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6th October 2016

ASX Announcement

Another Milestone - FIRB Approval of Blair Athol Mine Acquisition

TerraCom Limited (**TerraCom or the Company**) (**ASX: TER**) is pleased to announce that it has received Australian Government - Foreign Investment Review Board (FIRB) approval for the acquisition of the Blair Athol Coal Mine by its wholly owned subsidiary Orion Mining Pty Ltd. Whilst TerraCom is a proud Australian Company it has a share register that consists of a majority of non-Australian investors.

This FIRB approval is yet another important milestone in the acquisition of the Blair Athol Coal Mine adding to the recently secured US\$12m in new funding to support the plans for commissioning of the Blair Athol Coal Mine to deliver first coal sales in December 2016.

Background

TerraCom recently announced that its wholly owned subsidiary Orion Mining Pty Ltd, has executed a binding Sale and Purchase Agreement to acquire the Blair Athol Coal Mine in Queensland, Australia from the Blair Athol Coal Joint Venture (BACJV) under the terms as previously disclosed and subject to Queensland Government approval and certain other conditions precedent.

TerraCom plans initially to commence over 50 hectares of site rehabilitation while bringing the mine back into production. Production is being scheduled around a rate of 2Mtpa of coal with a target of recommencing operations in the 4th Quarter 2016 and achieving first coal sales by the end of 2016.

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
- Forecast positive cash flow through a low overhead structure and operational efficiencies

ABOUT TERRACOM – www.terraconomresources.com

TerraCom has fully commissioned the Baruun Noyon Uul (BNU) coking coal mine in the South Gobi Mongolia. 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 is also 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.

In order to support further growth and expansion, TerraCom continues to evaluate cash generative assets for potential acquisition. In this regard, the Company recently announced that it has entered into an agreement to acquire the Blair Athol Coal Mine in Queensland, Australia from the Blair Athol Joint Venture, with production scheduled to recommence in 2016.

The Company is also 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.

Please contact Nathan Boom, on +61 2 4268 6258 or at info@terraconomresources.com for further information.

A handwritten signature in black ink, appearing to read 'C. McRae', written in a cursive style.

Cameron McRae
Executive Chairman