mine and Shuden Uul salt mine. The projects target commodities include coal, strata-bound

evaporites (Potash, Gypsum), Brines (Li, K, Na, Ca, Se, Sr), mineralized clays (Mn,Mg) and a range of other commodities.

The initial exploration strategy has been developed and is currently being implemented for the project. Initial work will focus on defining key target areas. The first stage will be defining the 2D structure with insitu mapping using radiometrics to target marker units such a Potassium (K+) which will indicate Sylvite, a KCL bearing evaporite strata. The second stage will define the 3D structure using electronic survey and is planned to determine the existence of brines due to their high conductivity. Terra Energy are currently in negotiation with geophysical service providers for this work.

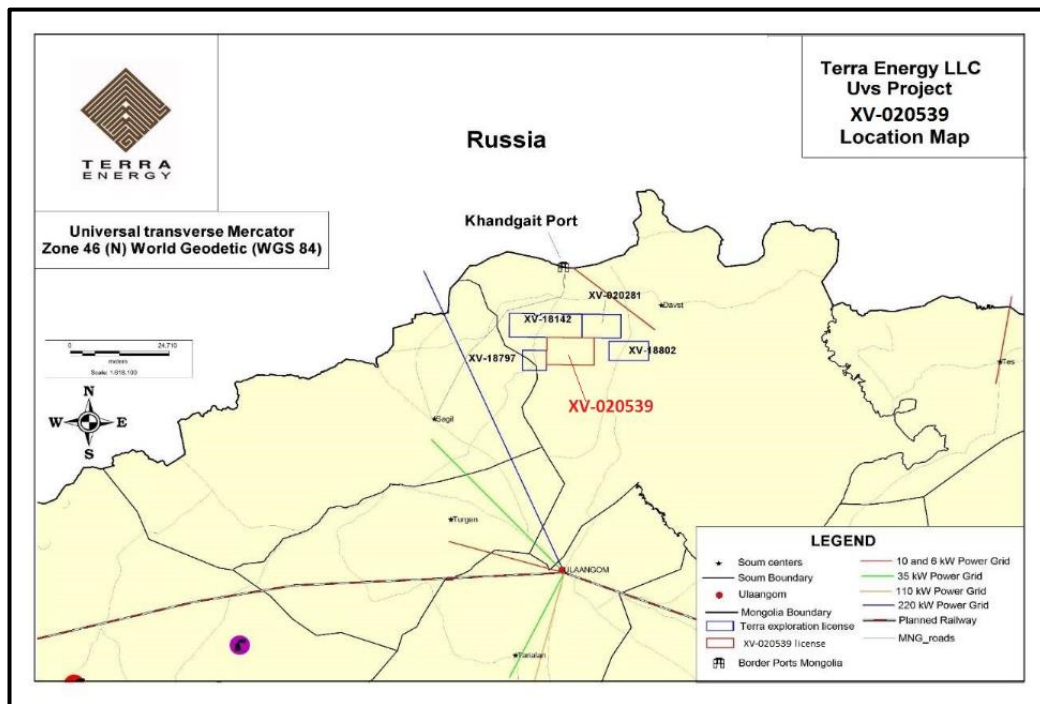


FIGURE 3 – LOCATION MAP OF THE NEW LICENCE WITHIN THE UVS PROJECT

SOUTH GOBI PROJECT

The South Gobi project is a key project for Terra Energy and includes the Baruun Noyon Uul (BNU) hard coking coal mine. Continued regional development has included the definition of new coking coal targets within the extensive project area held by Terra Energy. During the quarter, Terra Energy has identified a number of new targets, most notably, a new target basin to the north of the existing highly prospective Noyon Basin which includes BNU and Khar Servegen. This northern basin has been identified through ground mapping and the presence of coal occurrences at surface within the target zone. An additional target was also identified in the Hovgunn mining licence, identifying new coal bearing zones.

The Noyon basin has over 50 kilometres of basin edge shallow coal bearing stratigraphy and the Northern Basin now adds an additional 16 kilometres of target area for potential coal outcrop.

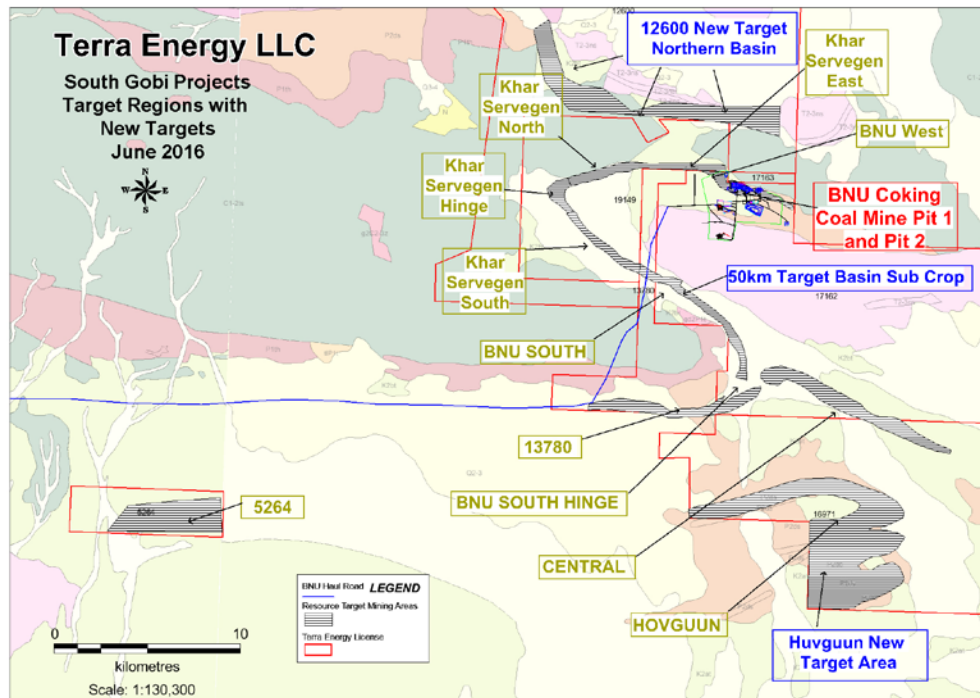


FIGURE 4 – LOCATION MAP OF KEY TARGETS SOUTH GOBI PROJECTS NOYOUN REGION

The Northern Basin is within exploration licence XV12600. The target area is on the southern extent of the basin which is draped over a saddle from the BNU mine and Khar Servegen mining licence. During the quarter, detailed mapping was conducted over the licence defining 16 kilometres of the targeted Deliin Shand coal outcrop. Coal was found outcropping at the surface with five new priority target areas delineated from the results for further exploration.

The South Gobi exploration and expansion strategy is being reconfigured to take into account this new discovery and once complete, a detailed exploration strategy will be implemented.

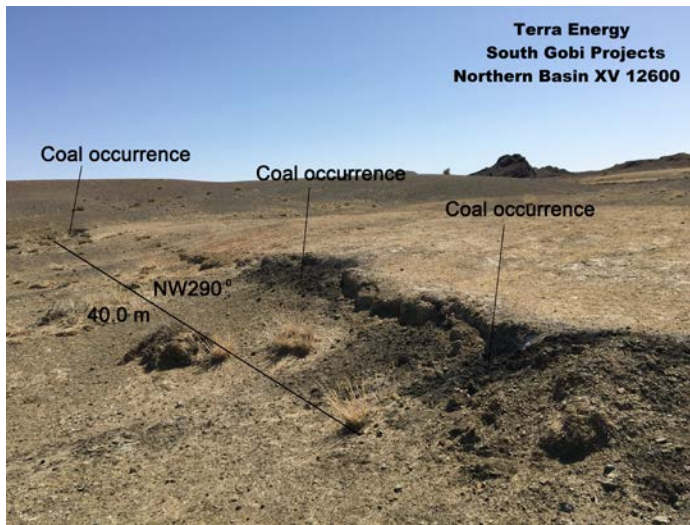


FIGURE 5 – COAL OUTCROPPING IN NEW TARGET BASIN AT SURFACE

The Huvguun target area was discovered within the Hovguun Mining Licence, south west of the existing Huvguun JORC resource. Detailed mapping of the area has determined up to 6 coal seams of the target Deliin Shand formation in the target area. These seams have been mapped across surface with significant outcrop occurrences. These occurrences are being analysed and will be incorporated into the South Gobi exploration strategy.



FIGURE 6 – COAL OUTCROPPING IN HUVGUUN AT SURFACE

MONGOLIAN LICENCE UPDATES

Terra Energy holds 18 licences in Mongolia across four project areas. These include 3 mining licences, 3 mining licences in application and 12 exploration licences. Within the quarter Terra Energy has obtained one additional strategic licence XV-20539 in the Uvs project and relinquished XV-13352 and XV-14522 South Gobi coal licences after detailed exploration could not determine any prospective target areas.

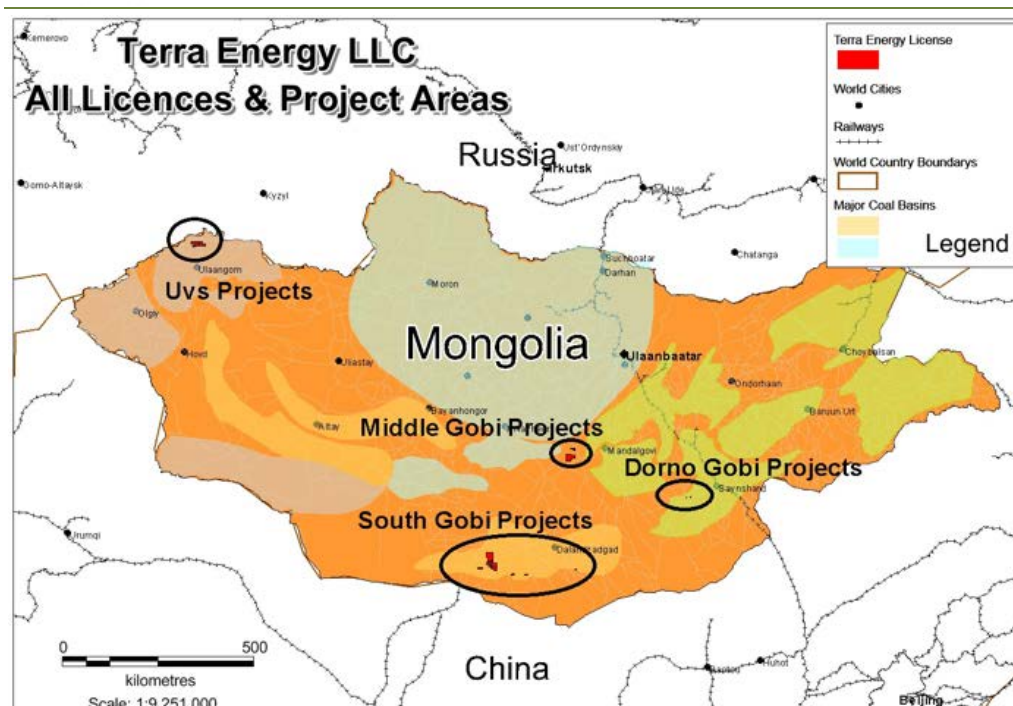


FIGURE 7 – MONGOLIAN PROJECTS

NEW MINING LICENCE

South Gobi Mining Licences applications XV005264, XV13780 and XV17163 all remain in the last stages of approval with MRAM (Minerals Resource Authority of Mongolia). Recent federal elections in Mongolia resulted in a change in Government and Terra Energy is working closely with the new Government and Ministries to ensure approval of these licences.

COAL BED METHANE

A CBM licence exploration contract application in the South Gobi remains under negotiation with PAM (Petroleum Authority of Mongolia). Terra Energy is working with the New Government to obtain the licence which will provide a strategic holding for Terra Energy in this prospective area, adjacent to its current South Gobi operations.

OPERATIONS – QUEENSLAND

The North Galilee and Springsure Project remains the focus and there have been discussions with potential joint venture or offtake partners to self-fund these projects through the development phase into operating mines.

TerraCom is considering the purchase of an EPC that adjoins the Springsure Mining Project MDL and EPC to expand the project footprint.

A continuing focus on cost conservation on projects as a result of the 2015 strategic review has restricted exploration for the reporting period. The company has reduced its EPC holdings over the past 6 months and is evaluating a further reduction of holdings to further reduce costs.

SPRINGSURE PROJECT – NEXT STAGE DRILLING PROGRAM

Planning for the next stage drilling program on MDL 3002 will commence in Q3, 2016, with drilling to commence in Q4 subject to fund raising.

BUSINESS DEVELOPMENT

AUSTRALIA

TerraCom Limited announced that it has reached agreement to acquire the Blair Athol Coal Mine (mine) in Queensland, Australia from the Blair Athol Coal Joint Venture (BACJV) subject to certain conditions precedent as outlined below.

The acquisition price is AUD\$1 and TerraCom will receive AUD\$80m from the BACJV (vendor) to meet Blair Athol Coal Mine's rehabilitation liability as determined by Queensland's Department of Environment Heritage Protection in November 2015. The Financial Assurance will be provided as cash to be held in a bank account approved and controlled by the Queensland Department of Environment and Heritage Protection.

The final execution of a binding sale and purchase agreement requires approvals from the TerraCom Board, and each BACJV participant. The Company plans to submit the application for the transfer of the Mining Lease for the consideration of the Minister for Natural Resources and Mines.

The acquisition includes the mining lease, licences, land, contracts and all mining plant and equipment including a dragline to deliver the forecast production schedule and the progressive rehabilitation. All site infrastructure including offices, workshops and stores associated with the mine are also included in the transaction.

The Blair Athol Coal Mine ceased production under its current management in late 2012 and has been maintained in good condition. TerraCom plans to commence over 50 hectares of site rehabilitation while bringing the mine back into production. Production is being scheduled around a rate of 2Mtpa of coal with a target of operations recommencing in the 4th Quarter 2016

This acquisition, when completed, 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 will provide the local, state and federal economies with increased economic activity in the form of:
 - Estimated over 100 local people will be engaged at the operation with a focus on regional employment;
 - Local Government rates and charges - Isaac Regional Council;
 - State and federal tax revenues;
 - Significant royalties;
 - Boost to local suppliers and contractors; and
 - Local population boost.

- The recommencement of mining at Blair Athol Coal mine is forecast to deliver TerraCom positive cash flow through a low overhead structure and operational efficiencies.

This acquisition provides TerraCom with comprehensive mine facilities and an established mining operation as a regional hub in Queensland to support expansion plans and future exploration activity.

INDONESIA

The Company is still progressing due diligence on a hard coking coal mining operation in Indonesia. The mine's production licence has a 12-year remaining life and is located in close proximity to road, barge and port infrastructure which connects into the seaborne coal market. The mine has a capability of delivering 500,000 tonnes per annum of hard coking coal and has considerable expansion opportunities within the lease and through consolidation of surrounding projects.

ABOUT TERRACOM – WWW.TERRACOMRESOURCES.COM

TerraCom (ASX: TER) is resource company a large portfolio of assets in Mongolia and Queensland, Australia.

TerraCom employs a team of highly skilled mining professionals with globally diverse backgrounds across its multiple locations. TerraCom has a current focus on growth through their existing project development pipeline and potential acquisitions. Its highly skilled but nimble management structure places TerraCom in an ideal position for rapid enactment of opportunities while delivering on the existing suite of assets.

TerraCom's subsidiary in Mongolia, Terra Energy, has 2 projects located in the coal bearing regions of the South Gobi and Middle Gobi, the Baruun Noyon Uul (BNU) coking coal mine is located in South Gobi Mongolia.

In Queensland, the Company's assets are located across the coal bearing Bowen, Galilee and Maryborough Basins. The tenements are strategically positioned close to existing rail and port infrastructure.

TerraCom is diversified in terms of its exploration targets, which range from hard coking, thermal and PCI coals for both the domestic and export markets. The Company is driven by a highly skilled board and senior management team that is moving quickly to develop its high priority coal deposits in both Mongolia and Australia.

Please contact Nathan Boom, on +61 2 4268 6258 or at info@terracomresources.com for further information.



Cameron McRae
Executive Chairman

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

TerraCom Limited

ABN

35 143 533 537

Quarter ended ("current quarter")

30 June 2016

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors	1,480	10,069
1.2	Payments for (a) exploration & evaluation	(286)	(1,157)
	(b) development ⁽¹⁾	(37)	(7,445)
	(c) production ⁽¹⁾	(1,791)	(8,068)
	(d) administration	(2,286)	(9,192)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid ⁽²⁾	(134)	(266)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	(56)	(1,442)
	Net Operating Cash Flows	(3,110)	(17,501)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	(8,080)	(8,080)
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	(387)
	Net investing cash flows	(8,080)	(8,467)
1.13	Total operating and investing cash flows (carried forward)	(11,190)	(25,968)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(11,190)	(25,968)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings ⁽²⁾	156,296	173,730
1.17	Repayment of borrowings	(145,435)	(145,435)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	(1,921)
	Net financing cash flows	10,861	26,374
	Net increase (decrease) in cash held	(329)	406
1.20	Cash at beginning of quarter/year to date	1,438	687
1.21	Exchange rate adjustments to item 1.20	39	55
1.22	Cash at end of quarter	1,148	1,148

Notes:

- (1) The BNU North Mining operation achieved commercial production for accounting purposes from 1 September 2015. All costs incurred at the BNU North Mining operation prior to this date when paid will be classified as Development costs in this section as per accounting requirements.
- (2) As announced to the market previously, the Company continues to maintain a strong and supportive working relationship with its existing financiers. During the quarter the Company completed the following:
 - a. Secured a new loan of USD\$2 million from its existing note holders; and
 - b. Refinanced all secured debt by issuing a 5-year interest only bond with a face value of US\$129 million, and an additional secured note of US\$12 million.

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	(196)
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

The Company's financiers of the repaid facilities agreed to irrevocably waive US\$27 million (equivalent AU\$36.5 million) in interest and deferral fees accrued but not yet paid.

+ See chapter 19 for defined terms.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities ^[1]	199,973	199,973
3.2 Credit standby arrangements	-	-

Note

(1) Item 3.1 consists of the following financing facilities:

- Bond and Super Senior Note (Face Value US\$141m)
- Fuel Exclusivity Agreement (US\$7.5m)

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	(1,144)
4.2 Development	-
4.3 Production	(8,929)
4.4 Administration	(2,691)
Total⁽²⁾	(12,764)

Note:

(2) Ongoing funding requirements will be realised in the next quarter from the proceeds from BNU mine gate sales, as well as potential finance facilities and equity placement.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,148	1,438
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		1,148	1,438

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	14522X (South Gobi, Mongolia) 13352X (Mid Gobi, Mongolia)	- 100%	- -
6.2	Interests in mining tenements and petroleum tenements acquired or increased	XV-20359 (Uvs Province, Mongolia)	-	100%

Note:

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-
7.3	+Ordinary securities	2,400,931,258	2,400,931,258	Fully Paid

+ See chapter 19 for defined terms.

Mining exploration entity and oil and gas exploration entity quarterly report

7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5	*Convertible debt securities OCP Asia Convertible Notes	Nil	Nil	Nil	
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	(500)	Nil	Nil	Facility redeemed by TerraCom through proceeds from Bond issue.
7.7	Options OCP Asia Detachable Warrants	126,308,306	Nil	Exercise Price is the lower of the Cross Listing Price and the Market Price.	28 February 2021
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures (totals only)	-	-		
7.12	Unsecured notes (totals only)	-	-	-	

Note:

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Executive Chairman

Date: 29 July 2016

Print name: Cameron McRae

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.