



June 2020 Quarterly Production and Activities Report

ASX RELEASE
27 July 2020



June 2020 Quarter Operational Activity

| | | Quarter Ended Jun-20 | Year to date Jun-20 | Annual Guidance |
|------------------------------------|-----------------|-------------------------|------------------------|-----------------|
| ROM coal mined | k tonnes ("kt") | 161 | 298 | 550 |
| Coal delivered to Beringovsky Port | kt | 161 | 257 | |
| Coal loaded | kt | 159 | 159 | |
| Coal sold ¹ | kt | 139 | 144 | 665 |
| Total coal stocks | kt | 568 | 568 | |
| Product coal at port stockpile | kt | 329 | 329 | |
| Waste mined | Bcm | 1 139 | 2 288 | |
| ROM strip ratio ² | bcm : t | 7.1:1 | 7.7:1 | |

1. Includes coal sold to local companies without shipment amounting to 2kt in Q2 2020 and 5 kt in Q1 2020

2. bcm waste: tonne ROM coal

Highlights

- COVID 19** - No direct negative impact at site on our operations as of the date of release. TIG continues to closely monitor the development of the COVID-19 pandemic and its impact on our employees and operations. As of 19 July there were a total of 146 COVID-19 cases were registered in the Chukotka Region, the lowest number of any region of the Russian Federation. There have been no cases registered in Beringovsky.
- Safety** – No lost time injuries ("LTI") recorded during the quarter. The cumulative Total Reportable Injury Frequency Rate ("TRIFR") increased to 3.79 per million hours as TIG took over operation of its port and, in conjunction with this expanded activity, brought a number of new employees to site.
- Mine Production** – 161kt of coal mined and delivered to port during the June quarter, which is 12% higher than 143kt in 2Q19, and significantly higher for the first six months - 298kt versus 200kt last year. Mining guidance for 2020 of 550kt remains as previously announced. The stripping ratio decreased from 8.4 to 1 in March quarter to 7.1 to 1. In June TIG achieved 75kt of coal mined and delivered to port with an average 2.5kt per day.
- CHPP Project** – TIG has signed the civil construction design contract and continues design & engineering works on a modular plant.
- Port operations** – TIG has successfully started the 2020 shipping season with 159kt loaded during June with an average loading rate of 8.3kt per workable weather day. These loading rates

represent a significant improvement compared to June 2019 loading of 86kt with average daily loading rate of 6.6kt per day, and results from TIG's decision to fully take over port operations on its own since from the beginning of 2020.

- **Sales Guidance** – Sales guidance for 2020 of 665kt remains as previously announced.
- **Shortfall Bookbuild** – On 5 June 2020, a shortfall bookbuild of 1.3 billion shares at A\$0.01 per share (A\$13million) was approved by TIG shareholders at the Annual General Meeting.
- **Compliance and licencing** – The Company is in compliance with all material license obligations. Amaam AND 01379 TP (former AND 01277 TP) Exploration license renewal was completed in June 2020.

Health and Safety

TIG continues to implement safety measures to protect its employees while ensuring continuity of production amid the challenges of the COVID-19 pandemic. Both in the Moscow office and at our mining operations in Chukotka TIG has implemented extensive measures to protect its employees. Moscow based employees worked remotely from April 1 through June 16, 2020.

All employees arriving at the Chukotka operational site are tested for COVID-19 upon arrival. From April 10 to July 6 all new arrivals also stayed in self-isolation for 14 days. TIG secured self-isolation facilities in Beringovsky for over 90 staff members who arrived during the planned shift change, which was postponed by 1 month to ensure safety of TIG's staff members. No cases of COVID-19 have been detected at the mine or the Port.

Additional measures were implemented at the port to ensure continuity of our loading operations. Barge captains check crew temperatures twice daily. In the event of an elevated temperature or any other flu-type symptoms, the crew member will be isolated for further observation. Arriving bulker crew are checked by a medical professional prior to the start of loading. TIG provides its employees with necessary personal protective equipment, including gloves, masks, glasses, sanitizers.

Management has been engaging with the relevant government agencies and bodies on all COVID-19 related measures. To fight the spread of COVID-19 TIG has offered additional support to Chukotka and the Company has purchased high accuracy coronavirus tests and personal protective measures for local hospitals.

No lost-time injuries (LTI) were recorded in June quarter 2020. TIG's cumulative TRIFR increased to 3.79 per million hours worked from 3.64 in March 2020 quarter as TIG took over operation of its port and, in conjunction with this expanded activity, brought a number of new employees to site. The company continues to improve and support its workplace safety culture with training and communication.

Mining and Haulage Operations

| | | April | May | June | Total |
|--|---------|-----------|----------|----------|----------|
| ROM coal mined | kt | 25 | 60 | 75 | 161 |
| Product coal mined & delivered to Beringovsky Port | kt | 25 | 60 | 75 | 161 |
| Waste mined | kbcm | 386 | 360 | 393 | 1 139 |
| Stripping ratio | bcm : t | 15.2 to 1 | 6.0 to 1 | 5.2 to 1 | 7.1 to 1 |
| Product Coal in Port stockpiles | kt | 353 | 412 | 329 | |
| Total Coal stocks (end of month) | kt | 592 | 651 | 568 | |

During the June quarter, 161kt of ROM coal was mined and delivered to Port (137kt mined and 96kt delivered in port in 1Q2020). The quarterly average stripping ratio decreased from 8.4 to 1 in the March quarter to 7.1 to 1.

In June TIG has achieved 75kt of coal mined and delivered to port with an average 2.5kt mined and delivered per day, a 25% increase compared to May.

The average daily transportation rate increased by 25% to 2kt per day in Q2 2020 compared to 1,6kt in Q2 2019 through acquisition of 6 new Scania's in 2019 and improved road conditions.

CHPP Project

Proceeding with TIG coal handling and processing plant (CHPP) project remains one of the Company's key priorities. During the June quarter TIG signed a civil construction design contract with Parnaby Cyclones. In this regard, TIG received substantial assistance from the mining consultants A&B Mylec. TIG plans to complete foundation work this year so as to be in a position to bring a CHPP online in 2021, subject to arranging acceptable financing.

Other significant ongoing activities included:

- Proceeding with the overall plant design by Russian-licensed design institute
- Completion of all geological survey work required for detailed plant design
- Conducting a preliminary tender for foundations and building supplier

Beringovsky Port Operations

| | | April | May | June | Total |
|------------------------|----|-------|-----|------|-------|
| Coal loaded | kt | 0 | 0 | 159 | 159 |
| Coal sold ¹ | kt | 1 | 1 | 137 | 139 |

1. Includes coal sold to local companies without shipment amounting to 2kt in Q2 2020



TIG 500t barge unloading

TIG has successfully started the 2020 shipping season – the first season in which TIG fully manages all port activities. Preparations for the season included extensive dredging works, bringing and training over 70 port personnel to Beringovsky, repair works on apartments and other housing and lodging arrangements, maintenance of the coal loading system, repair works on our fleet and obtaining all necessary licenses and approvals.

Collectively, these measures enabled a successful launch of port operations at the start of the shipping season and achieving sufficient daily loading capacity rates necessary to achieve the company’s sales plan for 2020.

During June, TIG loaded 159kt with an average daily loading rate of 8.3kt per workable weather day and maximum achieved loading rate of 9kt per day. TIG shipped three cargos of thermal coal during June and one cargo with thermal coal in July. On 21 of July TIG completed loading the fifth cargo with semi-soft coking coal. Transshipment is performed with TIG’s four 500-tonne barges.



Belt conveyor loading of TIG's 500t barge



Bulker loading

Sales Guidance

TIG sales guidance for 2020 remains at the previously disclosed level of 665kt.

Coal Sales and Marketing

As of 22 July, TIG had signed 5 contracts for the delivery of 390kt of thermal and 50kt of semi-soft coking coal (“SSCC”), of which 159kt of thermal had been shipped as of the end of the June quarter.

As of 22 July, TIG has shipped a fourth thermal coal vessel, fully loaded a SSCC cargo and loaded 36 kt on a sixth thermal coal vessel. TIG has one more vessel booked for July loading. Matching sales and vessel arrivals to production and loading availability is a key goal of TIG team’s efforts over the next three months.

Market Outlook

The Asian coking coal market remains poor, with an oversupply of coking coal driven by banking of blast furnaces in Japan, weak demand in India, Korea and Taiwan – all driven by the COVID-19 related economic downturn – and Chinese government-imposed import restrictions. This has resulted in low prices, in particular for lower grades of coking coal such as PCI and semisoft.

In thermal coal markets, COVID-19 related demand destruction is causing a build-up of coal inventories in key production basins. This is borne out by spot prices for thermal coal for both the Newcastle and Vostochny 6,000 kcal/kg NAR and high ash 5,500 kcal/kg NAR falling sharply, especially since India went into lockdown in April. Newcastle 6,000 NAR and 5,500 NAR coals are assessed this week at \$47/t and \$36/t respectively, down from \$62/t and \$52/t three months ago. The 5,500 (high-ash) price was \$50/t in October last year, and as high as \$57 in February 2020, so the fall (37%) since October highs has been significant. Thermal prices for all grades have been sliding since the end of March.

The demand for TIG SSCC has suffered significantly in 2020 due to the banking of several blast furnaces by our major Japanese customers. SSCC demand has been weak and most of the major Asian steel mills have reduced offtake contracts, which means there is no room to purchase “seasonal” coal. This has limited TIG marketing to spot buyers in China and Vietnam. In terms of thermal coal, production this year has been mostly of higher ash (28%-30% ash) material with CV around 5,000 kcal/kg NAR. This coal has been blended up to a 5500 kcal specification with small amounts of higher-ash (12% – 15% ash) SSCC or lower ash thermal and sold into China and Vietnam so far this season, but with annual import quotas being imposed on some Chinese ports already this year, efforts are being made to diversify sales to other countries and sell more to Vietnam.

Capital investments

Capital investments during the June quarter included:

- Repairs of the accommodation facilities to house the newly arriving port personnel in Beringovsky
- Detailed engineering works on CHPP, port and site infrastructure
- Project works for camp reconstruction and expansion
- Drainage construction at mine site
- Warehouse heating facilities in the port

Corporate

On 5 June 2020 at the Annual General Meeting TIG’s shareholders have approved the issue of 1.3 billion shares of shortfall bookbuild, resulting in receipt of A\$13m (US\$9m) on 23 June. Substantial shareholder Dr Bruce Gray is owed US\$1.4m from a shareholder loan made in 2019. Part of the shortfall funds was intended to offset this loan balance. Instead, the Company and Dr Gray have agreed to extend this loan through to 31 December 2020 at an interest rate of 12% pa.

This loan extension will enable TIG to have additional working capital as we work through to year end. TIG may repay the loan at any time on or before 31 December 2020.

In light of the prevailing market conditions TIG has undertaken a review of all operations, capital, operating, and overhead expenditures. As a result, TIG has reduced certain operating and overhead expenses and delayed some capital expenses. Some staff salaries have been reduced. The Company agreed to proposals by the CEO, Dmitry Gavrilin, and the CFO, Dale Bender, that their salaries be reduced by 10%. Moscow office expenses have been reduced by two thirds by moving to smaller premises at a lower cost per metre.

Stakeholder relations

TIG has continued to work with all local stakeholders to ensure an ongoing sustainable development. As a result of continuous interaction with governmental authorities, the Beringovsky port was included in the official list of defined strategic entities of Russian Federation. This status provides a framework for TIG to seek government support during a crisis should assistance be necessary. TIG does not have any current plans to seek government assistance.

TIG has continued interactions with the Association of Indigenous People of Chukotka: three indigenous community projects were selected for funding support by TIG in cooperation with the Association. In early June representatives of the Association visited the port to evaluate the impact of our operations on the local environment. TIG demonstrated the operation of the recently repaired coal conveyor and our fleet of 500kt barges. Visitors have expressed their appreciation of TIG's efforts to improve environmental standards and to assist with the general clean-up of the town.

Managing the environmental impact of TIG's activities is a key priority for the Company. On World Environment Day (June 7th) for the third year in a row TIG staff organized trash and industrial garbage collection in the township to improve the safety and overall quality of the local environment. TIG has created a hotline for enquiries regarding mining and ecology in Beringovsky.



Garbage collection in port



Trash and industrial garbage collection in camp

Exploration and Licencing Activities

The Company is in compliance with all material license obligations. Amaam AND 01379 TP (former AND 01277 TP) Exploration license renewal was completed in June 2020.

Cash balances

At the end of the quarter, TIG had a cash balance of US\$9.2mln in cash with no bank liabilities outstanding. The Company continues implementation of tight liquidity management measures to secure the most efficient use of the funds raised at the recent Entitlement Offer. In this regard, we are negotiating improvement to the terms of our leasing portfolio in order to improve our liquidity position over the next twelve to eighteen months.

Capital Structure (as at 30 June 2020)

Ordinary shares on issue: 7,614,596,948

Options on issue: 14,142,000

This announcement has been authorized by the Board of Directors

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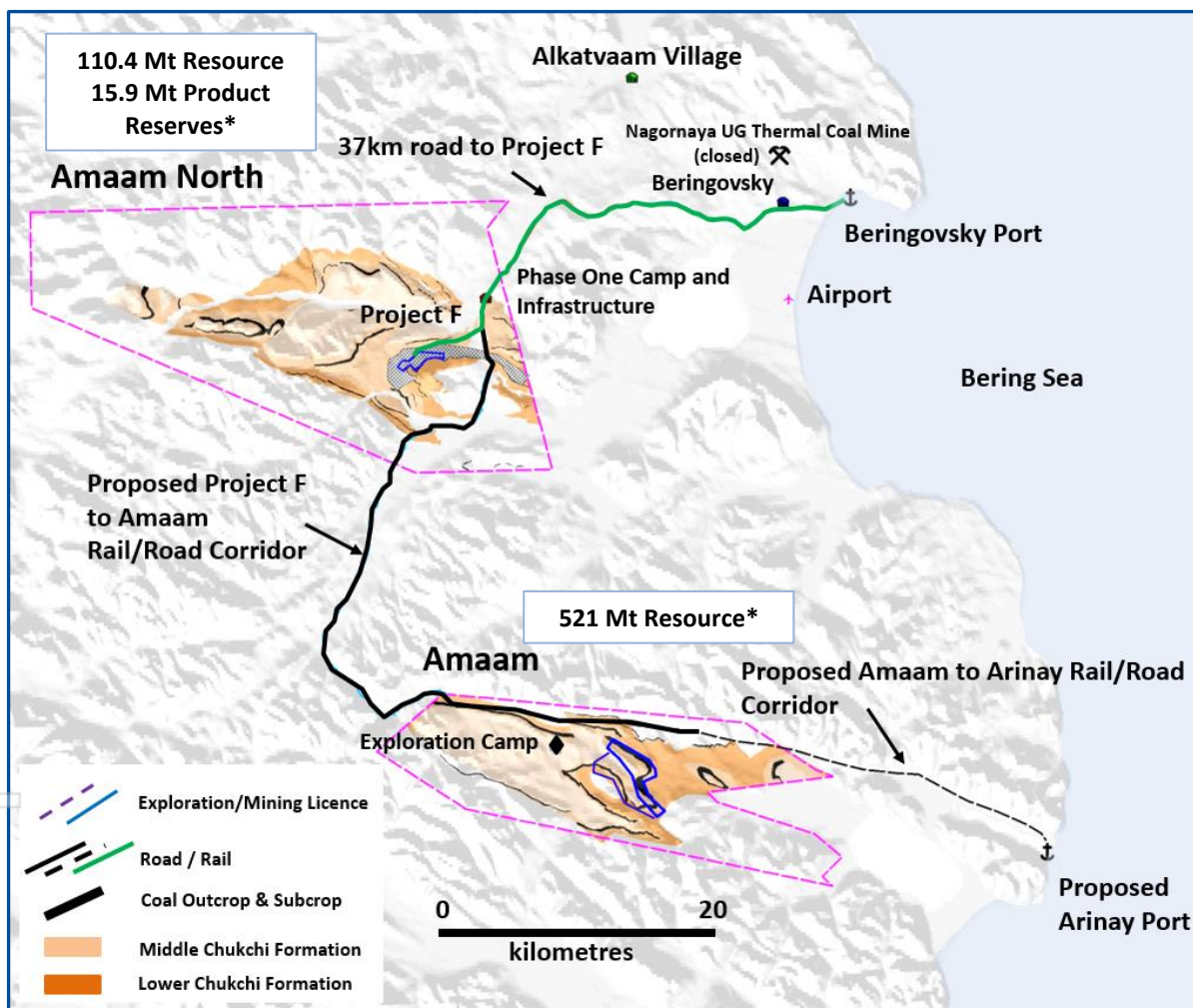
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PROJECT SUMMARY

TIG is developing a large-scale coking coal basin that covers two areas, Amaam and Amaam North (Figure A below), with combined Resources of up to 630 Mt.

At Amaam North, TIG owns a 100% beneficial interest in Exploration Licence No. AND01203 TP (Levoberezhniy Licence), the Exploration and Extraction (Mining) Licence No. AND 15813 TE, which covers the initial Project F mine development area (Fandyushkinskoe Field) and the Exploration and Extraction (Mining) Licence No. AND 01314 TE, which covers the Zvonkoye licence area, the eastern extension of the Project F licence area.

At Amaam, TIG owns an 80% beneficial interest in Exploration Licence Amaam AND 01379 TP (former AND 01277 TP Zapadny Subsoil Licence) and two Exploration and Extraction (Mining) Licences, No. AND 01278 TE and No. AND 01288 TE.



*Total estimated project

Figure A Amaam and Amaam North Coking Coal Projects

Amaam and Amaam North are two exceptionally well-located coking coal deposits, approximately 40km from the Bering Sea with shorter shipping distances to North Asian markets than from peer producers in Queensland and British Columbia.

At Project F and Amaam North

- Project F Phase One is in production
- Project F 1.0 Mtpa Feasibility Study completed, Resources and Reserves as of December 31, 2019 of:
 - 15.7 Mt of remaining Product Reserves, 6 Mt Proven & 9.7 Mt Probable;
 - 109 Mt Total Resource, 21.5 Mt Measured, 54.6 Mt Indicated & 32.9 Mt Inferred.
- TIG owns and operates the Beringovsky coal port terminal

At Amaam:

- A Project Feasibility Study completed on 5.0 Mtpa open pit operation producing a high vitrinite content (>90%) coking coal with excellent coking properties
- The total Resource is 521 Mt comprising 3 Mt Measured, 91 Mt Indicated, and 427 Mt Inferred

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