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29th May 2017

ASX Announcement

Completion Date Set for Blair Athol Acquisition

TerraCom Limited (TerraCom or the Company) (ASX: TER) is pleased to announce that its wholly owned and operated subsidiary, Orion Mining Pty Limited (Orion Mining), has satisfied all conditions precedent to allow the completion of the Blair Athol Sale and Purchase Agreement with the Blair Athol Coal Joint Venture (BACJV).

Completion of the Blair Athol Sale and Purchase Agreement will occur this Wednesday (31 May 2017). Orion Mining will take over the Blair Athol mine site on this date and will re-mobilise the plant and equipment shortly thereafter.

The Chairman of Orion Mining and TerraCom Board Member, Mr Jim Soorley said, *“We plan to recommence mining in June with more than 600 direct and indirect jobs expected to be generated in the local and regional communities. We will move our corporate office to Clermont to be close to the mine and demonstrate that we are serious about our commitment to support the local community.”*

ABOUT BLAIR ATHOL

On completion of the Blair Athol Sale and Purchase Agreement, TerraCom will acquire the Blair Athol Coal Mine for AUD\$1 and the Queensland Government will receive AUD\$79.6m from the Blair Athol Coal Joint Venture (BACJV) to meet Blair Athol Coal Mine’s rehabilitation (which will form part of TerraCom’s financial assurance quantum of AUD\$93.1m). The acquisition will include 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 will be 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 7 years¹ and ongoing progressive rehabilitation.

1- Refer 7 November 2016 ASX Announcement for further information and clarification on the Blair Athol production forecast. The material assumptions underpinning the Blair Athol production target in the 7 November 2016 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.

A handwritten signature in blue ink, appearing to read "Jim Soorley".

Jim Soorley

Chairman – Orion Mining Pty Limited

Director – TerraCom Limited