



TerraCom Limited
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ASX Announcement

Completion of Retail Entitlement Offer

The Board of TerraCom Limited (TerraCom or the Company) (ASX: TER) is pleased to provide a positive update on the fully underwritten non-renounceable pro-rata accelerated rights issue (**Rights Issue**) as announced to the market on 23 January 2018.

TerraCom has today issued as part of the Retail Entitlement Offer 55,339,160 fully paid ordinary shares (including the shortfall shares) which has raised approximately \$11.9 million gross proceeds.

TerraCom has raised total gross proceeds of approximately \$15 million pursuant to the institutional and retail components of the Entitlement Offer.

TerraCom, as disclosed in the Investor Presentation released to the market previously, has utilised its existing capacity under Listing Rule 7.1 and have issued to Bonython Coal No. 1 (Sub-Underwriter) 4,651,163 fully paid ordinary shares – being 3,488,372 shares in lieu of the Sub-Underwriters Fee and 1,162,791 shares for participation in additional placement.

Blair Athol Mine Train Loadout Facility Update

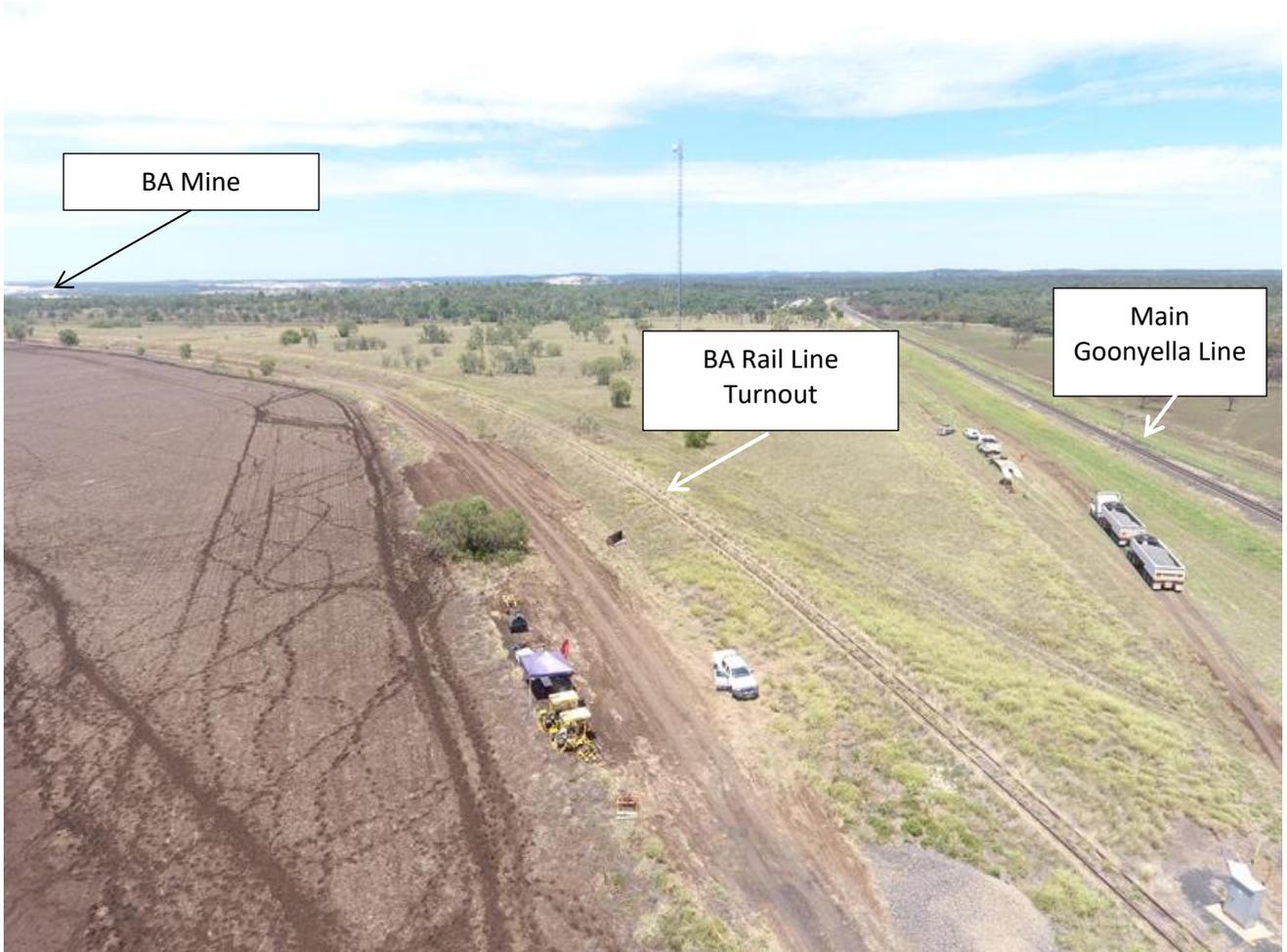
The critical activity for the Blair Athol Mine (BA) is the Construction and Commissioning of a dedicated Train Loadout facility (TLO). The rail line runs across BA site and connects into the main Goonyella Rail Line which runs to Dalrymple Bay Coal Terminal. The TLO construction work is well advanced including the mobilisation of Aurizon Network for the commencement of rail recommissioning works this week (see following photos). It is expected the TLO will be commissioned (including first train) in this March 2018 quarter.

This load-out facility will have a substantial impact on the economics of the BA mine, forecasting to deliver an additional \$20 per tonne improvement in margin. The commissioning of the dedicated rail load-out facility will allow the trucks which are currently transporting the coal to another rail load-out facility to be taken off the road. The Company's dedicated rail load-out facility is forecasted to provide substantial additional Operating Cash Flow and Net Profit Before Tax of A\$34 million per annum which will flow through to consolidated results.

Figure 1 – BA Rail Line – Aurizon Work Team



Figure 2 – BA Rail Line Turnout onto Main Goonyella Line – Aurizon Work Team



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TerraCom has fully commissioned the Baruun Noyon Uul (BNU) coking coal mine in the South Gobi of Mongolia. Export shipments under a 5.5 year offtake agreement have commenced on schedule. 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 completed the acquisition of the Blair Athol Coal Mine in May 2017. The acquisition included 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 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; and
- Forecast positive cash flow through a low overhead structure and operational efficiencies.

TerraCom has completed 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 9 years¹ and ongoing progressive rehabilitation.

Additionally, TerraCom has long term exploration plans with the intent on developing two projects in Queensland, Australia: the large thermal coal Northern Galilee Project and the high energy prime thermal coal Springsure Project.

1– Refer to ASX Announcement on 13th February 2018 for further information and clarification on the Blair Athol production forecast. The material assumptions underpinning the Blair Athol production target in this ASX Announcement continues to apply and has not materially changed.

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