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31 May 2017

ASX Announcement

Completion of Blair Athol Acquisition



Orion Mining Pty Limited Chairman Jim Soorley at the Completion of the Sale and Purchase Agreement.

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 successfully completed the acquisition of Blair Athol Coal Mine (Blair Athol or Mine) with the Blair Athol Coal Joint Venture (BACJV).

As the new owners of Blair Athol, the Company will move quickly to re-mobilise the plant and equipment on site that was part of the acquisition, allowing mining operations to commence in June 2017 and coal sales to follow quickly thereafter. Current forecast is to produce 1.9Mt¹ of product in

the first full year from commencement of coal mining.

The Company expects more than 600 direct and indirect jobs to be generated in the local and regional communities and will move the corporate office to Clermont to be close to the mine and demonstrating our commitment to support the local community.

ABOUT BLAIR ATHOL

TerraCom has acquired the Blair Athol Coal Mine for AUD\$1 and the Queensland Government has received AUD\$79.6m from the Blair Athol Coal Joint Venture (BACJV) to meet Blair Athol Coal Mine's rehabilitation (which forms 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 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.

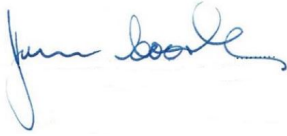
TerraCom plans to commence over 50 hectares of site rehabilitation while bringing the mine back into production. The operation, under TerraCom management, is planned to deliver approx. 2Mtpa over 7 years¹ and ongoing progressive rehabilitation.



Blair Athol BE1370 Dragline

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.



Jim Soorley

Chairman – Orion Mining Pty Limited

Director – TerraCom Limited