



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

1st May 2017

ASX Announcement

Blair Athol Conditions Satisfied

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 received confirmation from the Queensland Government that Orion Mining has satisfied the conditions and will now proceed as a matter of urgency to complete the title transfer process.

The Chairman of Orion Mining and TerraCom Board Member, Mr Jim Soorley said, *"the approval is great news for TerraCom and even better news for the community of Clermont and the state of Queensland, with - assuming current prices - up to \$85 million in taxes and royalties to flow from the re-opened mine operation."*

"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."

"TerraCom has had strong interest from customers in North Asia for Blair Athol Coal. Over the next 7 years we plan to export \$1.2 billion in product - assuming current prices - delivering enormous value to TerraCom shareholders."

"The transfer has been subject to an extensive and exhaustive process of review with numerous State Government agencies confirming that TerraCom has the human, technical and financial capacity to operate Blair Athol. Coupled with \$93.1 million in financial assurances, the approval is positive proof that TerraCom has the capacity to successfully rehabilitate and mine Blair Athol."

Mr Soorley went on to say that, *"the combination of TerraCom's operating BNU Coking Coal Mine in Mongolia and the Blair Athol Mine in Queensland will see TerraCom capitalise on the strong international coal coking and thermal coal markets."*

"This calendar year TerraCom has mined more than 150,000 tonnes from our BNU Mine as part of its 5.5 year contract with Kingho China. The Company is very excited that next quarter it should have revenue from its BNU coking coal mine in Mongolia and Blair Athol thermal coal mine in Queensland."

ABOUT BLAIR ATHOL

TerraCom acquired Blair Athol 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 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.

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.

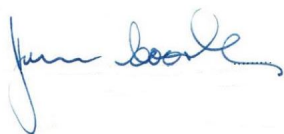
TerraCom plans to commence over 50 hectares of site rehabilitation while bringing the mine back into production. The operation, under TerraCom management, is planned to deliver approx. 2Mtpa over 7 years¹ and ongoing progressive rehabilitation.

1- 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.

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

www.terracomresources.com



Jim Soorley

Chairman – Orion Mining Pty Limited

Director – TerraCom Limited



Transfer Indication: Mining Lease 1804

28 April 2017

Reference: ML1804

Orion Mining Pty Ltd
Attention: Mr Nathan Boom, Company Secretary
34 Hewitts Ave
PO Box 548
THIRROUL NSW 2515

Dear Mr Boom,

I refer to the indicative approval for transfer of Mining Lease (ML) 1804 to Orion Mining Pty Ltd (Orion) originally given on 20 February 2017 and amended on 31 March 2017.

I confirm that:

1. Orion has provided evidence that demonstrates to the reasonable satisfaction of the Minister's delegate that it has in place arrangements for:
 - (a) guaranteed access to coal handling and preparation plant for crush and wash of product coal for the remainder of the term of ML 1804; and
 - (b) guaranteed rail loading of product coal and transportation to market for the remainder of the term of ML 1804;
 - (c) a secure supply of water for ML 1804 for the remainder of the term of ML 1804;
2. the Deed of Release executed by Madison Pacific Trust Limited on 28 April 2017 demonstrates that the cash deposit to be paid by Orion to satisfy condition 2(a)(ii)(a) is released or discharged from any security interest granted by Orion to Madison Pacific Trust Limited on terms satisfactory to the Minister's delegate;
3. the terms of 'Cash Deposit Deed' executed by Orion on 28 April 2017 setting out the terms and conditions on which the State will hold and otherwise deal with any cash deposited to satisfy condition 2(a)(ii)(a) are satisfactory to the Minister's delegate; and
4. The terms of the Featherweight General Security Agreement executed by Orion on 28 April are satisfactory to the Minister's delegate.

I enclose for your records copies of the Cash Deposit Deed and Featherweight General Security Deed executed on behalf of the State.

Accordingly, the only outstanding indicative approval condition is condition 2(a)(ii)(a). To satisfy that condition could Orion please arrange to deposit \$13 500 000 into the following account:

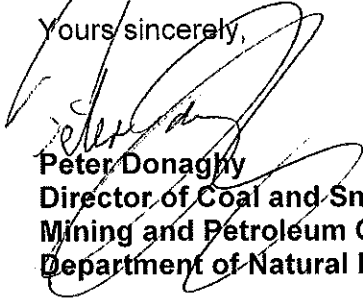
BSB – 064-013
Account No – 10041702
Account Name – DRNM Administered Account
Transaction reference: "IAML1804"

Once the funds have been deposited, could you please notify me by email to peter.donaghy@dnrm.qld.gov.au.

The Department of Natural Resources and Mines will provide Orion with confirmation once the \$13 500 000 deposit has been receipted. At that point all amended conditions of the Indicative Approval for the transfer of ML 1804 will be taken to have been satisfied.

If you have any further questions, please contact me by email or by telephone on 4936 0132.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Peter Donaghy', is written over the typed name and title.

Peter Donaghy
Director of Coal and Small Scale Mining Operations
Mining and Petroleum Operations
Department of Natural Resources and Mines