

FOR THE QUARTER ENDED 31 MARCH 2020



TerraCom Limited (**TerraCom** or **Company**) (ASX: TER) presents its quarterly production activities report for the 3 months ending 31 March 2020 (**March Quarter**).

HIGHLIGHTS

- ✓ With respect to Universal Coal plc (**Universal**) (ASX: UNV) TerraCom achieved in excess of 92% ownership, resulting in TerraCom having the entitlement to proceed to compulsory acquisition in accordance with Chapter 3 of the UK Companies Act.
- ✓ The 30 June 2020 quarterly report will include the merged TerraCom and Universal business. For a snapshot of the combined group for the quarter ended 31 March 2020 refer to **Appendix A**.
- ✓ No cases of COVID-19 have been confirmed at any of our sites to date.
- ✓ TerraCom and Universal have implemented appropriate COVID-19 management plans across the group in compliance with government guidelines and industry wide protocols, to keep the group's workforce, contractors, suppliers and communities safe.
- ✓ Record Total Coal Sales from Blair Athol and BNU for the 9 months ended 31 March 2020 of 2.34 million tonnes, an improvement of 1% on the prior record set.
- ✓ Record Blair Athol Coal Sales for the 9 months ended 31 March 2020 of 2.04 million tonnes, an improvement of 13% on the prior record set.
- ✓ Blair Athol March 2020 quarter coal sales of 630,000 tonnes, being an improvement of 7% compared to the prior corresponding period.

HIGHLIGHTS – COMBINED TERRACOM AND UNIVERSAL

- ✓ Run of Mine (ROM) Coal
 - Quarter ended 31 March 2020 of 3.85 million tonnes (attributable 2.43 million tonnes), an improvement of 4% on the December 2019 Quarter.
 - 9 months ended 31 March 2020 of 11.22 million tonnes (attributable 7.29 million tonnes), an improvement of 35% when comparing to the prior corresponding period.
- ✓ Coal Sales
 - Quarter ended 31 March 2020 of 2.66 million tonnes (attributable 1.75 million tonnes), an improvement of 8% on the December 2019 Quarter.
 - 9 months ended 31 March 2020 of 7.89 million tonnes (attributable 5.40 million tonnes), an improvement of 11% when comparing to the prior corresponding period.
- ✓ EBITDA
 - Quarter ended 31 March 2020 of \$24.3 million (attributable \$13.4 million).
 - 9 months ended 31 March 2020 of \$74.2 million (attributable \$51.5 million).

PRODUCTION AND SALES

Thousands of tonnes (kt)	Mar 2020	Dec 2019	Change %	YTD Mar 2020	YTD Mar 2019	Change %
<u>Run-of-Mine (ROM)</u>						
Australia (Blair Athol)	679	772	-12%	2,181	1,853	18%
Mongolia (BNU)	76	135	-43%	317	478	-34%
Total	755	907	-17%	2,498	2,330	7%
<u>ROM Strip Ratio</u>						
Australia (Blair Athol)	9.6	8.1	-18%	9.1	6.7	-37%
Mongolia (BNU)	16.9	19.7	14%	19.9	17.0	-17%
<u>Saleable Production</u>						
Australia (Blair Athol)	550	627	-12%	1,875	1,735	8%
Mongolia (BNU)	76	135	-43%	317	478	-34%
Total	762	804	-5%	2,192	2,213	-1%
<u>Coal Sales</u>						
Australia (Blair Athol)	630	611	3%	2,037	1,806	13%
Mongolia (BNU)	48	127	-62%	302	501	-40%
Total	677	738	-8%	2,339	2,307	1%
<u>Inventory (ROM)</u>						
Australia (Blair Athol)	94	79	19%	94	44	115%
Mongolia (BNU)	0	0	0%	0	0	0%
Total	94	79	19%	94	44	115%
<u>Inventory (Saleable)</u>						
Australia (Blair Athol)	101	165	-39%	101	150	-33%
Mongolia (BNU)	65	37	78%	65	39	69%
Total	166	202	-18%	166	189	-12%

OPERATIONS

Australia (Blair Athol)

The Blair Athol Mine achieved:

- I. Financial year to date coal sales to 31 March 2020 of 2.04 million tonnes, being an improvement of 13% compared to the prior corresponding period.
- II. March 2020 quarter coal sales of 630,000 tonnes, being an improvement of 7% compared to the prior corresponding period.

During the quarter, the Company has worked closely with its contractors at the Blair Athol Mine to manage the impacts of COVID-19 through the implementation of various measures, including public distancing practices, hygiene measures and health checks. As a result of the impacts of COVID-19 the Company is reducing its total forecast coal sales for the 2020 financial year to be between 2.6 and 2.7 million tonnes (compared to 2.3 million tonnes in the 2019 financial year).

Since acquiring the asset less than three (3) years ago on 31 May 2017, the Blair Athol Mine has continued to ramp up production to achieve its name plate production of in excess of 2.5 million tonnes per annum. Although the Company remains on track to achieve in excess of this in the 2020 financial year, the Company has had a number of hurdles to overcome, including geological constraints, and contractor performance resulting from equipment availability.

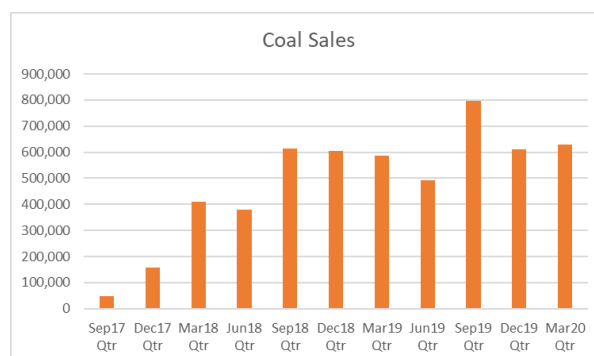
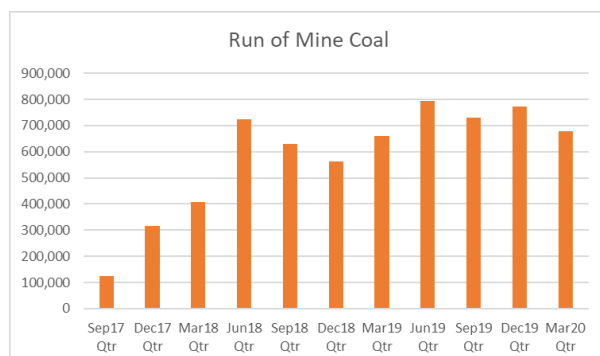


Image: Blair Athol – Dragline and Excavator in operation



Image: Blair Athol – Train being loaded at the Train Load out



Rehabilitation

The Blair Athol Mine continues to advance its rehabilitation activities, which has included the capping of the old tailings dam.

Image: Tailings Dam Rehabilitation.

2015 pre ownership.



Image: Tailings Dam Rehabilitation.

March 2020.



Mongolia – Baruun Noyon Uul (BNU) Mine

As previously announced, the BNU Mine (the Company's non-core operating asset) had only 48,000 tonnes of coal sales in the March 2020 quarter. The BNU Mine has been negatively impacted by COVID-19 through the closure of the border between China and Mongolia.

Restrictions in place to manage COVID-19 continue, however export has recently recommenced, with approximately 7,000 tonnes exported from 13 April 2020.

Throughout the quarter BNU, continued its long standing support and commitment to successful community development programs.

Image: BNU – COVID-19 management



Image: BNU – Existing Opencut Operations



Image: BNU – Coal Mining Activities



SAFETY

TerraCom promotes health and safety as a core value of the business. The wellbeing of our people is a key driver and the Company is committed to providing a safe working environment, whilst ensuring production targets are achieved.

During the quarter TerraCom, along with our business partners and contractors, continued to focus on proactive management of high-risk activities, elimination of workplace injuries and enhancing the positive safety culture within the workforce.

The Company achieved a reduction of 40% in workplace injuries and the Blair Athol Mine in Australia achieved 12-months without a lost time injury resulting in a lost time injury frequency rate (LTIFR) of zero.

EXPLORATION

TerraCom is currently finalising plans with a view to recommence exploration activity in the 2021 financial year on some of its Australian tenements. The delay in recommencement has been due to COVID-19.

CORPORATE

ACQUISITION OF ASX LISTED UNIVERSAL COAL PLC

On 3 February 2020, TerraCom announced a takeover offer, through its wholly owned subsidiary TCIG Resources Pte Ltd to acquire the entire issued and to be issued share capital of Universal Coal plc (Universal or UNV) not already directly or indirectly owned by it (the **Offer**). The offer price per UNV security was 33.5 cents per share, which consisted of 10 cents cash and 0.6026 new TerraCom shares.

The Offer closed on 25 March 2020 and TerraCom achieved just over 90% of the voting rights attached to Universal shares. At this level of acceptance, TerraCom proceeded to a mandatory sell-out process in accordance with the UK Companies Act 2006 (the **Act**).

On 23 April 2020, TerraCom announced that it had achieved just over 92% of the voting rights attached to UNV shares and was entitled to proceed to compulsory acquisition in accordance with Chapter 3 of Part 28 of the Act. TerraCom also notified UNV security holders that the ASX will suspend quotation of UNV's securities five business days after dispatch of compulsory acquisition notices.

On 1 April 2020, UNV announced changes to its board composition. These changes were to align TerraCom's controlling interest of over 90% such that TerraCom had a majority of directors on the UNV Board to manage the mandatory sell-out and compulsory acquisition processes, including the ASX delisting.

To confirm, UNV's Management Team, led by CEO Tony Weber, remains unchanged, and TerraCom looks forward to integrating the team into the TerraCom Group within the coming months.

The acquisition of Universal aligns with the Company's ongoing corporate strategy by enabling the Company to enter into an emerging market, yet at the same time reducing the Company's sovereign risk profile with new investments in South Africa.

For an overview of Universal's production and financial performance for March 2020 Quarter refer to Universal's ASX announcement released on 29 April 2020.

For a consolidated view of production performance of a merged TerraCom and Universal business, please see **Appendix A**.

BINDING TERM SHEET FOR THE ACQUISITION OF ANGLO AFRICAN MINERALS PLC

On 24 February 2020, the TerraCom announced it had executed a binding term sheet for the acquisition of Anglo African Minerals plc (**AAM**). The acquisition of AAM is subject to customary conditions precedent for the benefit of TerraCom, including due diligence and regulatory approvals. In return for the granting of an exclusivity period until 31 August 2020, TerraCom has agreed to pay a US\$500,000 refundable deposit that is first ranking over all assets of AAM.

AAM, being an exploration and development company, is the owner of significant bauxite resources¹, the primary feedstock for aluminium production. AAM's bauxite resources are located in the Republic of Guinea, one of the world's leading country in terms of proven bauxite reserves (~25%).

The intent is to focus initially on the development of the Forward African Resources Project (Project), targeting 70 million metric tons of export quality bauxite resources. The Project is situated in close proximity to existing

¹ The Company is currently progressing the due diligence on AAM and therefore at this stage is classing the resource tonnage as an exploration target. The potential quantity and grade of an exploration target is conceptual in nature, there has been insufficient exploration to determine a mineral resource and there is no certainty that further exploration work will result in the determination of mineral resources or that the production target itself will be realised. Further evaluation work and appropriate studies are required to establish sufficient confidence that the target will be met.

rail infrastructure which will connect the mine to the coast allowing for the completion of the export supply chain and is expected to be in production at an initial rate of 3Mtpa between 13 to 16 months from the commencement of development activities, increasing to 5Mtpa¹ over the following 12 months.

FINANCIAL PERFORMANCE²

EBITDA

For the 3 months ended 31 March 2020, the Company (excluding Universal) achieved an EBITDA of \$2.0 million, with Blair Athol contributing \$3.3 million.

For the 9 months ended 31 March 2020, the Company (excluding Universal) achieved an EBITDA of \$24.9 million, with Blair Athol contributing \$25.0 million.

Blair Athol

- Average EBITDA (cash) margin of \$12 per sold tonne.
- Average revenue of \$88 per tonne. Blair Athol continues to perform strongly in a depressed thermal coal market.
- Average cash costs excluding marketing fees and royalty of \$68 per coal sold tonne. As part of the Company's response to COVID-19, the Company has implemented a cost reduction strategy that will allow it to target to achieve its forecasted \$58 per coal tonne sold.

FINANCIAL POSITION³

Gross working capital of the Company as at 31 March 2020 includes the following:

- Cash and Cash Equivalents \$20.3 million.
- Trade Receivables \$22.0 million.
- Inventory (at revenue realisation value) \$18.3 million.

² Based on management accounts that have not been audited.

³ Based on management accounts that have not been audited.

APPENDIX A – CONSOLIDATED TERRACOM AND UNIVERSAL (CONTINUED)

<i>Thousands of tonnes (kt)</i>	<i>Mar 2020</i>	<i>Dec 2019</i>	<i>Change %</i>	<i>YTD Mar20</i>	<i>YTD Mar19</i>	<i>Change %</i>
MANAGED TONNES						
Run-of-Mine (ROM)	3,848	3,711	4%	11,215	8,784	28%
ROM Strip Ratio	3.7	4.2	12%	4.1	2.3	-77%
Saleable Production	2,707	2,539	7%	8,088	4,062	99%
Coal Sales	2,655	2,449	8%	7,893	7,136	11%
Inventory (ROM)	553	423	31%			
Inventory (Saleable)	317	356	-11%			
BLAIR ATHOL						
Run-of-Mine (ROM)	679	772	-12%	2,181	1,853	18%
ROM Strip Ratio	9.6	8.1	-18%	9.1	6.7	-37%
Saleable Production	550	627	-12%	1,875	1,735	8%
Coal Sales	630	611	3%	2,037	1,806	13%
Inventory (ROM)	94	79	19%			
Inventory (Saleable)	101	165	-39%			
BNU						
Run-of-Mine (ROM)	76	135	-43%	317	478	-34%
ROM Strip Ratio	16.9	19.7	14%	19.9	17.0	-17%
Saleable Production	76	135	-43%	317	478	-34%
Coal Sales	48	127	-62%	302	501	-40%
Inventory (ROM)	0	0	0%			
Inventory (Saleable)	65	37	78%			
KANGALA						
Run-of-Mine (ROM)	751	750	0%	2,438	2,936	-17%
ROM Strip Ratio	0.8	1.2	30%	1.2	0.0	0%
Saleable Production	490	461	6%	1,526	1,849	-17%
Coal Sales	476	454	5%	1,480	1,849	-20%
Inventory (ROM)	120	176	-32%			
Inventory (Saleable)	50	37	35%			
NCC						
Run-of-Mine (ROM)	1,065	1,062	0%	2,980	2,433	22%
ROM Strip Ratio	2.2	1.9	-14%	2.7	0.0	0%
Saleable Production	744	680	9%	2,191	0	0%
Coal Sales	702	587	20%	1,967	1,945	1%
Inventory (ROM)	113	128	-12%			
Inventory (Saleable)	50	93	-46%			
NBC						
Run-of-Mine (ROM)	1,040	971	7%	3,042	1,085	180%
ROM Strip Ratio	2.1	2.8	24%	2.6	0.0	0%
Saleable Production	784	637	23%	2,118	0	0%
Coal Sales	745	670	11%	2,051	1,035	98%
Inventory (ROM)	95	39	142%			
Inventory (Saleable)	41	24	73%			
UBUNTU						
Run-of-Mine (ROM)	237	20	1063%	257	0	0%
ROM Strip Ratio	6.3	45.9	86%	10.9	0.0	0%
Saleable Production	62	0	0%	62	0	0%
Coal Sales	56	0	0%	56	0	0%
Inventory (ROM)	131	0	0%			
Inventory (Saleable)	9	0	0%			

APPENDIX A – CONSOLIDATED TERRACOM AND UNIVERSAL (CONTINUED)

<i>Thousands of tonnes (kt)</i>	<i>Mar 2020</i>	<i>Dec 2019</i>	<i>Change %</i>	<i>YTD Mar20</i>	<i>YTD Mar19</i>	<i>Change %</i>
EQUITY TONNES						
Run-of-Mine (ROM)	2,432	2,442	0%	7,294	6,124	19%
ROM Strip Ratio	4.6	5.1	10%	5.0	3.3	-50%
Saleable Production	1,751	1,732	1%	5,409	3,517	54%
Coal Sales	1,749	1,674	4%	5,379	5,071	6%
Inventory (ROM)	345	285	21%			
Inventory (Saleable)	251	286	-12%			
BLAIR ATHOL						
Run-of-Mine (ROM)	679	772	-12%	2,181	1,853	18%
ROM Strip Ratio	9.6	8.1	-18%	9.1	6.7	-37%
Saleable Production	550	627	-12%	1,875	1,735	8%
Coal Sales	630	611	3%	2,037	1,806	13%
Inventory (ROM)	94	79	19%			
Inventory (Saleable)	101	165	-39%			
BNU						
Run-of-Mine (ROM)	76	135	-43%	317	478	-34%
ROM Strip Ratio	16.9	19.7	14%	19.9	17.0	-17%
Saleable Production	76	135	-43%	317	478	-34%
Coal Sales	48	127	-62%	302	501	-40%
Inventory (ROM)	0	0	0%			
Inventory (Saleable)	65	37	78%			
KANGALA						
Run-of-Mine (ROM)	529	529	0%	1,719	2,070	-17%
ROM Strip Ratio	0.8	1.2	30%	1.2	0.0	0%
Saleable Production	345	325	6%	1,075	1,304	-17%
Coal Sales	335	320	5%	1,043	1,304	-20%
Inventory (ROM)	85	124	-32%			
Inventory (Saleable)	36	26	35%			
NCC						
Run-of-Mine (ROM)	522	521	0%	1,460	1,192	22%
ROM Strip Ratio	2.2	1.9	-14%	2.7	0.0	0%
Saleable Production	365	333	9%	1,073	0	0%
Coal Sales	344	288	20%	964	953	1%
Inventory (ROM)	55	63	-12%			
Inventory (Saleable)	25	46	-46%			
NBC						
Run-of-Mine (ROM)	510	476	7%	1,490	531	180%
ROM Strip Ratio	2.1	2.8	24%	2.6	0.0	0%
Saleable Production	384	312	23%	1,038	0	0%
Coal Sales	365	328	11%	1,005	507	98%
Inventory (ROM)	47	19	142%			
Inventory (Saleable)	20	12	73%			
UBUNTU						
Run-of-Mine (ROM)	116	10	1063%	126	0	0%
ROM Strip Ratio	6.3	45.9	86%	10.9	0.0	0%
Saleable Production	31	0	0%	31	0	0%
Coal Sales	27	0	0%	27	0	0%
Inventory (ROM)	64	0	0%			
Inventory (Saleable)	4	0	0%			

APPENDIX A – CONSOLIDATED TERRACOM AND UNIVERSAL (CONTINUED)

The merged TerraCom and Universal provides a strong platform for strategic growth for the Group.

A summary of the combined EBITDA from unaudited management accounts is as follows:

<i>EBITDA</i>	<i>GROUP – TerraCom (\$ million)</i>	<i>GROUP – Universal (\$ million)</i>	<i>GROUP – Combined (\$ million)</i>	<i>ATTR. – TerraCom (\$ million)</i>	<i>ATTR. – Universal (\$ million)</i>	<i>ATTR. – Combined (\$ million)</i>
3 Months Ended 31 March 2020	2.0	22.3	24.3	2.0	11.4	13.4
Year to Date 31 March 2020	24.9	49.3	74.2	24.9	26.6	51.5

Gross working capital of the Combined Group as at 31 March 2020 includes the following:

- Cash and Cash Equivalents \$42.6 million (Attributable \$34.0 million).
- Trade Receivables \$99.2 million (Attributable \$68.5 million).
- Inventory (at revenue realisation value) \$28.5 million (Attributable \$23.7 million).

The production and financial output as disclosed in this will become the norm commencing from the June 2020 Quarterly Report.

MINING TENEMENTS HELD AT THE END OF THE QUARTER

Tenement	Interest at beginning of quarter	Interest at end of quarter	Location	Commodity
MV-17162, MV-20800, MV-20803, XV-17163	100%	100%	Mongolia	Coal
XV-18797, XV-18802, XV-20281, XV-20539	100%	100%	Mongolia	Coal, Potash/ Gypsum, Brines
XV-12929	100%	100%	Mongolia	Coal
XV-18111, XV-18513, XV-20268, MV-19149, MV-16971	100%	100%	Mongolia	Coal
XV-18142	100%	0%	Mongolia	Coal, Potash/ Gypsum, Brines
XV-12600	100%	0%	Mongolia	Coal
ML1804	100%	100%	Australia	Coal
EPC 1641	100%	100%	Australia	Coal
EPC 1300, EPC 1394, EPC 1477, EPC 1478, EPC 2049	100%	100%	Australia	Coal
EPC 1479	100%	0%	Australia	Coal
EPC 1890, EPC 1892, EPC 1893, EPC 1962, EPC 1964	100%	100%	Australia	Coal
EPC 1250, EPC 1260	64.4%	64.4%	Australia	Coal
EPC 1674, MDL 3002	87%	87%	Australia	Coal
EPC 1103	100%	100%	Australia	Coal

OTHER

Forward Looking Statement

This document contains summary information about, TerraCom, its subsidiaries, and its activities which are current as at the date of this document. The information in this document is general in nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in TerraCom or that would be required in a prospectus or product disclosure statement prepared in accordance with the *Corporations Act 2001 (Cth)*. Information in this document should therefore be read in conjunction with other announcements made by TerraCom to the ASX.

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Nothing in this document constitutes investment, legal or other advice. You must not act on the basis of any matter contained in this document but must make your own independent investigation and assessment of TerraCom and obtain any professional advice you require before making any investment decision based on your investment objectives and financial circumstances. An investment in TerraCom shares is subject to known and unknown risks, some of which are beyond the control of TerraCom. Investors should have careful regard to the risk factors outlined in this document.

This document does not constitute an offer, invitation, solicitation, advice or recommendation with respect to the issue, purchase or sale of any security in any jurisdiction.

This announcement is dated 30 April 2020 and has been authorised by the Company's Disclosure Committee.

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About TerraCom Limited

TerraCom Limited (**ASX: TER**) is an emerging company originating as a resource explorer with a large portfolio of operating assets in Australia, South Africa and Mongolia. We are currently enacting a growth strategy towards delivering a Mid-Tier diversified operating and trading business and have a global focus on the development of a high yielding diversified asset portfolio for its investors.

To learn more about TerraCom visit terracomresources.com.