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5 September 2017

ASX Announcement

Further Extension to Blair Athol Mine Life

TerraCom Limited (**TerraCom** or the **Company**) (**ASX:TER**) is pleased to announce a further upgrade to the Blair Athol Mine JORC Reserve and Resources.

Independent experts Xenith Consulting Pty Ltd (Xenith) and TerraCom have conducted further work since the last announcement in November 2016 and has been able to upgrade the total Blair Athol Mine **JORC Reserves to 15.6mt** and increase the **JORC Measured Resource to 21.9mt**. The coal reserves and resources have been estimated in accordance with the standards outlined in the JORC code (JORC, 2012) and the Coal Guidelines 2014.

Further work since TerraCom completed the acquisition of the Blair Athol Mine, which included the detailed assessment of all boreholes using historical data on site has enabled Xenith to extend the Reserves by 2.1mt adding **one extra year to mine life**, which now totals 8 years based on ~2 million tonnes per annum (mtpa), which is derived from the Reserves estimate presented in this announcement.

The JORC Resource has improved in confidence with the JORC Measured Resource **increasing 9.5mt** from 12.4mt to 21.9mt.

TerraCom are in the process of further developing this increased JORC Measured Resource and plan to convert the economic areas of the Measured Resource into Reserves which could add an additional three to five years onto the Blair Athol Mine Life (based on 2mtpa which is derived from the Reserves estimate presented in this announcement). The coal reserves and resources have been estimated in accordance with the standards outlined in the JORC code (JORC, 2012) and the Coal Guidelines 2014.

Chairman Mr Wal King stated that “this reserve upgrade is significant for the Blair Athol Mine as it enables the mine plan to be extended to 8 years at ~2mtpa”.

Mr King went on to say that “the measured resource upgrade is significant as it has the potential to increase the mine life for a further 3 to 5 years”.

Reserves

Coal reserves have been estimated in accordance with the requirements of the 2012 edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code). The estimate was compiled by a Competent Person from Xenith Consulting and has been signed off accordingly.

The total open cut coal reserves for Blair Athol Mine are presented in **Table 1**.

Table 1 - Blair Athol Mine Open Cut Reserves Estimate

Coal Reserve (Mt ROM) *	3 Seam	4 Upper	4 Lower	TOTAL
Proved	Nil	8.6	5.4	14
Probable	0.5	0.7	0.3	1.6
Total Coal Reserve	0.5	9.3	5.8	15.6

* Tonnages and qualities in the above table are expressed on a "ROM" basis, incorporating the effects of mining losses and dilution, and on a 17.0% ROM moisture basis.

The marketable coal for Blair Athol Mine is thermal product only. Estimates have been made for the most likely split of the ROM coal to bypass or to process in the Coal Preparation Plant (CPP) to blend together to produce an export quality thermal coal at 12.5% ash on an air-dried basis (adb). This has formed the basis of an estimate of Marketable reserves that correspond to the ROM reserve estimates. Therefore, Marketable Coal Reserves are a sub-set of Coal Reserves.

All Marketable Reserves tonnages have been expressed on a Washed Moisture Basis, which varies depending on the proportion of Bypass coal and is typically 17.7%.

Table 2 - Blair Athol Open Cut Marketable Coal Reserve Estimate

Type	Marketable Coal Reserve (Mt Product) *	3 Seam	4 Upper	4 Lower	TOTAL
Washed	Proved	-	1.3	3.9	5.2
	Probable	-	0.3	0.2	0.5
	Washed Subtotal	-	1.6	4.1	5.7
Bypass	Proved	-	6.7	0.1	6.7
	Probable	0.5	0.4	0.0	0.9
	Bypass Subtotal	0.5	7.1	0.1	7.6
Product	Proved	-	8.0	4.0	11.9
	Probable	0.5	0.7	0.2	1.4
	Total Marketable Coal Reserve	0.5	8.6	4.2	13.3

*Total Marketable Coal is nominally at 12.5% ash (adb).

Maps relating to the JORC estimate can be found in Appendix 1 and Table 1 can be found in Appendix 2. For a full list of the drill hole dataset, please go to below link:

<http://terracomresources.com/australian-projects/blair-athol-operations/>

Resources

Coal resources have been estimated in accordance with the requirements of the 2012 edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code). The estimate was compiled a Competent Person from Xenith Consulting and has been signed off accordingly.

The Coal Resource Estimate carried out in July and August 2017 for the Blair Athol Coal Mine was focused on the Seam 4 Measured and Indicated resource areas. In comparison with the previous JORC Estimate from 2016, this update incorporates 41 additional points of observation ('PoB') intersecting the Seam 4 Upper, and 31 PoB intersecting Seam 4 Lower.

In this update 2017, the Total Coal Resource remains 44 mt as estimated in October 2016.

Considering the two Seam 4 plies (4U, 4L), this update shows an upgrade of 9.5 mt into the Measured resource category, and 3 mt into the Indicated category.

The table below shows the comparison between the 2016 and 2017 Resources estimations.

Table 3- Resource Comparison Table – Seam 4.

Seam	Category	2017 (mt)	2016 (mt)	Comparison
4U	Measured	13.1	6.8	+ 48%
4U	Indicated	6	5	+ 17%
4U	Inferred	10	17	
4L	Measured	8.8	5.6	+ 36 %
4L	Indicated	3	3	+ 21 %
4L	Inferred	3	7	
TOTAL (4U+4L)		44	44	

Table 4- Resource Table Seam 3.

Seam Category Seam	Category	2017 (Mt)
N3H	Indicated	0.3
N3J	Indicated	0.2
Total		0.5

The tonnes have been estimated by applying an insitu density with standard bed moisture of 17%.

The coal at Blair Athol is a low rank, medium - high volatile, low ash, low sulphur thermal coal. Air dried moisture is on average approximately 6%. On an air dried basis (adb) the specific energy typically ranges between 21 and 26 MJ/kg, while the raw ash (adb) ranges between 13 - 20 % for the 4 Upper seam and 22 – 25 % for the 4 Lower seam. The specific energy for seam 3 is 27MJ/kg and the raw ash (adb) is 9.1%

Competent Persons Statement - Reserves

This Reserves Estimate has been prepared by Mr John Cawte. The estimates of Open Cut Coal Reserves for the Blair Athol coal mine as at 30 September 2016 presented in this report have been carried out under the guidelines of the 2012 edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code).

John Cawte is an employee of Xenith Consulting Pty Ltd. He has a Bachelor in Mining Engineering from University of Queensland and a Diploma of Business. He has over 20 years of experience in mining in the open cut coal mining industry that is relevant to the style of mineralisation and type of deposit described in the report, and the type of activity involved in the estimation of the coal reserves. John Cawte is a member of the Australasian Institute of Mining and Metallurgy and qualifies as a Competent Person under the JORC Code.

John Cawte consents to the release of this announcement

Competent Persons Statement - Resources

The information in this report relating to exploration results and coal resources is based on information compiled by Mr Troy Turner who is a member of the Australasian 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 Competent Person as defined in the 2012 Edition of the "*Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.*"

Neither John Cawte, Troy Turner, nor Xenith Consulting Pty Ltd has any material interest or entitlement, direct or indirect, in the securities of TerraCom Limited or any associated companies. Fees for the preparation of this report are on a time and materials basis only.

Troy Turner consents to the release of this announcement

JORC Reserves Note

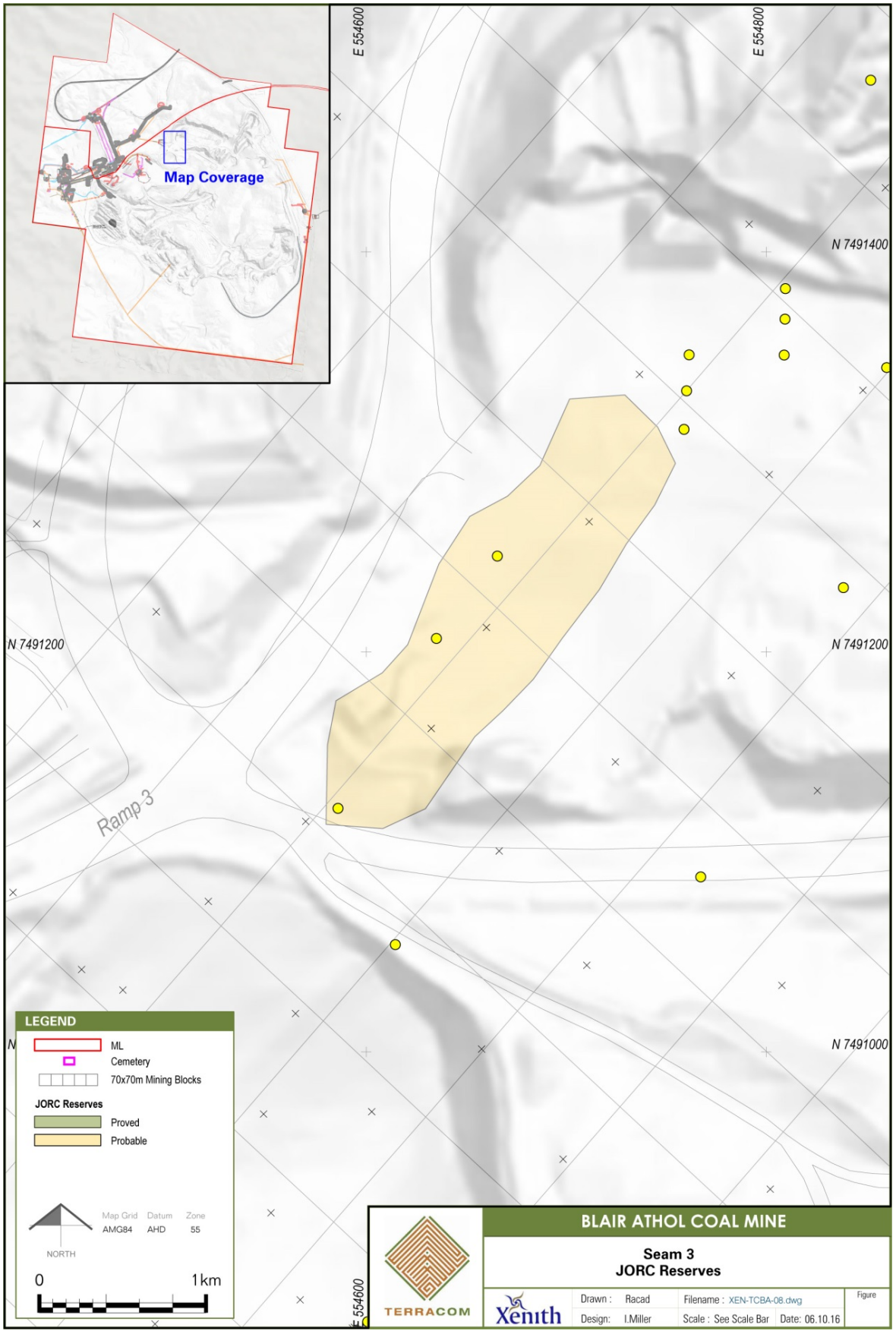
The depletion limits are adopted from the survey completed at the cessation of mining by Rio Tinto so no arithmetic adjustments have been made to take into account post-survey as there has been no change.

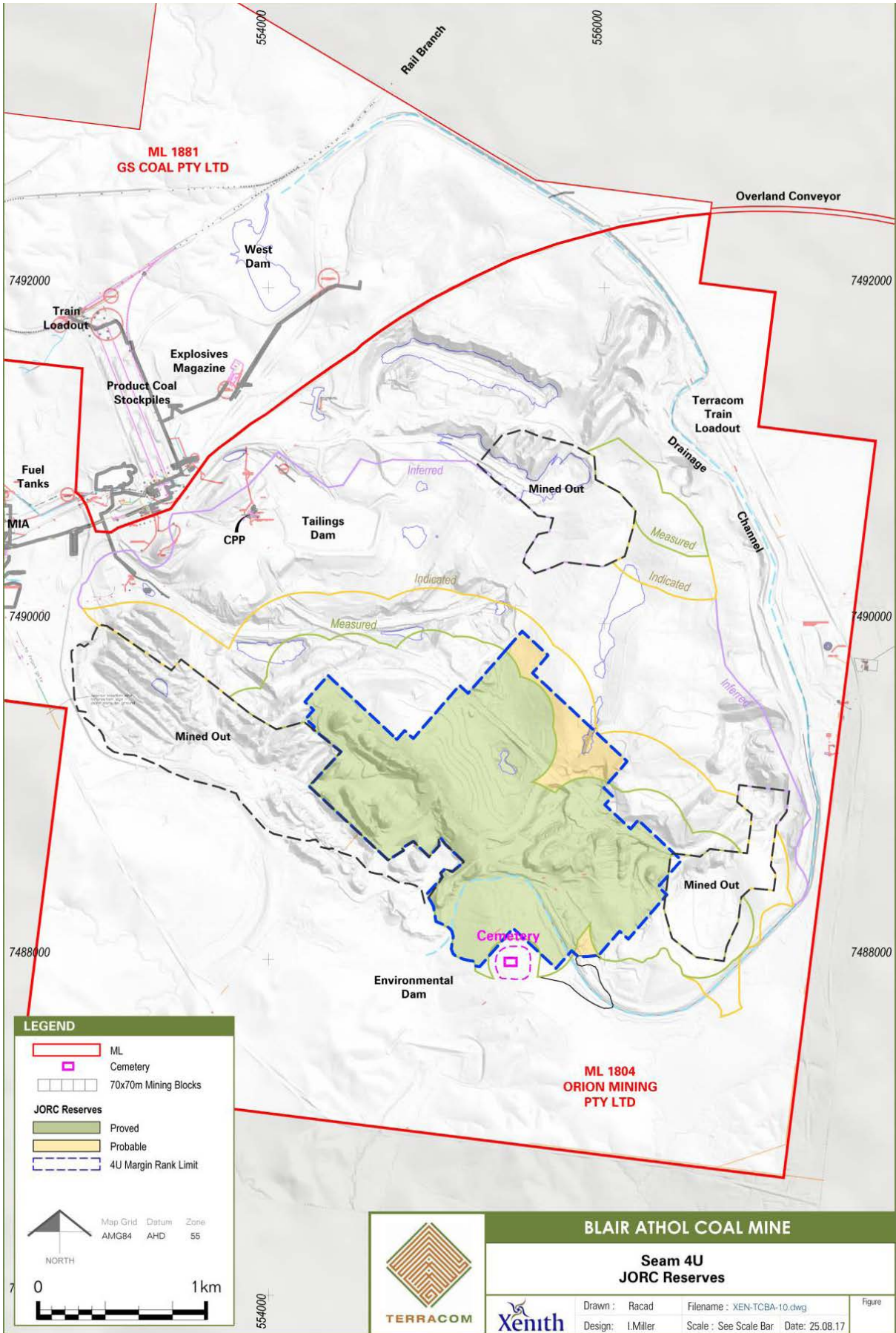
Small differences may be present in the totals due to tonnes information being rounded so as to reflect the usual uncertainty associated with the estimate.

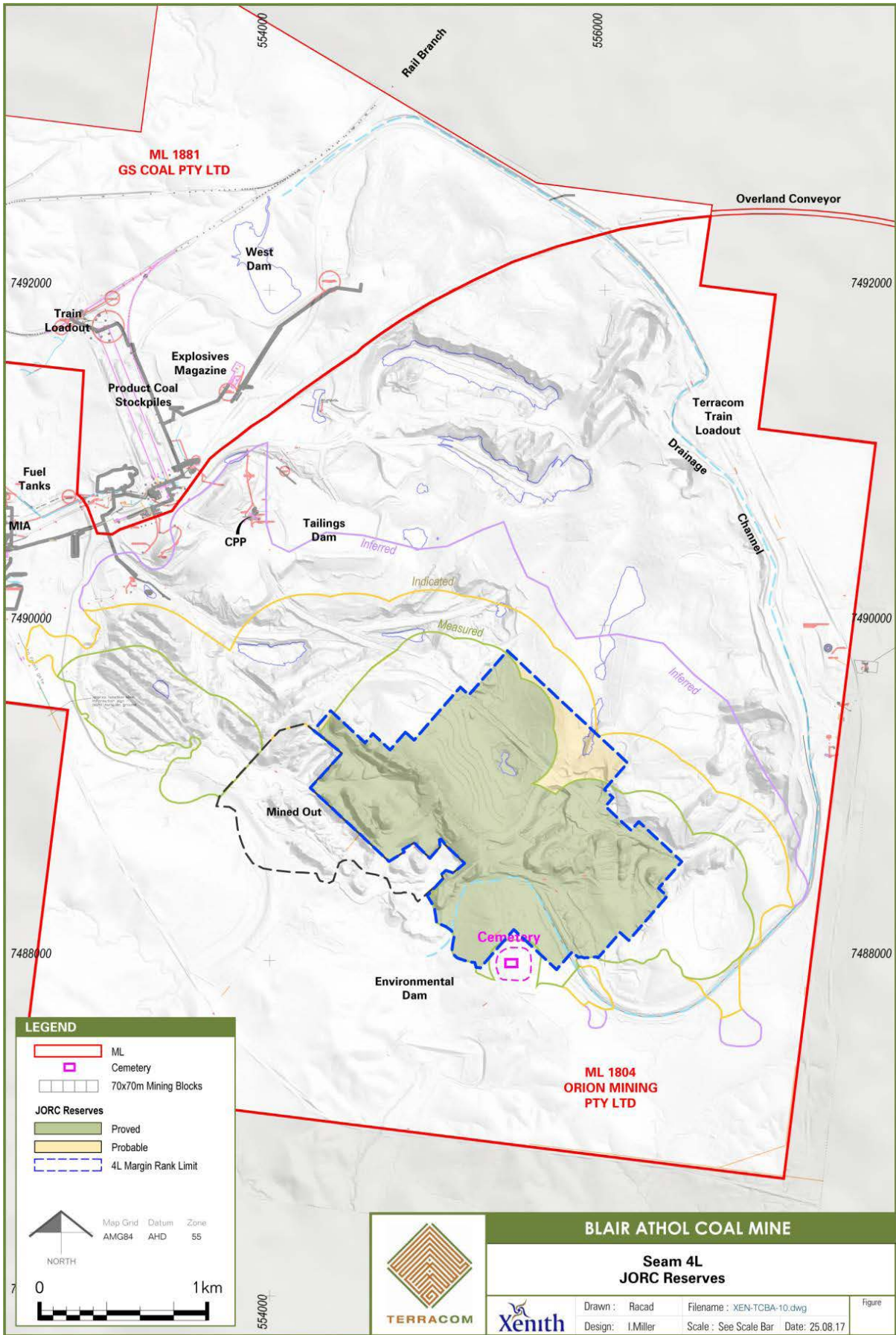
Forward Looking Statement

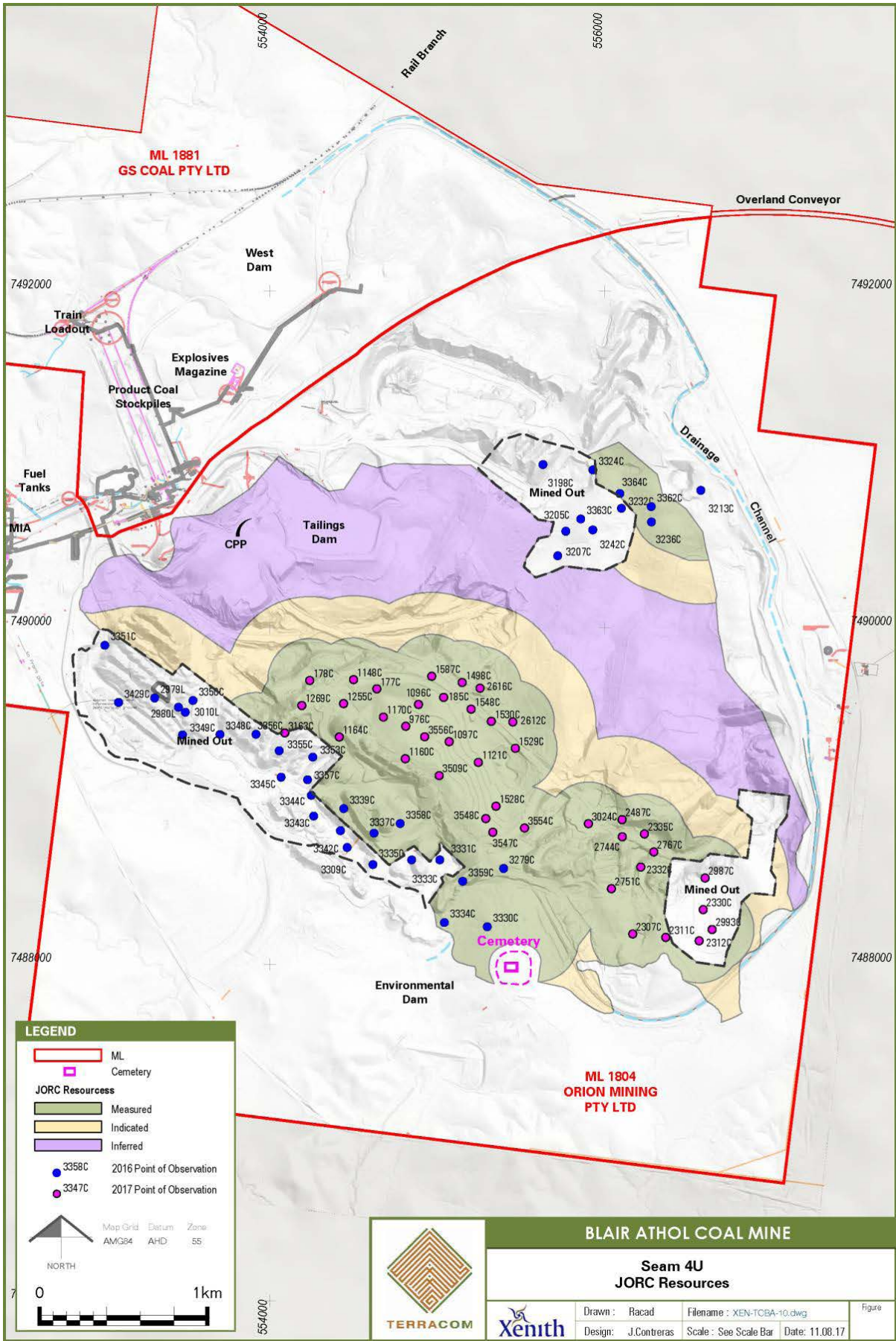
This Announcement contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan", "consider", "foresee", "aim", "will" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future production, resources, reserves, sales, capital expenditure, earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of TerraCom.

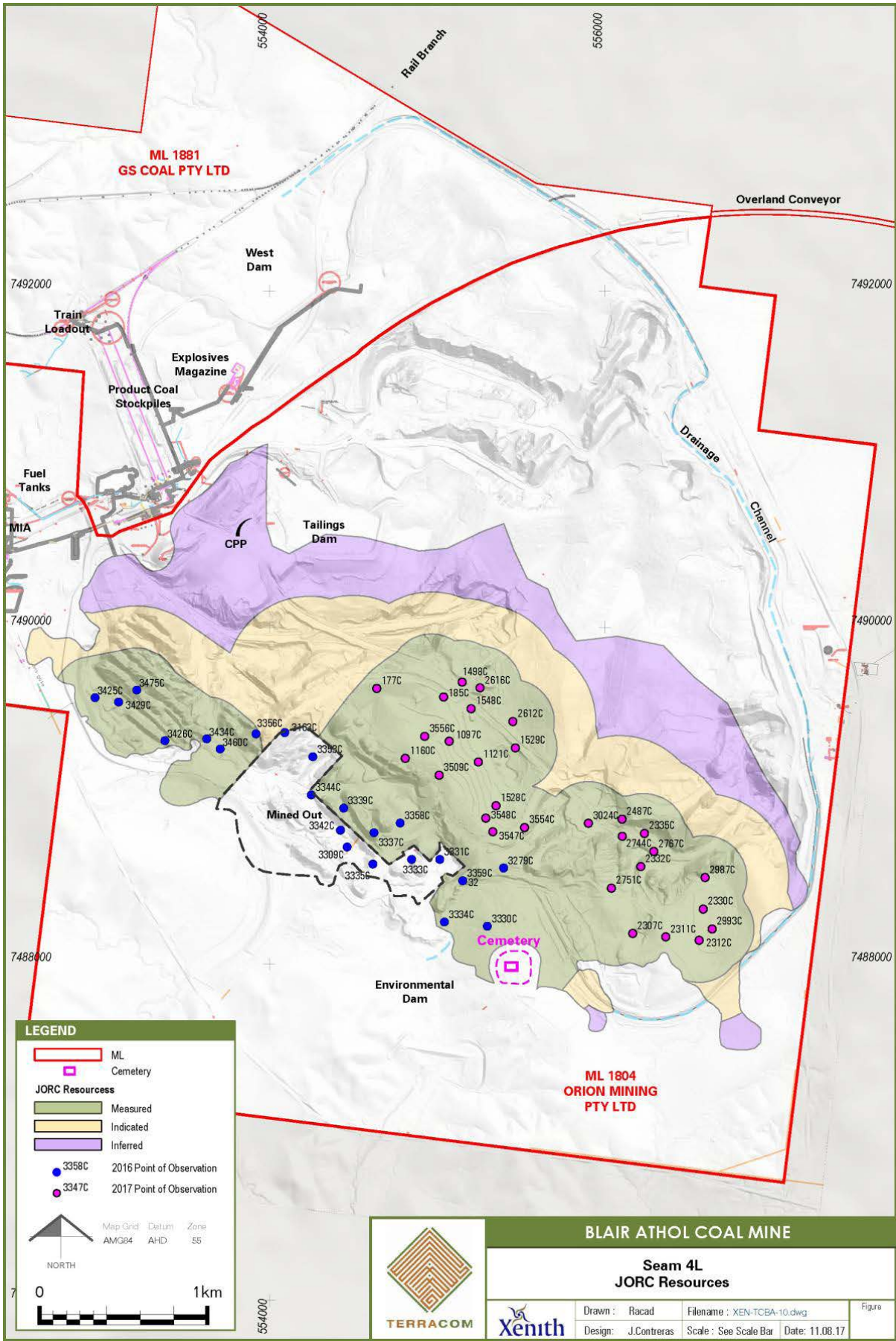
Appendix A. MAPS











LEGEND

- ML
- Cemetery

JORC Resources

- Measured
- Indicated
- Inferred

● 3358C 2016 Point of Observation
● 3347C 2017 Point of Observation

Map Grid: Datum: Zone
 AMG84 AHD 55

NORTH

0 1km



BLAIR ATHOL COAL MINE

**Seam 4L
JORC Resources**

Drawn : Racad	Filename : XEN-TCBA-10.dwg	Figure
Design : J.Contreras	Scale : See Scale Bar	Date : 11.08.17

Appendix B. JORC CODE, 2012 EDITION – TABLE 1 FOR BLAIR ATHOL RESERVE

This Appendix details section 4 of the JORC Code 2012 Edition Table 1. Section 5 Estimation and Report of Diamonds and Other Gemstones' has been excluded as they are not applicable to this deposit and estimation.

Section 1 – Sampling Techniques and Data

Criteria	JORC Code explanation	CP Comments
Sampling techniques	<ul style="list-style-type: none"> • Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. • Aspects of the determination of mineralisation that are Material to the Public Report. • In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> • In recent drilling programs the core was refrigerated until geophysical correction of lithology logs was completed. • Seams were sampled on both a subsection and whole seam basis on site after refrigeration and geophysical correction. • Chip samples were taken at the rig and double bagged. • Samples were bagged and dispatched to ACIRL in 200 litre drums.
Drilling techniques	<ul style="list-style-type: none"> • Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> • Both Rotary chip and Wireline core and Conventional core drilling techniques have been used. • Core diameters range from 63.5 mm to 200 mm.
Drill sample recovery	<ul style="list-style-type: none"> • Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximise sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> • Point of observation boreholes for resource estimates have been limited to core holes with greater than 95% coal seam recovery, unless unbiased sampling results could be confirmed through core photographs. • Boreholes lithology logs were corrected to geophysics to ensure an accurate seam interval and depth. • Coal seam core recovery has been evaluated by comparing logged coal seam thickness and geophysically corrected coal seam thickness. • If sample mass was below 95% a separate exercise interrogating the linear recovery via photos and logs was undertaken to decide whether the sample could be included and not bias the results.

Criteria	JORC Code explanation	CP Comments
Logging	<ul style="list-style-type: none"> • Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. • The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> • Geological logging has been completed on chip and core samples taken from exploration drill holes. • Geological logs have been corrected to Geophysics where the data is available.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> • Sampled on site and transported to the laboratory in drums. • ACIRL complies with NATA (Accreditation No: 15784) Australian standards relevant to coal sampling and sample preparation. • All samples were crushed to 11.2mm before analysis which is the industry standard.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> • ACIRL complies with NATA (Accreditation No: 15784) and complies with the requirements of ISO/IEC 17025:2005 and Australian standards for Coals and Coke. • The Geophysical logging companies were “Weatherford” (“Precision Energy Services”), “Borehole Wireline”, “Auslog”, “Reeves Wireline” and “BAC Portalogger”. • Industry standard is to have internal calibration procedures to ensure accuracy of geophysical logging.
Verification of sampling and assaying	<ul style="list-style-type: none"> • The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> • Checks as part of NATA/ ISO9002 compliance were completed. • Verification of data as per the relevant Australian standards. • Data for raw wash and composite analysis was checked by evaluating known coal quality relationships to check for data outliers and possible errors. • M Resources on behalf of Xenith completed a desktop review of coal quality data including checking the validity of the results. • Volumetric core recoveries were checked where mass data was available. If seams had less than 95% recovery, the core photos were checked for bias.
Location of	<ul style="list-style-type: none"> • Accuracy and quality of surveys used to locate drill holes (collar and down- 	<ul style="list-style-type: none"> • Surveyed borehole collar locations were provided from the geological

Criteria	JORC Code explanation	CP Comments
<i>data points</i>	<p><i>hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i></p> <ul style="list-style-type: none"> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	<p>database (GDB) and spreadsheets. It is assumed that it was the mine site surveyor in line with common practice.</p> <ul style="list-style-type: none"> • Grid System: Map Grid of Australia(MGA) Zone 55, AGD 84) • Topography surface is high resolution DTM patched with survey data in areas of recent topography changes.
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results.</i> • <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> • <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> • The average drill hole spacing (holes included in the model) is approximately 100m. • The data spacing is believed to be sufficient. There is also a large number of supporting data from open holes and non-POB cored holes that helps establish continuity and confidence in the classifications. • Where multiple samples have been taken over a seam the coal qualities have been composited weighted against thickness and Insitu Relative Density.
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> • <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	<ul style="list-style-type: none"> • One fault has been included in the geological model. • Rotary chip and core holes with insufficient core recovery have been included in the model as structural control. • Areas with structure have been previously drilled and mined in places. Drilling has occurred to delineate major fault for seam 3 mining. No obvious biased result.
<i>Sample security</i>	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> • Sample security was by chain of custody between Blair Athol site personnel and ACIRL laboratory.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> • ACIRL undertook internal audits and checks in line with the Australian standards and their NATA certification at the time of testing. • All coal quality data has been reviewed by M Resources as part of the due diligence process

Section 2 - Reporting of Exploration Results

Criteria	JORC Code explanation	CP Comments															
<p><i>Mineral tenement and land tenure status</i></p>	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<table border="1" data-bbox="1126 284 1984 563"> <thead> <tr> <th>Time Active</th> <th>Tenement ID</th> <th>Company</th> <th>Name</th> <th>Program</th> </tr> </thead> <tbody> <tr> <td>2017 - 2024</td> <td>ML 1804</td> <td>Orion Mining Pty Ltd</td> <td>Blair Athol</td> <td>Active mine</td> </tr> <tr> <td>1979 - 2012</td> <td>ML 1804</td> <td>Qld Coal Pty Ltd</td> <td>Blair Athol</td> <td>Active mine</td> </tr> </tbody> </table> <ul style="list-style-type: none"> The Blair Athol Joint venture (Queensland Coal Pty Ltd 57.2%, Leichhardt Coal Pty Ltd 31.4%, J-Power Australia Pty Ltd 8% and J.C.D Australia Pty Ltd 3.4%) undertook the mining operations until 2012. TerraCom Ltd conducted due-diligence throughout 2015, and acquired the mine in May 2017 through its wholly owned subsidiary Orion Mining Ltd. 	Time Active	Tenement ID	Company	Name	Program	2017 - 2024	ML 1804	Orion Mining Pty Ltd	Blair Athol	Active mine	1979 - 2012	ML 1804	Qld Coal Pty Ltd	Blair Athol	Active mine
Time Active	Tenement ID	Company	Name	Program													
2017 - 2024	ML 1804	Orion Mining Pty Ltd	Blair Athol	Active mine													
1979 - 2012	ML 1804	Qld Coal Pty Ltd	Blair Athol	Active mine													
<p><i>Exploration done by other parties</i></p>	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> The borehole table in Appendix B includes the company responsible for the drill hole (source). 															
<p><i>Geology</i></p>	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> The early Permian Blair Athol coal measures were formed in a small intra-cratonic basin called the Blair Athol Basin on the western edge of the Bowen Basin. The Blair Athol basin covers an approximate area of 25 km². The Blair Athol coal measures were deposited in an alluvial depositional environment resulting in interbedded sandstones, siltstones and coals. The Blair Athol Coal seams comprise four main coal seams. Historically underground mining occurred in three of the main seams (Seams 1 to 3). The targeted seams in this report are Seam 4 (average thickness between 3 and 5 m depending on seam splits and convergence), and Seam 3 (average thickness between 37.2 m). 															
<p><i>Drill hole Information</i></p>	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar 	<ul style="list-style-type: none"> A full list of drillholes can be found in Appendix B, including the POB used in the resource estimate. All drillholes have been modelled vertically. The shallow depths suggest that drill hole deviations do not have material influence on the model. 															

Criteria	JORC Code explanation	CP Comments
	<ul style="list-style-type: none"> dip and azimuth of the hole down hole length and interception depth hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	
Data aggregation methods	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> All seams where multiple coal quality samples were taken were given a composite coal quality value. This composite value was generated within the ABB Minescape software and was weighted on thickness and insitu RD. Insitu RD was only weighted against thickness.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). 	<ul style="list-style-type: none"> The drill hole density is suitable to establish continuity of the deposit in all directions. Regional trends are established and identified structure is delineated. The seams are relatively flat lying within the Blair Athol Basin. The seam dip increases towards the basin edges to 5 – 8 degrees. Drill holes have been drilled vertically with minor deviations being recorded. Average drill hole spacing (holes included in the model) is approximately 100m.
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> All appropriate Figures are included in the main body of report.
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> All available applicable exploration data has been collated and reported. It is understood further hard copy data will become available for review once the ownership change is formalised.
Other substantive exploration data	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk 	<ul style="list-style-type: none"> No other exploration data was utilised in the resource estimation

Criteria	JORC Code explanation	CP Comments
	<i>samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	
Further work	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> • Further exploration for in-pit coal quality and for Seam 3 remnant areas is planned for late 2017.

Section 3 Estimation and Reporting of Mineral Resources

Criteria	JORC Code explanation	CP Comments
Database integrity	<ul style="list-style-type: none"> • <i>Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.</i> • <i>Data validation procedures used.</i> 	<ul style="list-style-type: none"> • Lithology data has been collected, geophysically corrected and validated by Blair Athol Mine personnel, and stored in a geological database Minescape GDB. • The data has then been imported into Minescape geological modelling module ('Stratmodel') where additional data checks were completed by Xenith.
Site visits	<ul style="list-style-type: none"> • <i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</i> • <i>If no site visits have been undertaken indicate why this is the case.</i> 	<ul style="list-style-type: none"> • No exploration activity is being conducted at this site at the moment. The data presented in this report has been supplied by Blair Athol Coal and represents historical exploration activities. • A site visit was undertaken on the 12th June 2013 to evaluate the historical data and to obtain missing borehole information. A second site visit was carried out in late July 2017 in order to review drillhole data intersecting Seam 4. • Troy Turner is familiar with the Blair Athol mine and its geology after working as a geologist at the mine for a number of years. • Troy Turner visited site twice during a previous process in early 2013 and followed up in July 2017.
Geological interpretation	<ul style="list-style-type: none"> • <i>Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.</i> • <i>Nature of the data used and of any assumptions made.</i> • <i>The effect, if any, of alternative interpretations on Mineral Resource estimation.</i> 	<ul style="list-style-type: none"> • There is a high level of confidence in the geological model. Particularly the structural model due to the large number of drill holes. • Default coal quality values have been assigned small parting intervals (stone bands) that were not sampled: <ul style="list-style-type: none"> ○ Inherent moisture: 4% ○ Ash: 85%

Criteria	JORC Code explanation	CP Comments
	<ul style="list-style-type: none"> <i>The use of geology in guiding and controlling Mineral Resource estimation.</i> <i>The factors affecting continuity both of grade and geology.</i> 	<ul style="list-style-type: none"> ○ Density (in-situ): 2.2 g/cc ○ Calorific Value: 5 MJ/kg • One fault has been identified and modelled within this deposit. The nature and extent of this fault is well known due to the borehole density in the vicinity of the structure.
Dimensions	<ul style="list-style-type: none"> <i>The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.</i> 	<ul style="list-style-type: none"> • The target seam in this report is seam No. 4 with a thickness of between 3 and 5 m. This seam splits into an upper and a lower ply (4U, 4L) which coalesce in the Southwest part of the basin. • The seams No. 1 to No. 3 are already largely mined out. • Previous mining activities have mined out some of seam No. 4 and placed overburden over some areas of the seam. • The depth of cover of this resource varies due to the presence of overburden dumps from previous seams extractions. Due to this the depth of cover can range from 0 – 70 m. • Dimension of the resource: The No. 4 seam exists over approximately 4 x 5 km, but the main part of the resource is in the Southwest over an area of approximately 300ha.
Estimation and modelling techniques	<ul style="list-style-type: none"> <i>The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.</i> <i>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</i> <i>The assumptions made regarding recovery of by-products.</i> <i>Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).</i> <i>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</i> <i>Any assumptions behind modelling of selective mining units.</i> <i>Any assumptions about correlation between variables.</i> <i>Description of how the geological interpretation was used to control the resource estimates.</i> <i>Discussion of basis for using or not using grade cutting or capping.</i> <i>The process of validation, the checking process used, the comparison of model</i> 	<ul style="list-style-type: none"> • ABB Minescape Stratmodel was used to create the geological model and to estimate the resources. • Interpolation was done using the Finite Element Method (FEM): <ul style="list-style-type: none"> ○ Order 1 for surfaces ○ Order 0 for thicknesses ○ Order 0 for trend • Schema name: BAC_201707 • Minimum interval thickness: 0.15 m • Seams modelled: No. 3 seams, No.4 seams and L3 seam. • Seam relationships: Conformable • Seam Continuity: Pinched • Compound seams: 26 compound seams. • Compound minimum separation 0.00 m. • No additional survey data used. • One fault modelled: R1s_fault_0410. North-Northwest reverse fault. • Grid Spec: All. (20m cell size).

Criteria	JORC Code explanation	CP Comments
	<i>data to drill hole data, and use of reconciliation data if available.</i>	
Moisture	<ul style="list-style-type: none"> • <i>Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.</i> 	<ul style="list-style-type: none"> • 17 % in situ moisture has been used to estimate resource tonnages.
Cut-off parameters	<ul style="list-style-type: none"> • <i>The basis of the adopted cut-off grade(s) or quality parameters applied.</i> 	<ul style="list-style-type: none"> • No maximum ash cut-offs were applied, as all seams are below 50% ash.
Mining factors or assumptions	<ul style="list-style-type: none"> • <i>Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.</i> 	<ul style="list-style-type: none"> • Blair Athol Mine is an operating open cut mine with mining recommencing in June 2017 and Terracom issuing ASX releases regarding the 6 month production profile. • Both Open cut and underground operations have taken place at Blair Athol in the past. • A 15:1 bcm/t cut-off has been used for open cut potential areas in this resource estimate. • A minimum thickness of 1.8m has been applied to potential underground areas.
Metallurgical factors or assumptions	<ul style="list-style-type: none"> • <i>The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.</i> 	<ul style="list-style-type: none"> • Blair Athol has been an operating mine selling washed and raw coal product on a large scale since 1984. There is no indication of a significant change in coal properties that would affect the current metallurgical process.
Environmental factors or assumptions	<ul style="list-style-type: none"> • <i>Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.</i> 	<ul style="list-style-type: none"> • The Blair Athol Coal Mine has a current environmental authority in place which includes the management of waste rock and process waste. A Plan of Operations is also in place along with supporting financial assurance. The financial assurance which addresses the cost to undertake site rehabilitation has been approved by the Queensland Government. The Environmental Authority and Plan of Operations identify mitigation measures to address potential impacts identified for this operation. • A current Environmental Authority update is being considered by the DEP to include mineral processing in the EA, this is due to be confirmed by mid-September.
Bulk density	<ul style="list-style-type: none"> • <i>Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.</i> • <i>The bulk density for bulk material must have been measured by methods that</i> 	<ul style="list-style-type: none"> • The in situ Relative Density was calculated using the "Preston Sanders" equation. • Samples were assigned an Insitu moisture value of 17%. This is the same as used by Rio Tinto in the previous resource estimate.

Criteria	JORC Code explanation	CP Comments
	<p><i>adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.</i></p> <ul style="list-style-type: none"> • <i>Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.</i> 	
Classification	<ul style="list-style-type: none"> • <i>The basis for the classification of the Mineral Resources into varying confidence categories.</i> • <i>Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).</i> • <i>Whether the result appropriately reflects the Competent Person's view of the deposit.</i> 	<ul style="list-style-type: none"> • The resource polygons were restricted according to: <ul style="list-style-type: none"> ○ Distance between POBs; ○ Base of weathering surface; ○ Mined out areas for each seam. • The Measured category has a drill holes spacing (i.e. quality data points and infill drilling) of no more than 150 m, and the maximum distance between drill holes considered POB is 300 m. Resources are extrapolated to a maximum of 250 m from each POB and a minimum of three intersecting points are required to define the area. • Within the Indicated and Inferred resource areas, the distance between drill holes does not exceed 180 m. Resources are extrapolated to a maximum of 500 m from each POB in the Indicated category, and 1,000 m in the Inferred category. • Distance between POBs as described above, in addition to the large number of open holes, provides a high level of confidence in seam structure and continuity. The number of quality data points provides a good understanding of the level of variability in the coal quality.
Audits or reviews	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of Mineral Resource estimates.</i> 	<ul style="list-style-type: none"> • No results of 3rd party audits or reviews have been completed.
Discussion of relative accuracy/confidence	<ul style="list-style-type: none"> • <i>Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.</i> • <i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i> • <i>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i> 	<ul style="list-style-type: none"> • Xenith has assigned measured, indicated and inferred resources. • There is a high level of confidence in both the geological model and the resource estimate, given the extensive amount of structural and coal quality data from the 28 years of operation. • Factors that could affect accuracy include not modelled faults.

Section 4 - Estimation and Reporting of Ore reserves

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	CP Comments
<i>Mineral Resource estimate for conversion to Ore Reserves</i>	<ul style="list-style-type: none"> <i>Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.</i> <i>Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.</i> 	<p>The JORC Coal Resource estimate for Blair Athol Mine (dated 30 September 2016) has been used as the basis for the conversion to Coal Reserves estimate for Blair Athol Mine.</p> <p>The Resource estimate is:</p> <p>Measured: 21.9Mt Indicated: 9.5Mt Inferred: 13Mt</p> <p>The Coal Resources estimate are inclusive of the Coal Reserves estimate.</p>
<i>Site visits</i>	<ul style="list-style-type: none"> <i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</i> <i>If no site visits have been undertaken indicate why this is the case.</i> 	<p>A site visit was undertaken by Mr John Cawte of Xenith Consulting, the Competent Person, on 5 October 2016. The site visits confirmed that there was no active mining being conducted at the time. The mine itself was in care and maintenance with seams sealed to prevent spontaneous combustion. The modelled topography appears to fit with the actual mine surface. The mine has just now recommenced operations and as such a further site visit was not deemed necessary</p>
<i>Study status</i>	<ul style="list-style-type: none"> <i>The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.</i> <i>The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.</i> 	<p>Blair Athol mine has been an active mine, which ceased active production at the end of 2012, and prior to that time had been in operation for over 30 years. As this is a continuation of such activities, no further studies have been carried out. Further to this, the recommencement of the operations is anticipated to start at essentially the same position that the previous operator left off, mining the same seam in a similar manner.</p>
<i>Cut-off parameters</i>	<ul style="list-style-type: none"> <i>The basis of the cut-off grade(s) or quality parameters applied.</i> 	<p>An economic pit limit for opencut operations has been determined and used as the limit of reserve. The economic limit is based upon</p>

Criteria	JORC Code explanation	CP Comments
		<p>a margin rank and measured in terms of Relative Profit Margin (RPM), which is simply the margin to cost ratio. The economic limit is determined at approximately 6-8% RPM, however establishment of a practical pit arrangement was also a major consideration.</p>
<p><i>Mining factors or assumptions</i></p>	<ul style="list-style-type: none"> • <i>The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).</i> • <i>The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.</i> • <i>The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.</i> • <i>The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).</i> • <i>The mining dilution factors used.</i> • <i>The mining recovery factors used.</i> • <i>Any minimum mining widths used.</i> • <i>The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.</i> • <i>The infrastructure requirements of the selected mining methods.</i> 	<p>Mining methodology considered for this estimate is:</p> <ul style="list-style-type: none"> • Use of a combination of doze and dragline to move old spoil into the adjacent strip or dump. The strip width selected is nominally 70m • Drilling and Blasting (D&B) of the insitu (ie. non-spoil) waste • A horizon of 50m of unswelled equivalent waste is allocated to the dragline. • Remaining waste is removed by truck and excavator • Coal mining including scalping the top 0.25m to enable clean mining of the 4 Upper Seam, which in turn enables it to be bypassed if the insitu ash is < 15.5% ash (adb). Scalped coal and 4 Lower Seam are sent to the Coal Preparation Plant (CPP) for washing. 3 Seam has no other plies to consider and has standard loss and dilution methods applied. • Parting > 0.2m thick is stripped separately. <p>The stripping methodology for 4 Seam is a continuation of the methodology previously engaged. The remnant 3 Seam is exposed with dragline and coal mined in a conventional manner and hauled out via a ramp.</p> <p>Batter allowances that have been taken into account are:</p> <ul style="list-style-type: none"> • Highwall (hard): 70° • Boxcut Lowwall / Endwall (hard): 70° • Spoil Lowwall & Angle of Repose: 37° • Spoil Highwall: 45° <p>Loss & Dilution factors used are:</p>

Criteria	JORC Code explanation	CP Comments
		<ul style="list-style-type: none"> • Roof Loss 3 Seam: 0.3m • Roof Loss 4 Seam: 0.15m • Floor Loss: 0.1m • Roof Dilution: 0.05m • Floor Dilution:0.05m • Dilution density: 2.2 t/bcm • Dilution ash: 80% <p>The existing infrastructure is suitable for the methodology described.</p> <p>Inferred Resource is within the defined economic open cut limit, however it is not anticipated to be recovered until the final stages of the mining schedule. As such, the reported reserves estimate is not reliant on the inferred resource within the economic limit.</p>
<i>Metallurgical factors or assumptions</i>	<ul style="list-style-type: none"> • <i>The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.</i> • <i>Whether the metallurgical process is well-tested technology or novel in nature.</i> • <i>The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.</i> • <i>Any assumptions or allowances made for deleterious elements.</i> • <i>The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.</i> • <i>For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?</i> 	<p>The existing Blair Athol CPP is suitable to process the target seams and has done so up to the cessation of mining. The yield modelling is based on F1.60 cut point that is expected to be within the operating parameters of the CPP.</p>
<i>Environmental</i>	<ul style="list-style-type: none"> • <i>The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.</i> 	<p>The vast majority of economic open cut pit is located where disturbance already exists or partially rehabilitated areas exist. The cemetery that exists in the south east of the deposit has a 50m standoff around it and is not disturbed. The South Eastern Drain needs diverting into a diversion that has already been approved and construction commenced by Rio Tinto. Therefore the impact to the environment will be incrementally minimal.</p>

Criteria	JORC Code explanation	CP Comments
Infrastructure	<ul style="list-style-type: none"> The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed. 	<p>The existing infrastructure is suitable for the methodology described. The train load-out and stockpile facilities are now owned by GS Coal Pty Ltd and managed by Glencore in conjunction with the neighbouring mine, Clermont mine. It is expected that the Blair Athol Mine will continue to utilise the train loadout and stockpile area in conjunction with Clermont Mine, subject to agreement with Glencore.</p>
Costs	<ul style="list-style-type: none"> The derivation of, or assumptions made, regarding projected capital costs in the study. The methodology used to estimate operating costs. Allowances made for the content of deleterious elements. The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products. The source of exchange rates used in the study. Derivation of transportation charges. The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc. The allowances made for royalties payable, both Government and private. 	<p>The approach taken is described below. Most cost have been developed and built up from a first principles basis. The unit costs used are:</p> <ul style="list-style-type: none"> Rehabilitation: \$35,000 / ha Drill and Blast: \$0.80 / bcm Rip Parting: \$1.30 / bcm Truck & Excavator Main Waste: \$3.30 / bcm Truck & Excavator Thin Parting: \$4.50 / bcm Dragline Waste: \$0.95 / bcm Dozer Push: \$1.25 / bcm ROM Coal Mining: \$3.90 / ROM t Product Coal Haulage: \$0.80 / ROM t Pit Services: \$1.60 / ROM t Sustaining Capital: \$1.50 / ROM t Overhead Costs: \$8.00 / Prod t <p>Some costs have been provided by TerraCom such as stockpile management, CPP and loadout costs which may be dependent on third parties:</p> <ul style="list-style-type: none"> CPP operating Costs: \$4.23 / ROM t Stockpile M'ment / Loadout \$3.95 / ROM t <p>Rail and port costs have been provided by TerraCom which may be dependent on third parties:</p> <ul style="list-style-type: none"> Rail: \$11.33 / Prod t Port / Demurrage: \$5.61 / Prod t <p>Royalty charges are applied as follows:</p> <ul style="list-style-type: none"> up to and including \$100 per tonne: 7.0%

Criteria	JORC Code explanation	CP Comments
		<ul style="list-style-type: none"> • over \$100 up to including \$150 per tonne: 12.5% • above \$150 per tonne: 15.0% • Research Levy: 0.2385%
<i>Revenue factors</i>	<ul style="list-style-type: none"> • <i>The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.</i> • <i>The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.</i> 	<p>The product coal for Blair Athol Mine is a low energy, high moisture bituminous coal. The coal price applied for the thermal product is AUD\$68.50/t. This is the price based upon the upper range of the discount factor applied to the long term Consensus Economics Forecast (July 2017) on a real dollar basis. The long term forecast Newcastle price is: US\$65 (Nominal). A CPI rate of 2% was used to revert the long term price to US\$59.60 (real). The US Exchange rate is assumed as US\$0.75/AUD.</p>
<i>Market assessment</i>	<ul style="list-style-type: none"> • <i>The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.</i> • <i>A customer and competitor analysis along with the identification of likely market windows for the product.</i> • <i>Price and volume forecasts and the basis for these forecasts.</i> • <i>For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.</i> 	<p>The Blair Athol thermal product has an ash of 12.5% (adb) and CV of 5320kcal/kg (nar) and is the basis of the pricing scenario advice from MResources.</p> <p>The thermal coal sales price forecast is based upon the NEWC 6000 NAR index. An index that has become fully established since the closure of Blair Athol is the NEWC 5500 NAR, created mainly for high ash Hunter Valley thermal coal which typically have a higher CV than the Blair Athol product. Historical ratios between the 5500 and 6000 indices typically show a relativity of 80 – 85%.</p> <p>The Blair Athol product is well known amongst traditional north Asian buyers. The low ash, very low total sulphur and a HGI value readily accepted in the market as well as potential freight saving factors would favourably support the price which may be offset by the trace elements present that may limit certain target markets or necessitate blending. Accounting for these aspects, the discount factor could be in the range of 80% to 85% of the Newcastle 6000 Benchmark depending on the market conditions.</p>
<i>Economic</i>	<ul style="list-style-type: none"> • <i>The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.</i> • <i>NPV ranges and sensitivity to variations in the significant assumptions and inputs.</i> 	<p>The deposit was assessed using a margin rank analysis. A cutoff of 6-8% has been adopted as the economic limit.</p>

Criteria	JORC Code explanation	CP Comments
<i>Social</i>	<ul style="list-style-type: none"> <i>The status of agreements with key stakeholders and matters leading to social licence to operate.</i> 	Rio Tinto have been operating Blair Athol for over 30 years and have the mine in care and maintenance. Glencore is operating the neighbouring mine, Clermont Mine. Both companies continue to operate as a good corporate citizens.
<i>Other</i>	<ul style="list-style-type: none"> <i>To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:</i> <i>Any identified material naturally occurring risks.</i> <i>The status of material legal agreements and marketing arrangements.</i> <i>The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.</i> 	The existing landform at Blair Athol Mine still requires a significant amount of rehabilitation over and above the areas planned to be disturbed in this current mining plan. The financial assurance calculation has been accepted at face value as it has been developed by Rio Tinto using a government approved financial assurance calculator and accepted by DEHP. As part of the sale agreement to TerraCom, the environmental bond of \$80,000,000 will be placed in an account to be released to TerraCom by DEHP upon the successful rehabilitation of the disturbed areas. Therefore the economic viability of the areas to be mined is somewhat independent of the rehabilitation liability that is outstanding.
<i>Classification</i>	<ul style="list-style-type: none"> <i>The basis for the classification of the Ore Reserves into varying confidence categories.</i> <i>Whether the result appropriately reflects the Competent Person's view of the deposit.</i> <i>The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).</i> 	<p>All Measured resource within the economic limit of the open cut pit has been classified as Proved reserve.</p> <p>All Indicated resource within the economic limit of the open cut pit has been classified as Probable reserve.</p> <p>The reserve estimation and classification reflects the competent person's view of the deposit.</p>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <i>The results of any audits or reviews of Ore Reserve estimates.</i> 	No audits or reviews of the reserve have been conducted.
<i>Discussion of relative accuracy/ confidence</i>	<ul style="list-style-type: none"> <i>Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.</i> 	<p>The depletion limits are adopted from the survey completed at the cessation of mining by Rio Tinto. No arithmetic adjustments have been made to take into account post-survey as there has been no change.</p> <p>Small differences may be present in the totals due to the tonnage information being rounded so as to reflect the usual uncertainty</p>

Criteria	JORC Code explanation	CP Comments
	<ul style="list-style-type: none"> • <i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i> • <i>Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.</i> • <i>It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i> 	<p>associated with the estimate.</p>

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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 plans to commence 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 8 years¹ and ongoing progressive rehabilitation.

In order to support further growth and expansion, TerraCom continues to evaluate cash generative assets for potential acquisition. The Company is evaluating the acquisition of a hard coking coal mine in Kalimantan, Indonesia, a 500,000 tpa operation located in close proximity to road, barge and port infrastructure connecting it to the seaborne coal market.

Additionally, TerraCom is focused on developing two priority projects in Queensland, Australia: the large thermal coal Northern Galilee Project and the high energy prime thermal coal Springsure Project.

1- Refer to this ASX Announcement 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 2 4268 6258 or at info@terracomresources.com for further information.



Nathan Boom
Company Secretary