



TerraCom Limited
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terracomresources.com

25 January 2018

ASX Announcement

Completion of Institutional 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.

Overview of the Rights Issue

- Fully underwritten by Gleneagle Securities (Aust) Pty Limited acting in the capacity as Lead Manager and Underwriter. The Rights Issue is fully sub-underwritten by Bonython Coal No 1 Pty Limited.
- Issue price of \$0.215 per share, which is equivalent to the closing share price on Thursday 18th January.
- Basis of three (3) ordinary shares (New Shares) for every thirteen (13) existing ordinary shares held (Existing Shares).
- Under the offer approximately 69,715,738 New Shares will be issued to raise approximately \$14,988,884 (before costs and expenses)¹.

Completion of Institutional Entitlement Offer

The Company is pleased to announce the completion of the accelerated institutional component (**Institutional Entitlement Offer**) of the Rights Issue.

The Institutional Entitlement Offer has raised gross proceeds of approximately A\$3.1 million for the issue of approximately 14.4 million fully paid ordinary shares (**New Shares**). Settlement of the Institutional Entitlement Offer is scheduled for Thursday, 1 February 2018, with the New Shares expected to commence trading on Friday, 2 February 2018. On issue, the New Shares will rank equally in all regards with existing TerraCom Shares.

Commencement of the Retail Entitlement Offer

Eligible shareholders will be invited to participate in the retail component of the Entitlement Offer

(Retail Entitlement Offer) at the same Offer Price and offer ratio as the Institutional Entitlement Offer.

The Retail Entitlement Offer will open on Wednesday, 31 January 2018 and close at 5.00pm (AEDT time) on Friday, 9 February 2018.

The Underwriter and Sub-Underwriter will underwrite those “shortfall” securities which are not taken up by eligible shareholders by the close of the Offer. Further details about the Retail Entitlement Offer is set out in the Offer Booklet, which TerraCom will be dispatched to eligible shareholders on Wednesday, 31 January 2018.

Entitlements cannot be traded (on ASX or otherwise) or transferred and will lapse if not taken up. Eligible shareholders who do not take up their Entitlement under the Entitlement Offer (in full or in part), will not receive any value with respect to those Entitlements not taken up.

Blair Athol Rail Load-Out Facility

The next critical activity for the Blair Athol Mine is the Construction and Commissioning of a dedicated rail load-out facility:

- Planning is well advanced and construction work has commenced (refer below images), and it is expected the facility will be commissioned (including first train) in March 2018 quarter.
- This load-out facility will have a substantial impact on the economics of the 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.



Sub-Underwriter

“We are pleased to be entering into the industry after spending a number of years watching share interests on the stock exchange move and fluctuate with little or no active involvement and only a passive interest” said Paul Anderson Executive Chairman.

“This is an exciting time to be part of an industry which has the potential to not only grow communities and infrastructure, but the Australian economy as well as allows us to move towards having an active role. We are enthusiastic about a relationship with TerraCom given their past track record and ability to deliver on what they promise. This is an additional investment into Australia’s economy in addition to our media, medical, horse racing, hotel, tourism and development portfolios” Anderson said.

Bonython Coal No.1’s major shareholder is Australian Businessman Mr John Singleton.

Key Dates

The indicative dates for the Rights Issue is as follows:

Event	Date
Company to obtain Trading Halt on ASX (confirmed by ASX by 10.00am)	Tuesday, 23 January 2018
Announcement Date	
Company to announce Offer and release Offer Announcement, Investor Presentation Materials, Offer Cleansing Statement and Appendix 3B to ASX (by 10.00am)	
Institutional Entitlement Offer close	Wednesday, 24 January 2018
Institutional Entitlement Offer closes (by 5.00pm)	
Record date (7.00pm)	Thursday, 25 January 2018
Company announces results of Institutional Entitlement Offer to ASX (before 9.00am)	
Company to obtain release by 9.00am of Trading Halt	
Company releases Offer Booklet to ASX (by 9.00am).	
Trading resumes on an ex-entitlement basis	
Retail Opening Date	Wednesday, 31 January 2018 (due to Australia Day)
Retail Entitlement Offer opens (9.00am)	
Institutional Shortfall Notification Date	
Company to deliver an Institutional Shortfall Notice (by 9.00am)	
Despatch Date	
Company to complete despatch of Offer Booklet and Entitlement and Acceptance Forms	
Entity announces that offer documents have been sent to holders	
Company to deliver a Certificate and “new circumstance certificate” (by 9.00am).	Thursday, 1 February 2018
Institutional Settlement Date	
Settlement of the Institutional Entitlement Offer	
Company to give ASX an Appendix 3B (if required by ASX) not later than noon on the day before quotation of the securities issued under the institutional offer	
Institutional Issue Date	Friday, 2 February 2018
Company to complete allotment and issue of Offer Securities under Institutional Entitlement Offer.	
Company to despatch holding statements in respect of Securities issued on the Institutional Issue Date.	
Securities issued on the Institutional Issue Date commence trading on ASX (normal basis)	

Event	Date
Retail Closing Date	Friday, 9 February 2018
Retail Entitlement Offer closes (5.00pm)	
Retail Shortfall Notification Date	Monday, 12 February 2018
Announce results and shortfall (if any) under Retail Entitlement Offer	
Company to deliver a Certificate and "new circumstance certificate" (by 9.00am)	Thursday, 15 February 2018
Retail Settlement Date	
Settlement of Retail Entitlement Offer	
Day before *quotation of *securities issued under retail offer, entity provides ASX with the following:	
• The *issue date and number of *securities for which quotation is sought (Appendix 3B) • A statement setting out the issued capital of the entity following the issue under the retail offer • A distribution schedule of the *securities, if the issued *securities form a new *class • A statement setting out the names of the 20 largest holders of this *class of *security and the percentage held by each, if the issued *securities form a new *class	
Retail Issue Date	Friday, 16 February 2018
Company to complete allotment and issue of Offer Securities under the Retail Entitlement Offer (by 10.00am).	
Company to announce results of Retail Entitlement Offer to ASX (by 10.00am).	
Securities issued on the Retail Issue Date commence trading on ASX (normal basis).	
Company to despatch holding statements in respect of Securities issued on the Retail Issue Date.	Monday, 19 February 2018

Dates and times in this announcement are indicative only and subject to change. All dates and times are references to AEDT time.

TerraCom, with the consent of the Underwriter and Sub-Underwriter, reserves the right to amend any or all of these dates and times, subject to the Corporations Act, the ASX Listing Rules and other applicable laws and regulations. TerraCom reserves the right to extend the Closing Date, to accept late applications under the Rights Issue (either generally or in particular cases) and to withdraw the Rights Issue without prior notice. Any extension of the Closing Date may have a consequential impact on the date that New Shares are issued and commence trading on the ASX. Applicants are encouraged to submit their acceptances as soon as possible after the Rights Issue opens. TerraCom also reserves the right not to proceed with the whole or part of the Rights Issue at any time prior to the issue of the New Shares. In that event, application monies (without interest) would be returned to applicants.

Shareholder Enquiries

Eligible shareholders will be sent further details about the Rights Issue in an Offer Booklet (a copy of which will be announced shortly after release of this announcement). Shareholders should read the Offer Booklet carefully before making any investment decision regarding the Rights Issue.

If you have any questions, you should seek advice from your stockbroker, accountant or other independent professional adviser. For further information about the Entitlement Offer you can call the Link Market Services General Shareholder Enquiries Line on 1300 554 474 at any time between 9:00am and 5:00pm (AEDT) on Monday to Friday during the Retail Entitlement Offer period.

ABOUT TERRACOM – terracomresources.com

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 8 years² 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– The figures for the number of new shares and the amount to be raised are maximum figures only. They assume that all shareholders on the Record Date are Eligible Shareholders.

2– Refer to ASX Announcement on 5th September 2017 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.

Please contact Nathan Boom, on +61 7 4983 2038 or at info@terracomresources.com for further information.



Nathan Boom
Company Secretary