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31 March 2017

ASX Announcement

\$13.5m Secured for Blair Athol Mining Licence Transfer

TerraCom Limited (TerraCom or the Company) (ASX: TER) is pleased to announce that its wholly owned and operated subsidiary, Orion Mining Pty Limited (Orion), has secured the \$13.5m required to facilitate the transfer of the mining lease for the Blair Athol Coal Mine in Central Queensland.

This funding, which will have no dilutive impact on shareholders, should enable TerraCom/Orion to satisfy the conditions associated with the Indicative Approval for the transfer of the Blair Athol mining lease and hence enable completion of this title transfer and commencement of mining and rehabilitation activities at Blair Athol Mine.

Once complete the combination of TerraCom's producing BNU Coking Coal Mine and Blair Athol positions TerraCom well to capitalise on the strong coking coal and thermal coal markets. It builds on TerraCom's near term strategy of establishing 3 strong operating and revenue generating businesses with each business acting as a regional hub for further growth into the seaborne traded markets.

ABOUT BLAIR ATHOL

Blair Athol will be acquired for AUD\$1 and the Queensland Government will receive AUD\$79.6m from the BACJV to meet Blair Athol Coal Mine's rehabilitation. The acquisition includes 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.

TerraCom will relocate its Corporate Office to Clermont utilising the excellent office facilities included as part of the acquisition.

The reopening of the Blair Athol Coal Mine brings 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 with a target of operations recommencing in the 2nd quarter of 2017.

1- This information was originally announced to the ASX on 7 November 2016 in the announcement titled, "Blair Athol Mine Life Extension". The announcement is located <http://terracomresources.com/investors/asx-announcements/>

TerraCom is not aware of any new information or data that materially affects the information included in the above information in relation to the Production Target and confirms that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

ABOUT TERRACOM – www.terracomresources.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. The approval for transfer of the BA mining lease is progressing through the final steps of the Government of Queensland process.

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@terracomresources.com for further information.



Cameron McRae
Executive Chairman