



BNU Update

Terra Energy is pleased to provide a further update on the ongoing positive progress made at the Baruun Noyon Uul (**BNU**) Mine in the South Gobi.

BNU Mine in Production

Production at the BNU Mine has successfully and safely recommenced with all major equipment re-commissioned and the following material movements year to date end of December 2014 reported:

- Total waste movement of 324,000 bcm and ROM coal mined of 2,765 tonnes
- Estimated coal uncovered inventory in BNU Mine of 3,000t
- Estimated 16,000 tonnes of coal on stockpiles at the BNU mine
- Total coal trucked from the BNU Mine to the Ceke border port station of 24,900 tonnes



CAT 6030 excavator loading CAT 777D haul trucks on 1604 RL bench

15,000 PCI Coal Shipment

As previously advised the trucking of the 15,000 tonnes PCI coal shipment from BNU Mine to Ceke Border Station commenced in late December 2014 and should be completed by the 13 January 2015.



Trucks Hauling Coal to Ceke Border Port Station

First Train Loaded for End User

On Friday the 9th January 2015 the loading of the first train as part of the trial shipment of 3,000t of low ash hard coking coal from Ceke Border Station to Jiuquan Iron & Steel (Group) Co Ltd (JISCO) commenced and completed over the weekend. JISCO is a large Chinese coking coal end user and potential offtake partner. Based in Jiayuguan, Gansu province and established in 1958, JISCO is a producer of carbon steel, stainless & special steels and steelmaking raw materials products.



Loading Rail Wagon at Ceke for JISCO Shipment

Safety Awards

The Company is proud of the great efforts of all staff and employees involved in the excellent progress of the mining operations in Mongolia and in particular that this rapid commissioning has been achieved whilst maintaining a world class safety record. The Board is pleased to advise that in recognition of this safety performance the following Government Safety Awards have been announced:

- Mongolia Ministry of Labor has advised that Terra Energy will receive the “Mongolian Health and Safe Workplace Award for 2014”
- Otgonbat Baasan (Oggi) Terra Energy HSECS Department Superintendent, is to receive a State Award from Mongolia Ministry of Mining - "Excellent Miner”
- Otgonbat Baasan (Oggi), Terra Energy HSECS Department Superintendent also received a “Memorandum Certificate” from the Governor of the local Noyon Soum (Town)



Otgonbat Baasan (Oggi), Terra Energy HSECS Department Superintendent