



**TERRACOM**

# **FOCUS ON CASHFLOW & GROWTH**

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**INVESTOR ROADSHOW PRESENTATION**

**OCTOBER 2016**

# TERRACOM

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TERRACOM

# OVERVIEW

## FOCUS ON CASHFLOW AND GROWTH

- ✓ **Independent hard coking coal and high quality thermal coal producer**
  - Targeting production from 3 mines in 3 regions with a total target output of 5Mtpa in 2017 and all mines are estimated to deliver strong positive cashflows
- ✓ **Blair Athol Thermal Coal Mine in Australia**
  - A\$1 acquisition of Blair Athol (BA) thermal coal mine in Bowen Basin, Australia completed and production to commence in late 2016
- ✓ **BNU Hard Coking Coal Mine in Mongolia**
  - Restart of BNU Mining Operations with coal offtake linked to recent strong seaborne prices with coal mining recommencing in late 2016
- ✓ **Indomet Hard Coking Coal Mine in Indonesia**
  - In discussion to acquire operating hard coking coal mine in Kalimantan, Indonesia
- ✓ **Large JORC resource base (excludes BA and Indomet)**
  - 304 Mt of coking and thermal coal in Mongolia
  - 2.1 Bt of thermal and PCI coal in Australia
- ✓ **Strong development pipeline**
  - Organic /Brownfields expansion from each of the 3 regional hubs through development of large surrounding resources
- ✓ **Resilient balance sheet**
  - After restructuring through the issuance of a 5-year interest-only EuroClear-traded bonds
- ✓ **Strong Board and management team**
  - Proven track record in building and operating coal mines



### 3 Regions

Of operations in Australia, Mongolia & Indonesia



### A\$1 Acquisition

of Blair Athol thermal coal mine in Australia



### Cash Generating

Targeting 5 Mtpa rate across 3 countries by 2017



### >150 Years

of combined management experience

*Note: Blair Athol Mine acquisition is subject to relevant Queensland Government approvals*

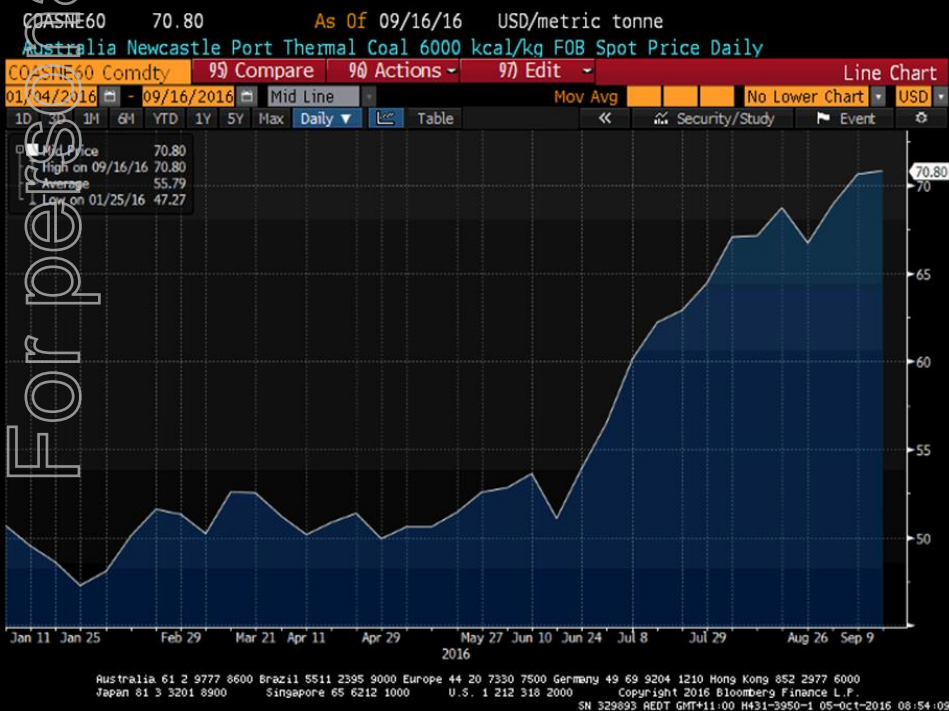


# OVERVIEW

## COAL MARKETS HAVE TURNED AROUND STRONGLY THIS YEAR

### Thermal Coal

- The thermal coal price has reached over US\$69/t in September 2016, up 37% year-to-date from US\$50/t
- Spot Price at US\$70.80/t on 16/9/16



### Coking Coal

- The coking coal price has reached over US\$181/t in September 2016, up 138% year-to-date from US\$76/t
- Spot Price at US\$213.40/t on 16/9/16

Source: Fosters Stock Broking  
Charts: Bloomberg





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**AUSTRALIAN BASED AND  
ASX LISTED COMPANY**



# AUSTRALIA



▶ BLAIR ATHOL MINE ACQUISITION AND RESTART

▶ ORGANIC EXPANSION OF BLAIR ATHOL

▶ EXPLORATION & DEVELOPMENT OF NORTHERN GALILEE PROJECT

▶ EXPLORATION & DEVELOPMENT OF SPRINGSURE PROJECT

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# AUSTRALIA

## BA THERMAL COAL MINE

- ▶ Final stages of acquiring mothballed Blair Athol Mine in Australia for **\$1** which includes:
  - ▶ World class mine infrastructure capable of supporting 12Mtpa including workshops, stores and offices
  - ▶ Dragline and all mining plant and equipment required to deliver mining plans
  - ▶ Rio Tinto providing **A\$80m cash** for reclamation and Government of Queensland confirmed this liability in Nov 2015
- ▶ Mine plans to operate at **2Mtpa** rate for 5 years with first coal sales in Q4 2016 with target product specification (ad) of 12.5% ash , **6,000 kcal/kg** and 0.31 Total Sulphur
- ▶ Target positive cashflows with estimated cash margins of up to **US\$19 p/t**
- ▶ Re-commissioning and working capital costs of Blair Athol fully funded from recently announced **US\$12m** funding facility and contractor arrangements
- ▶ Organic expansion potential to combine Blair Athol with neighbouring properties to give **30+ year life**
- ▶ The BA acquisition revalues TerraCom's Australian portfolio through providing a hub for their development across major coal basins in Queensland including:
  - ▶ Northern Galilee Project (**1.9Bt**) is large thermal resource with multi pit potential crossed by under-utilised rail and port system
  - ▶ Springsure (**190Mt**) a high grade thermal/PCI resource adjacent to existing rail infrastructure

*Note: Blair Athol Mine acquisition is subject to relevant Queensland Government approvals*

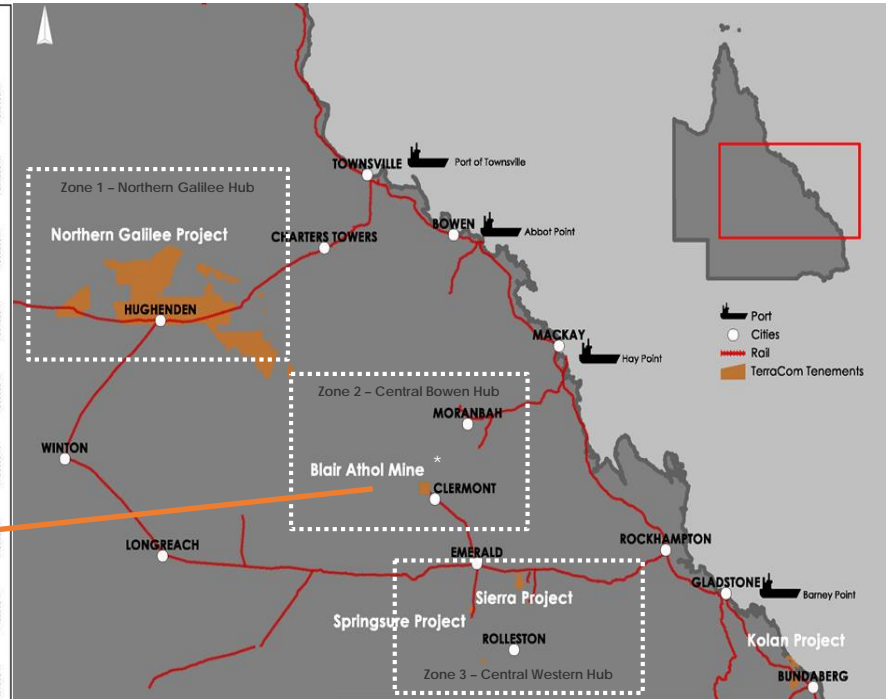
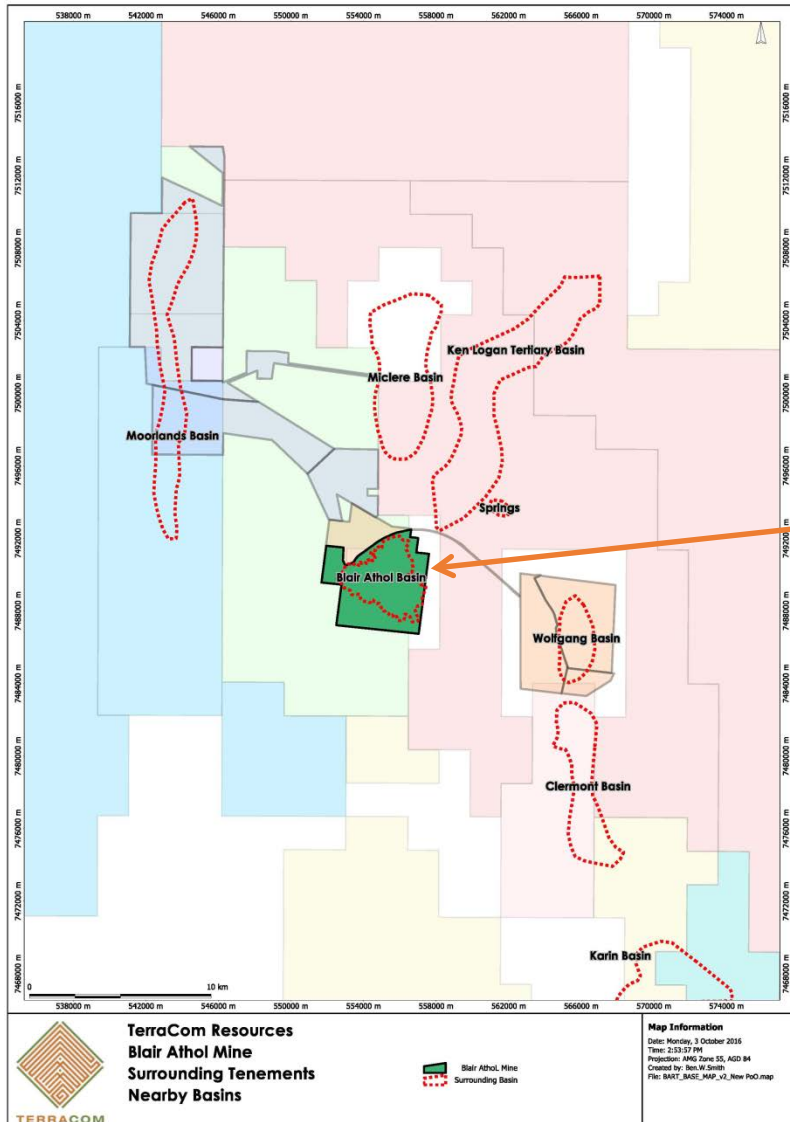
*Note: Springsure is 36% owned by TerraCom*



# QUEENSLAND EXPANSION

## ORGANIC GROWTH FROM STRATEGICALLY LOCATED ASSETS

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**Note: Blair Athol Mine acquisition is subject to relevant Queensland Government approvals**





# MONGOLIA

- ▶ SOUTH GOBI COKING COAL ASSETS
- ▶ BNU COKING COAL MINE
- ▶ BNU CHPP DEVELOPMENT
- ▶ UVS COKING COAL AND POTASH/BRINES ASSETS
- ▶ MID GOBI THERMAL COAL ASSETS

# MONGOLIA

## BNU HARD COKING COAL MINE



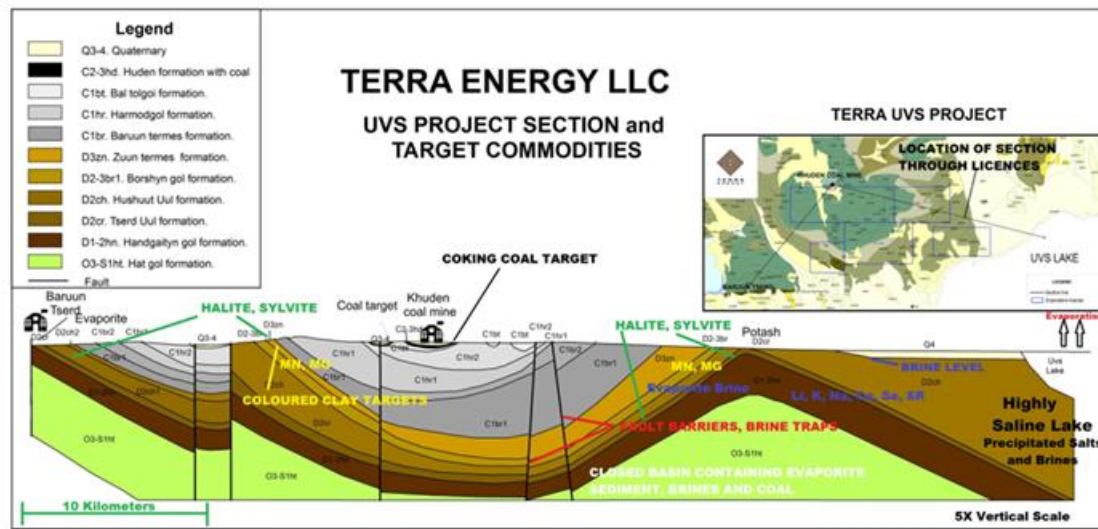
- ▶ Operate, optimise and expand BNU hard coking coal operations in South Gobi
- ▶ **1.1Mt target for 2017** generating strong estimated margins of up to **US\$27 p/t**
- ▶ Set to capitalise on strong HCC prices through offtake agreement linked to seaborne price
- ▶ BNU targeted washed product specification (db) is for a **mid volatile hard coking coal**: <10.5% Ash, 23% - 27% Volatile Matter, 0.3% - 0.6% Total Sulphur, G Index 80-95, Y Index 22-26
- ▶ Construction of **vendor-financed on site CHPP** with commissioning planned for Q2 2017 and delivering improved margin
- ▶ Multi-pit expansion strategy with **50km of projected coal basin edge** across the South Gobi tenements with **83Mt JORC Resource**



# MONGOLIA

## STRONG LOCAL EXPERIENCE AND ASSET PORTFOLIO

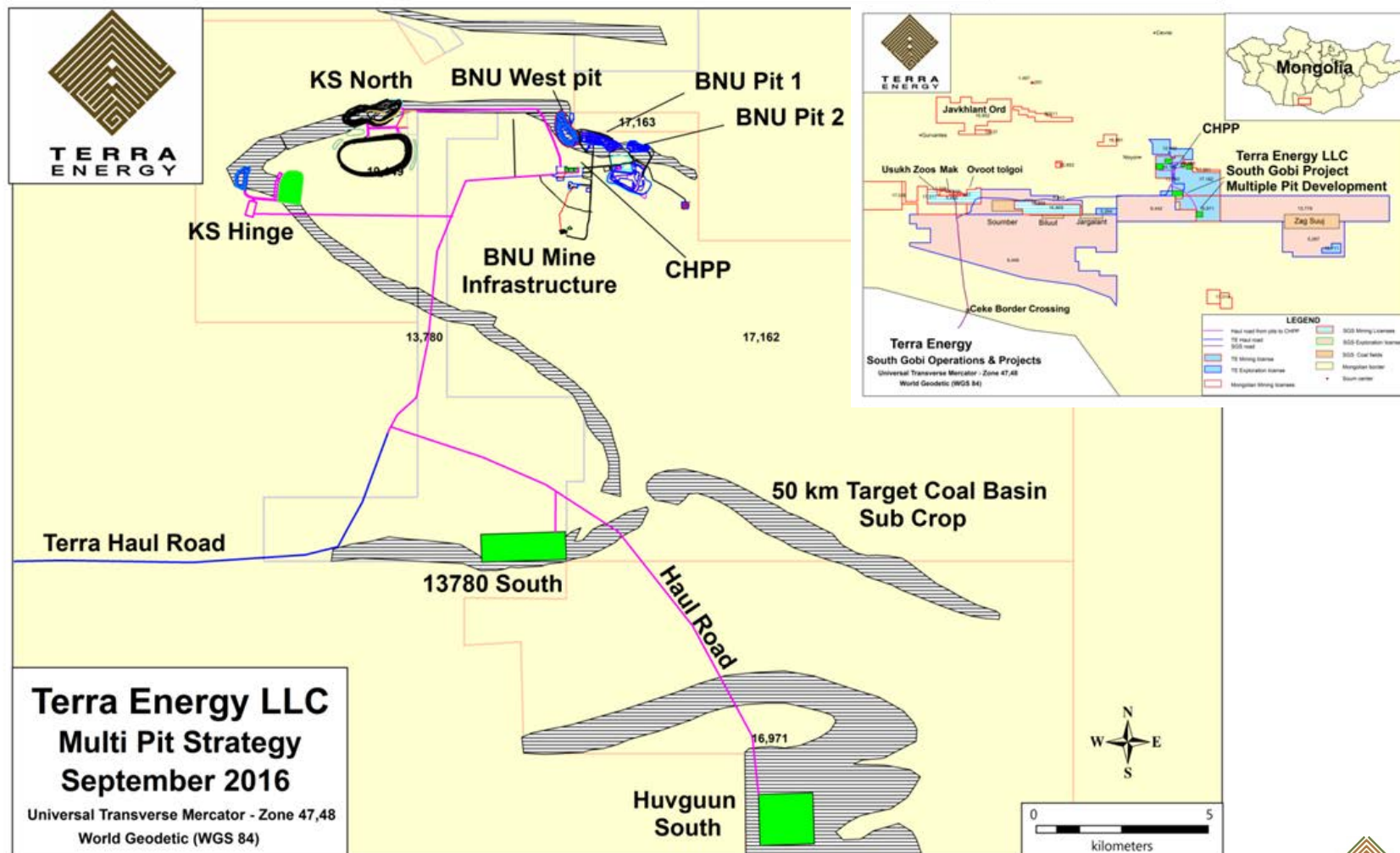
- ▶ **Strong local history and experience** operating in Mongolia since 2011
- ▶ **Large portfolio** of Mining and Exploration Licences in strategic positions with links to large markets
- ▶ South Gobi Project (**JORC 83Mt**) of hard coking coal
- ▶ Uvs Project prospective for Hard Coking Coal, Potash and associated brines (Lithium and Magnesium) in northern Mongolia close to Russian border
- ▶ Mid Gobi Project (**JORC 221Mt**) of thermal coal





# SOUTH GOBI EXPANSION

## ORGANIC GROWTH THROUGH REGIONAL EXPANSION





# INDONESIA

- ▶ CENTRAL KALIMANTAN ACQUISITION
- ▶ OPERATING CASHFLOW POSITIVE COKING COAL MINE
- ▶ SIGNIFICANT EXPANSION POTENTIAL

# INDONESIA

## INDOMET HARD COKING COAL MINE

- ▶ Due diligence being conducted on an operational hard coking coal mine in Central Kalimantan (**Indomet**) with estimated completion late 2016
- ▶ All share transaction which should be immediately cash generative with estimated cash margin of up to **US\$40 p/t**
- ▶ Initial **0.5-0.7 Mtpa** production of hard coking coal with Immediate opportunity to acquire neighbouring mine with fully developed port and road infrastructure and increase total production to **1.2-1.5 Mtpa** with further organic expansion potential
- ▶ Located in **Central Kalimantan** approximately 28 km from the Barito River and close to Muara Teweh Township which is approximately 400km upstream of Taboneo Trans-shipment Port (2kt to 10kt Barges)
- ▶ **Hard coking coal** specification with medium VM, high fluidity, CSNs of 8-9
- ▶ Simple **low cost extraction**; non complex resource with thick shallow seams

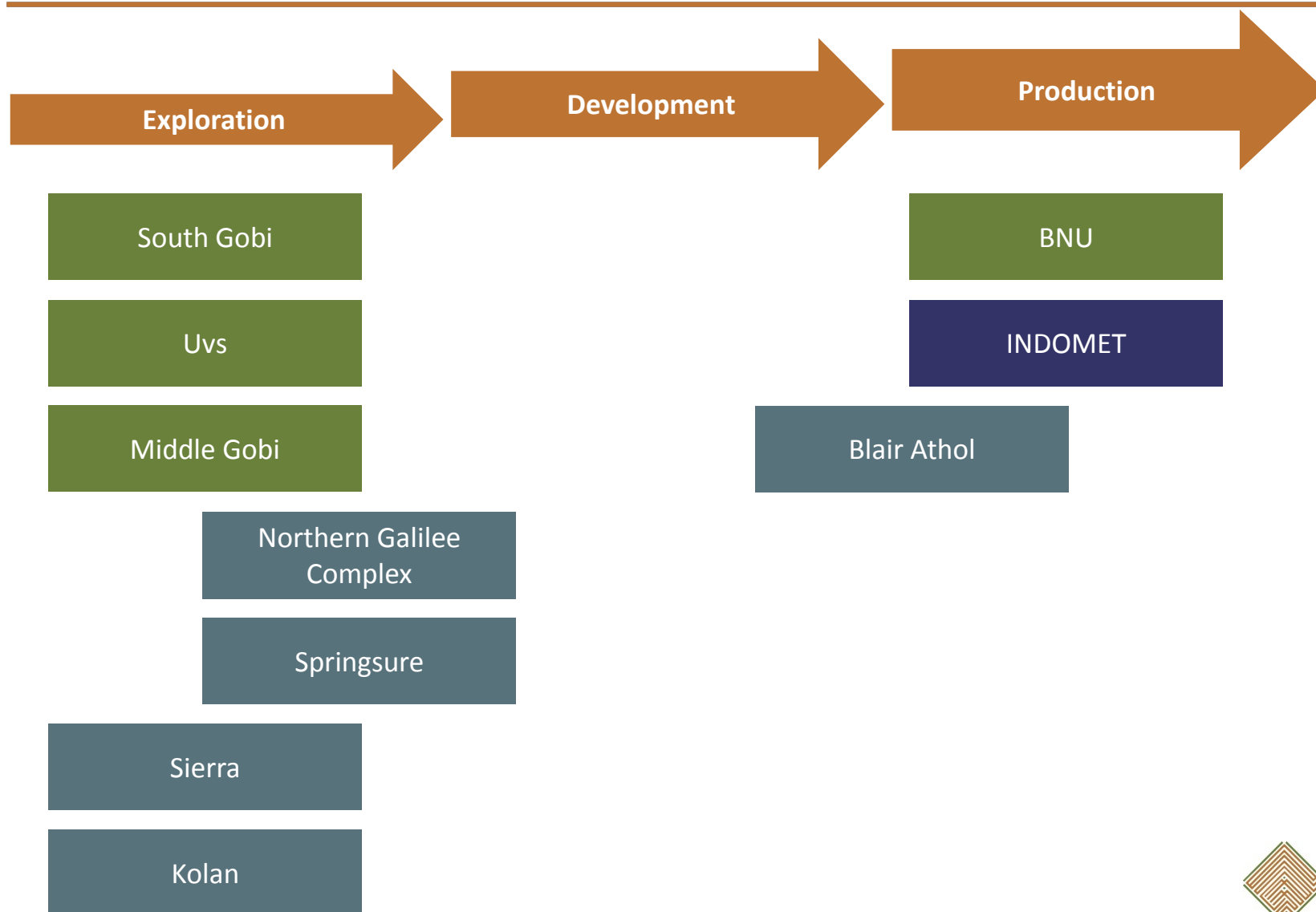


*Note: Indomet acquisition is subject to final due diligence for completion*



# STRONG DEVELOPMENT PIPELINE

LARGE PORTFOLIO OF HIGH QUALITY ASSETS BEING PROGRESSED



*Note: Blair Athol Mine acquisition is subject to relevant Queensland Government approvals*

# MANAGEMENT TEAM

+150 YEARS OF COAL EXPLORATION, DEVELOPMENT & OPERATIONAL EXPERIENCE



**Cameron  
McRae**

*Executive  
Chairman*

Served a 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 and CEO of Richards Bay Minerals in South Africa



**Michael  
Avery**

*Executive  
Director  
Vice President,  
Corporate  
Development*

Michael has worked for blue chip mining companies Rio Tinto and BHP Billiton in operations both within Australia and internationally. Michael is a member of the Australian Institute of Mining and Metallurgy



**David  
Stone**

*Executive  
Director  
Vice President,  
Operations*

Over 25 years experience working for MIM / Xstrata, BHP and Anglo America. David has been responsible for several of Xstrata's mining complexes and Xstrata's underground operations globally



**Julien  
Lawrence**

*Chief  
Development  
Officer*

Worked throughout Australia and Asia across multiple commodities including coal, iron ore, gold and most base metals. Julien has worked for BHP-Billiton, Xstrata and Leightons (now part of the CIMIC group)



**Karl  
Arnold**

*Chief Financial  
Officer*

Over 20 years of mining industry experience working across various countries. Karl was previously the Regional CFO for the Glencore Australian Zinc Division (comprising 5 operating mine sites)



**Mark  
Reynolds**

*GM Corporate  
Development*

Worked for both Rio Tinto and Xstrata, has experience across multiple commodities and has held both commercial and business development roles in Australia and the Americas



**Nathan  
Boom**

*Financial  
Controller &  
Company  
Secretary*

12 year career working at large multinationals such as Xstrata Coal and Tenova which has provided him with extensive exposure in business restructuring

# DEBT RESTRUCTURING COMPLETE

GIVES COMPANY CASHFLOW HEADROOM, STABILITY AND FLEXIBILITY

## Old Structure

**Amortising Notes**  
US\$55mn  
OCP Asia

**Convertible Notes**  
US\$5mn  
JP Morgan

**Working Capital & Related Facilities**  
US\$47mn  
Noble Group

**Convertible Notes**  
US\$5mn  
OCP Asia

## New Structure

### Secured Bond

- ▶ US\$124mn face value (US\$129mn from 30 June 2017)
- ▶ 5 years, interest-only (12.5% p.a.)
- ▶ Revenue share of 0.75% (Post BA)
- ▶ First interest payment 30 June 2017
- ▶ Ability for TER to elect to PIK 50%
- ▶ Includes US\$7mn of new funding

### Super Senior Notes

- ▶ US\$17mn face value
- ▶ US\$12mn repayable after 1 year due on 30 June 2017, US\$5mn rolls into Secured Bond
- ▶ Interest 15% p.a.

**Acquired by new investors** and converted to equity in January 2016



# CAPITAL STRUCTURE

## MAJOR SHAREHOLDERS COMMITTED TO BUILDING VALUE

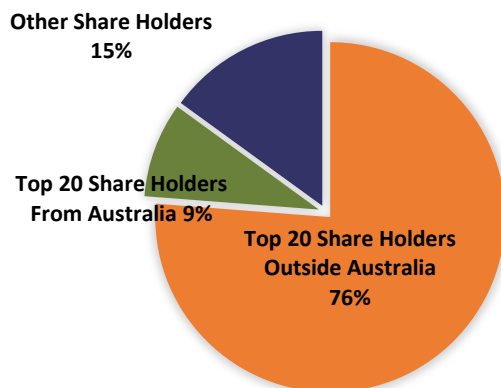
### Trading Summary (19-Sep-16)

ASX Code	TER
Share Price	A\$0.036
Shares	2.6B
Market Cap	A\$92.9M

### Share Price Performance



### Ownership Summary (%)



### Financial Instruments

#### Finance Instruments in Place

<b>Warrants</b>	OCP Asia hold 126,308,306 Detachable Warrants with an Exercise Price which is the lower of the Cross Listing Price and the Market Price and which expire on 28 February 2021
<b>Options</b>	Fosters Stock Broking have 15,000,000 options with a strike price equal to \$0.03 and with an expiry date of 31 August 2018 and 15,000,000 options with a strike price equal to \$0.045 and with an expiry date of 31 August 2018.

<b>Convertible Notes</b>	Nil Outstanding
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Note: Financial data as of 22 September 2016.





**TERRACOM**

# THANK YOU

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**Cameron McRae**  
Executive Chairman

**Mick Avery**  
Executive Director

[info@terracomresources.com](mailto:info@terracomresources.com)



**TERRACOM**

# APPENDIX

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- AUSTRALIA MORE INFORMATION
- MONGOLIA MORE INFORMATION
- COMPETENT PERSONS STATEMENTS



# AUSTRALIA



# BLAIR ATHOL COAL MINE ACQUISITION

## PROGRESSING THROUGH FINAL APPROVALS

### ACQUISITION PRICE

**A\$1**

### INCLUDES

**Dragline & mobile equipment**

### TRANSACTION COMPLETED

**4<sup>th</sup> Quarter 2016**

### QUICK RESTART

**Short mobilisation and commissioning period**

#### Acquisition of coal mine in care and maintenance

- ▶ Mine plan capable of delivering a 5 year mining life at 2Mtpa
- ▶ Rio Tinto providing A\$80mn for reclamation
- ▶ GoQ confirmed this liability in Nov 2015

#### History

- ▶ Site production peaked in 2009 with 11.3 Mt of coal exported in the year
- ▶ Placed on C&M by Rio Tinto when full production commenced at its neighboring Clermont mine

#### Location

- ▶ C.20 km north west of Clermont in the Bowen Basin of Central Queensland, Australia

#### Infrastructure and equipment

- ▶ Plant and equipment incl. Dragline for re-start remains on-site and included in \$1 purchase price
- ▶ Mine infrastructure capable of supporting 12Mtpa includes workshops, stores and offices
- ▶ Plans to utilise nearby rail access infrastructure

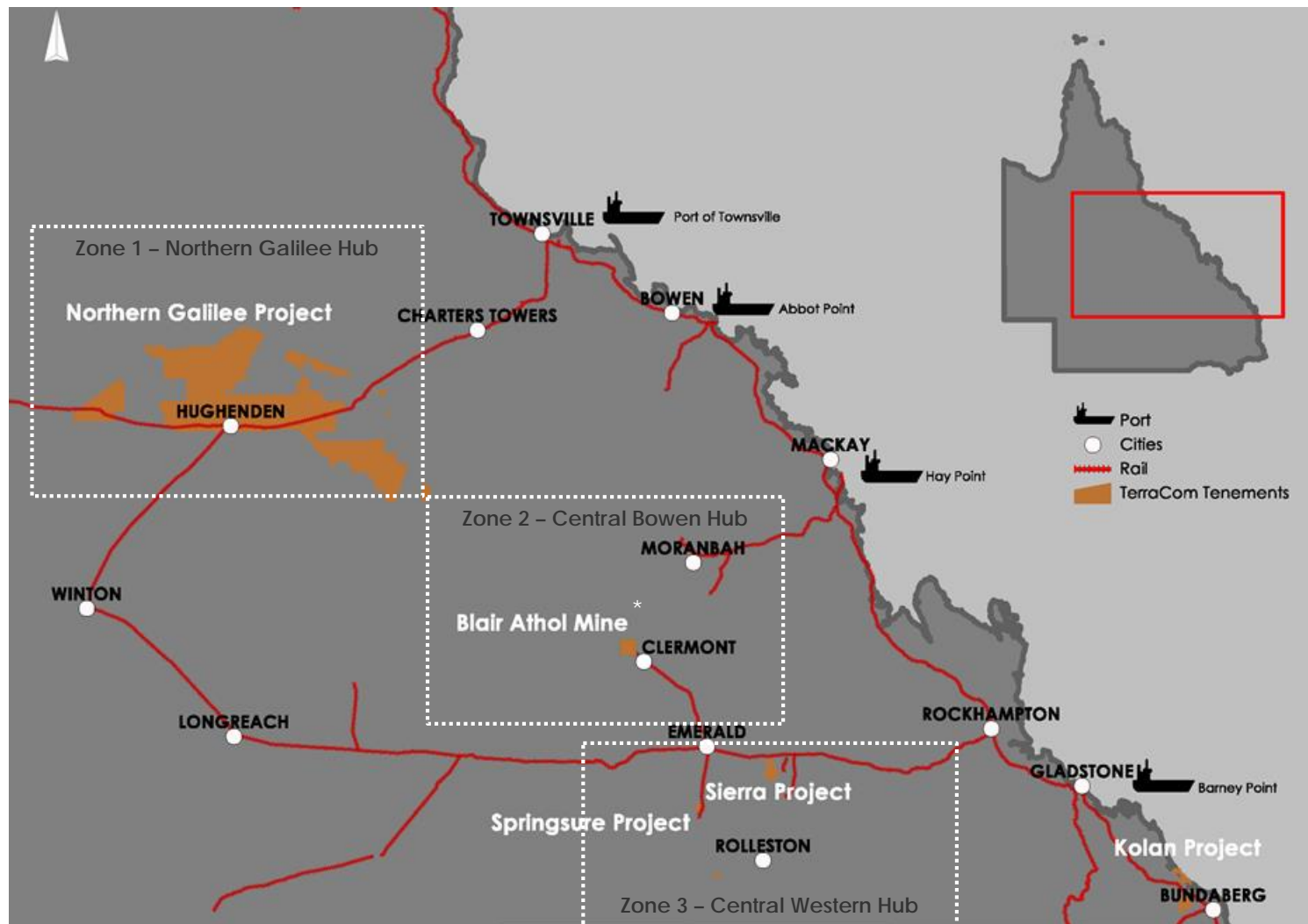
#### Further Expansion

- ▶ Potential to extend into neighboring projects

*Note: Blair Athol Mine acquisition is subject to relevant Queensland Government approvals*

# QUEENSLAND PROJECT PIPELINE

## STRATEGICALLY LOCATED ASSETS



*Note: Blair Athol Mine acquisition is subject to relevant Queensland Government approvals*

# QUEENSLAND PROJECT PIPELINE

## LARGE RESOURCE WITH SIGNIFICANT EXPANSION POTENTIAL

**Australian JORC Resource Table (excluding Blair Athol)**

Tenement	JORC Resources (Mt)				Potential coal type	Independent geologist
	Measured	Indicated	Inferred	Total		
<b>Hughenden</b>	-	133	1,076	1,209	Thermal	MDM
<b>Clyde Park</b>	-	51	677	728	Thermal	MDM /Palaris / Xstract
<b>Kolan</b>	-	-	-	-	Coking	MDM
<b>Springsure</b>	-	43	148	191	Thermal/PCI	MDM
<b>Pentland</b>	-	-	-	-	Thermal/PCI	MDM
<b>Total</b>	-	<b>227</b>	<b>1,901</b>	<b>2,128</b>		

Source: TerraCom

The information presented is available to view on TerraCom's website. TerraCom is not aware of any new information or data that materially affects the information included in the above table in relation to the estimates of Mineral Resources and confirms that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.



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**MONGOLIA**



# SOUTH GOBI PROJECT

## NOYON BASIN – MULTIPLE MINING AND EXPLORATION LICENCES

- ▶ The South Gobi Project comprises contiguous mining and exploration licenses covering 696 sq km in the Noyon Coal Basin
  - c.850 km southwest of Ulaanbaatar
  - 140 km from the Chinese border coal station of Ceke
  - Connects by road and rail to northern Chinese steel producers
  - Potential link to seaborne market through Tianjin
- ▶ There are currently three primary groups of mining licenses:
  - **North:** 100% owned, comprising mining, pre mining and exploration licenses
  - **East:** 83.9% owned, comprising mining and pre-mining licenses
  - **Khar Servegen (KS):** 100% owned, comprising mining and exploration licences

### South Gobi Project JORC Resources

	Measured	Indicated	Inferred	Total
North	15 Mt	9 Mt	3 Mt	27 Mt
East	-	-	41 Mt	41 Mt
KS	-	-	15 Mt	15 Mt
<b>Total</b>	<b>15 Mt</b>	<b>9 Mt</b>	<b>59 Mt</b>	<b>83Mt</b>

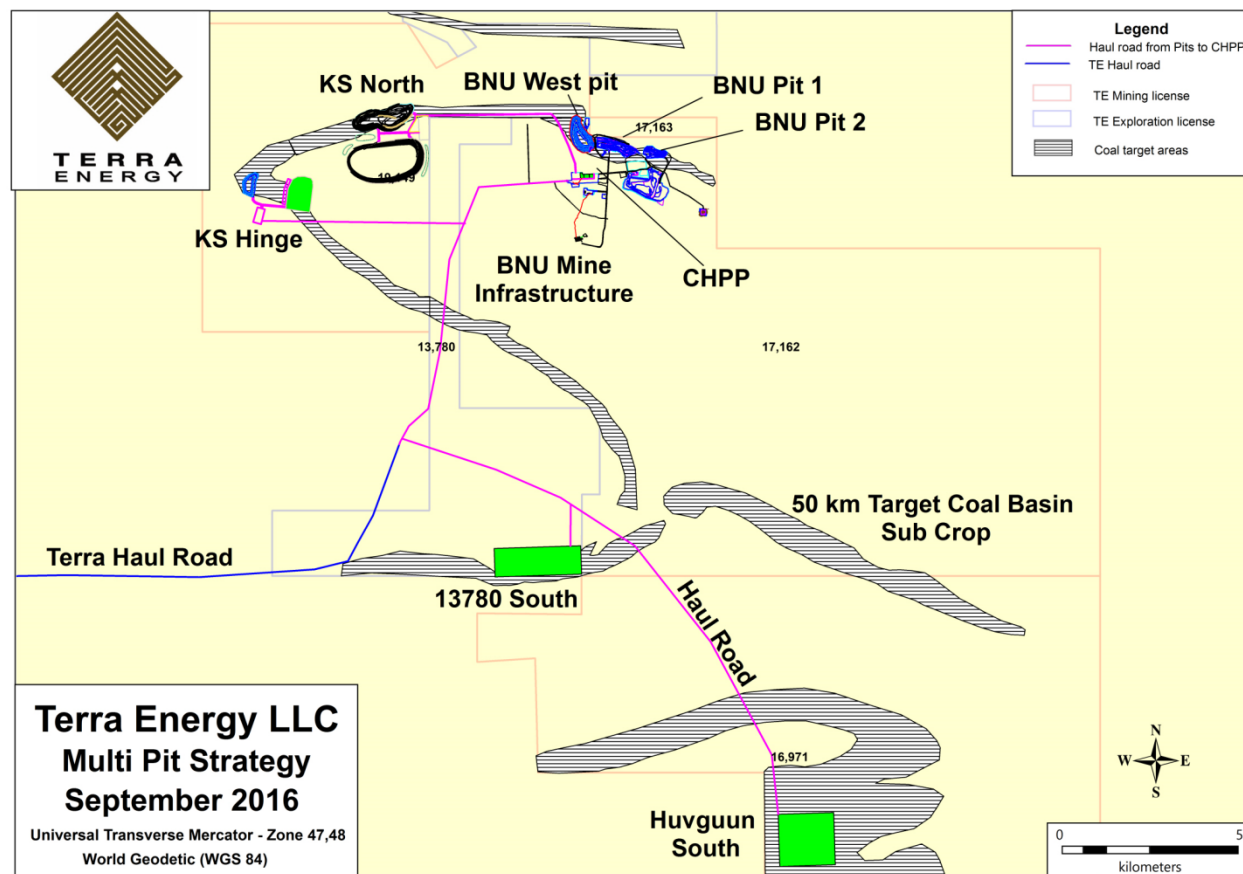
### Location



# SOUTH GOBI EXPANSION

## STRONG MULTI PIT EXPANSION STRATEGY IN NOYON BASIN

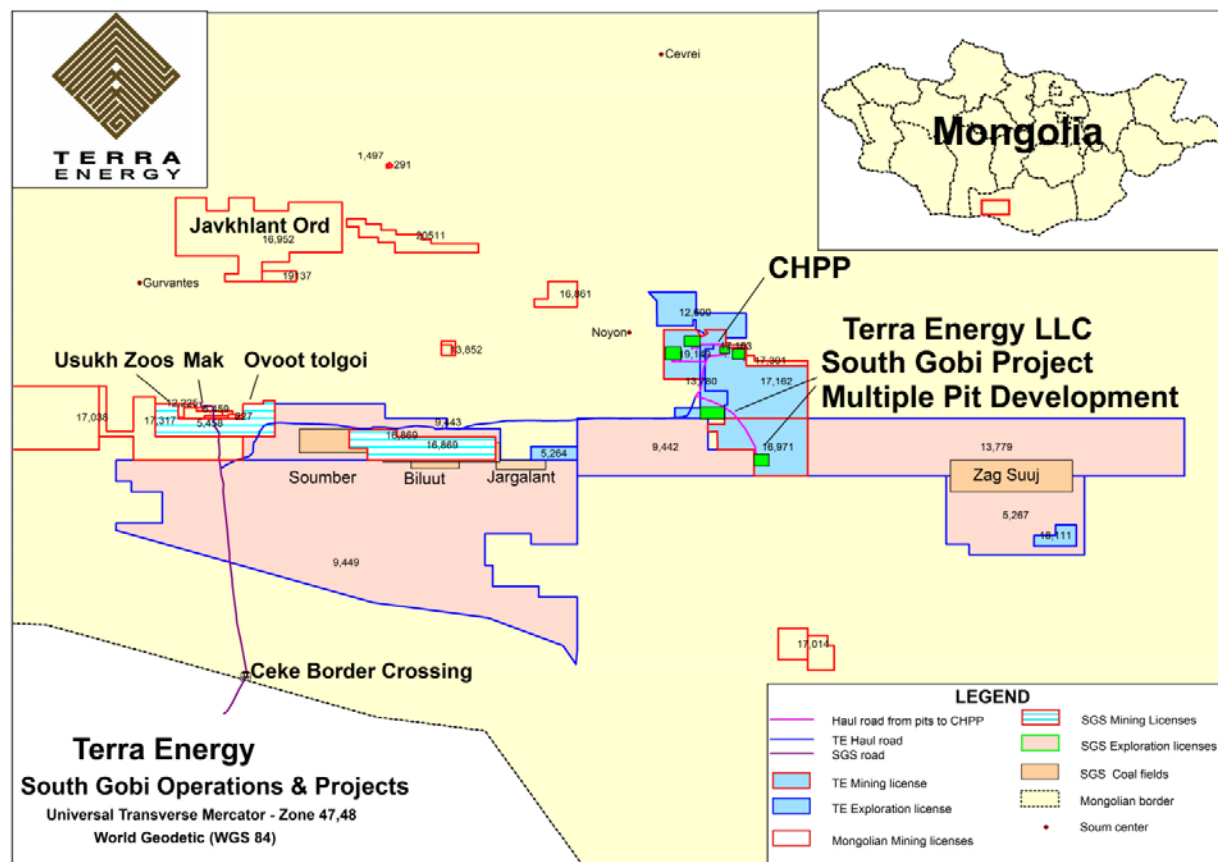
- ▶ South Gobi Project consists of tenements which cover most of north western extent of the Noyon coal basin
- ▶ Contains an estimated 50km of basin edge which contains near surface coal bearing stratigraphy
- ▶ Progressive development of a multiple shallow pit strategy
- ▶ Serviced by existing centrally located infrastructure



# SOUTH GOBI EXPANSION

## REGIONAL CONSOLIDATION

- ▶ Opportunity to consolidate the South Gobi region through development of operating and marketing arrangements with surrounding Mines and Projects
- ▶ Utilises TerraCom existing infrastructure including own coal haul road
- ▶ Applies TerraCom mining and market expertise
- ▶ Reduces costs in region through increased scale



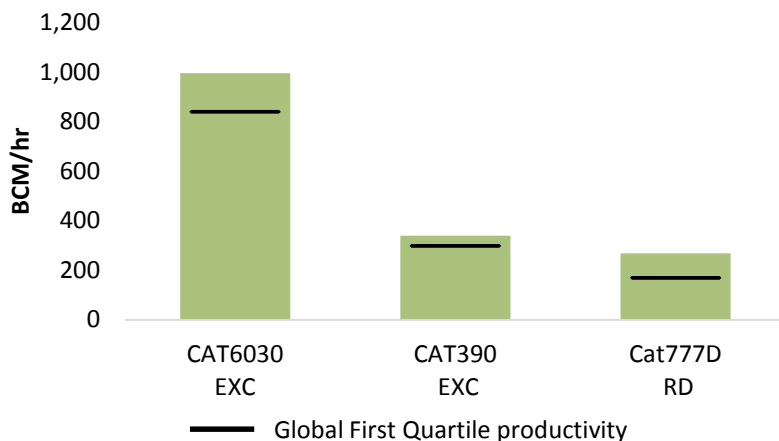


# TERRA ENERGY BNU MINE

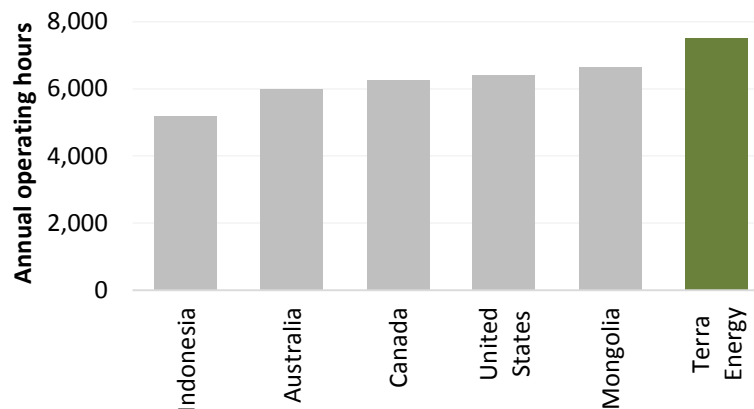
## WORLD CLASS OPERATION IN MONGOLIA

- ▶ Delivering not only Mongolian productivity records but world class productivity from its mining fleet
- ▶ Asset utilisation in Mongolia is higher than other major producing basins
- ▶ Have developed this capability in a systematic fashion to ensure repeatable results during expansion and development of its other assets
- ▶ Unit mining cost performance reduced from circa US\$3 per cubic metre to circa US\$2 per cubic metre since commencement of operations

### Productivity



### Asset Utilisation



*Note: Sourced from extensive internal analysis of best in country mining projects around the world*

# BNU OPERATIONS STATUS

## ESTABLISHED NEW SUPPLY CHAIN AND REFINED MINE STRATEGY

- ▶ Commissioned new supply chain into Chinese hard coking coal markets in H1 2016
- ▶ Delivered improved yield results, middling's recovery and ash control on BNU Coal to enhance additional value within the coal chain
- ▶ Mining operations were suspended due to full ROM stockpiles and will recommence in Q4 2016 when coal stockpiles are sufficiently depleted
- ▶ 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 brand
- ▶ Continue to develop link to HCC seaborne market to reduce domestic market discounting and realise benefits of strong HCC price growth
- ▶ Plan to develop multiple smaller output pits to better manage complex geology, coal quality variations and unit costs



# BNU COAL QUALITY

## COAL QUALITY SUPERIOR TO OTHER PRODUCERS IN REGION

	BNU Washed (Targeted)	BNU Raw (Targeted)	MMC Ganqimaodu Pit 3 Washed	MMC Ganqimaodu Pit 4 Raw	Ceke 1/3 Coking Coal	SouthGobi Product B	SouthGobi Product F
Ash (%)db	<10.5	20	10.5	23	8-10	12.5	25
VM (%) db	23-27	24-26	28	26	30-33	36	36
Sulfur (%) db	0.3-0.6	0.3-0.7	<0.6	<0.6	<1.0	1.3	1.7
G Index	80-95	60-90	83	85	69	na	na
Y Index	22-26	19-24	16	16	9-11	na	na



# BNU CHPP TO BE CONSTRUCTED IN 2016

## SIGNIFICANT YIELD, QUALITY AND COMMERCIAL BENEFITS

### Noyon Basin Coal Specification Issues

- ▶ Coal is soft and friable resulting in high proportion of fines
- ▶ The coal fines contains a large proportion of vitrinite and hence coking properties
- ▶ CHPP's in Mongolia or northern China cannot efficiently deal with this specification of coal

### Benefits of CHPP at BNU

- ▶ Improvement in yields of 3-6% due to CHPP designed specifically to deal with fines
- ▶ Avoids yield manipulation by third party CHPP operators
- ▶ Ability to claim 10% Mongolian VAT against operating costs
- ▶ Reduction in distribution / trucking costs
- ▶ Ability to expand and wash third party coal in the future

### Status

- ▶ In final negotiations with US, Chinese and UK suppliers
- ▶ Aiming for plant to be 100% vendor financed / 100% TER owned
- ▶ Construction to commence in 2016 and CHPP commissioned in H1 2017



### Specifications Phase 1 CHPP

- ▶ Raw feed 1.0-1.5 Mtpa
- ▶ Raw feed rate 200-250 tonnes/hr
- ▶ Minimum 6,000 hour p.a. run time
- ▶ Operate in extreme temperatures (-30 degrees to +40 degrees)
- ▶ Dual product
- ▶ Modular for future scalability and easily relocatable
- ▶ Delivers 9.5% ash product with ability to deliver higher ash / higher yield options



# TRANSPORT INFRASTRUCTURE DEVELOPMENTS

## TERRA ROAD HAS BUILT ROAD TO CHINA

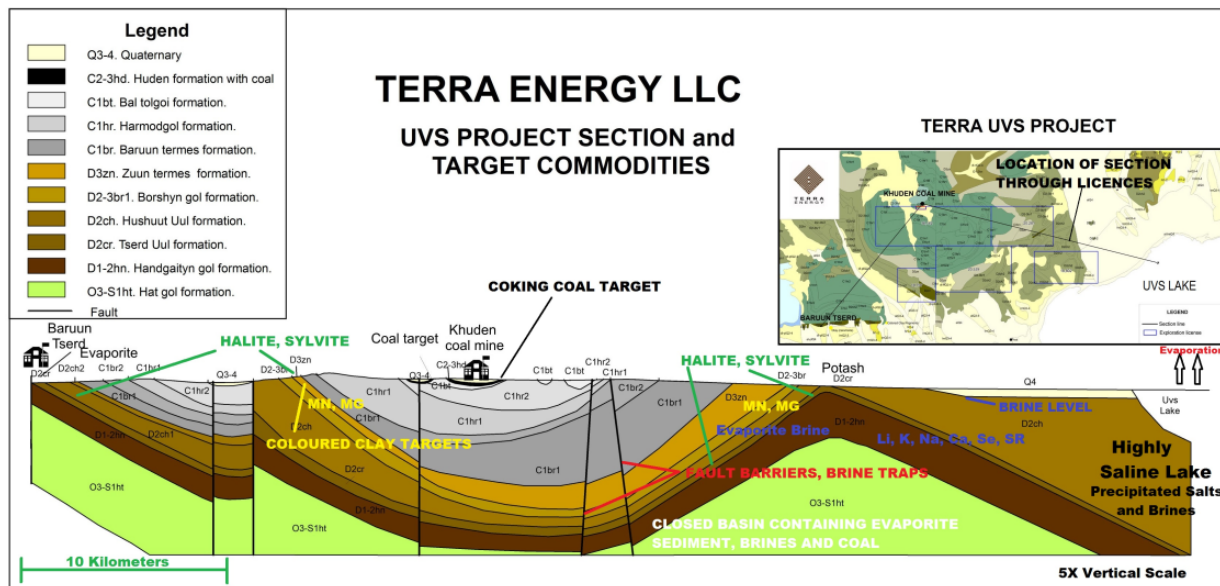
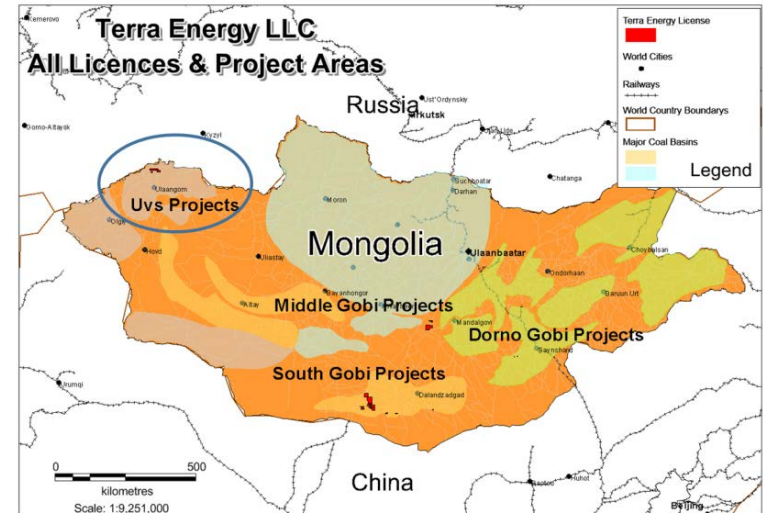
- ▶ June 2013, entered into a 20 year contract:
  - With the Mongolian government for the construction and use of wholly-owned haul road connecting BNU to the Chinese border at Ceke
  - The road is accessible by all Terra assets located in the South Gobi project
- ▶ December 2013, the haulage road construction was completed
- ▶ July 2014, the Mongolian government awarded a haulage permit to Terra
- ▶ Future development:
  - Currently converting road permit into a state concession agreement
  - Will enable external investor / operator to be brought in to upgrade the road (bitumen sealing) and charge a toll



# UVS PROJECT

## COKING COAL AND POTASH ASSETS IN NORTHERN MONGOLIA

- ▶ Uvs basin is prospective for coal, evaporite salts (potash), Uranium, associated brines and clays (Li and Mg)
- ▶ Mining of coking coal and potash occurs in neighbouring areas
- ▶ Located close to a 220Kw power line which runs from Russia into Mongolia
- ▶ The sealed Kyzyl Highway intersects the project area and runs to the Russian Border crossing at Borshoo
- ▶ Access into Russia then leads to railways which service Vladivostok port.
- ▶ There is also a planned future rail link to China proposed from the region



# MID GOBI PROJECT

## EXPLORATION TENEMENTS WITH SUBSTANTIAL THERMAL COAL RESOURCES

- ▶ Potential for large scale open cut operations to supply power producers in China and Mongolia
- ▶ Consists of two exploration licenses spanning 360 sq' km in Mongolia's Dundgovi Province
- ▶ Located approximately 200 km south of Ulaanbaatar and just over 200 km west of the Mongolian railway grid, which offers a logistics route to China via the Erlianhaote border crossing
- ▶ Since acquiring the Mid Gobi Project in 2011, TerraCom has established JORC (2004) compliant coal resources of 221.4 Mt classed as Indicated and Inferred
- ▶ Quality testing to date suggests the coals to be a combination of mid and low rank thermal coal

### Mid Gobi Project – JORC Resources

	Measured	Indicated	Inferred	Total
<b>Mid Gobi</b>	-	32 Mt	189 Mt	<b>221 Mt</b>

### Location



# TERRACOM

## COMPETENT PERSON STATEMENT

Technical Information on Clyde Park & Springsure JORC has been prepared by Kim Maloney who has over 10 years of experience in coal mining and extractive industry throughout Australia. 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 (2004). 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. Kim is a Member of The Australasian Institute of Mining & Metallurgy (# 229120) and a Member of the Bowen Basin Geological Group.

The information in this presentation that relates to Coal Resources for the South Gobi – North project was first reported in compliance with the principles and guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code), 2012 Edition in a market release dated 25 June 2014. TER is not aware of any new information or data that materially affects the information included in the 25 June 2014 announcement and that all assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.

Technical information in this report 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 (formerly a subdivision within Moultrie Group). Mr Biggs now works for ROM Resources Pty Ltd, Mr. Biggs is a member of the Australasian Institute of Mining and Metallurgy (Member #107188) 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) 2004. 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.

The information in this report relating to the exploration target tonnage range and coal resources of 12600X 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.

The estimates of the Coal Resources presented in this Report are considered to be a true reflection of the Coal Resources as at 30th June 2014 and have been carried out in accordance with the principles and guidelines of the Australian Code for Reporting of Coal Resources and Coal Reserves published in September 2004 (JORC Code).

The estimates of the Coal Resources presented in this presentation are considered to be a true reflection of the Coal Resources as at 30th June 2015 and are available to view on [www.terracomresources.com](http://www.terracomresources.com). The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

### 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.



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## COMPETENT PERSON STATEMENT (CONT'D)

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### 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.