



TerraCom Limited
34 Hewitts Avenue
Thirroul, New South Wales, 2515
Australia
+61 2 4268 6258
ABN: 35 143 533 537
www.terracomresources.com

29th September 2016

ASX Announcement

Funding Secured to Support Blair Athol Mine Commissioning

TerraCom Limited (**TerraCom or the Company**) (**ASX: TER**) is pleased to announce that it has secured US\$12m in new funding (the **Facility**) to support the commissioning of the Blair Athol Coal Mine.

The Facility will be provided according to a progressive drawdown schedule linked to pre-agreed milestones and cashflow requirements in order to expedite the commissioning and start-up of the mine. The Facility incurs interest of 9% per annum and is split into two parts: (i) US\$3m repayable over 12 months from the date of commissioning and (ii) US\$9m provided on a rolling basis for 5 years. The Facility is being provided by an international group with in-depth knowledge of the Australian mining sector.

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.

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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 has now announced that it has executed the Sale and Purchase 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@terraresources.com for further information.



Cameron McRae
Executive Chairman