TerraCom Limited
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terracomresources.com

31 January 2018

ASX Announcement

Dispatch of Retail Entitlement Offer Information Booklet

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].

Despatch of Retail Entitlement Offer Information Booklet

TerraCom confirms that it has completed dispatch of the Retail Entitlement Offer Booklet for its Rights Issue announced on 23 January 2018 to eligible retail shareholders. A copy of the Retail Entitlement Offer Information Booklet is attached to this announcement.

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 opens Wednesday, 31 January 2018 (today) and closes 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.

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.

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 years[2] 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

TERRACOM

Retail Entitlement Offer Information Booklet

TerraCom Limited ACN 143 533 537

3 for 13 accelerated pro rata non-renounceable entitlement offer of fully paid ordinary shares in TerraCom at an offer price of $0.215 per New Share

Unless extended, the retail entitlement offer closes at 5:00pm (AEDT time) on Friday, 9 February 2018

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This is an important document that is accompanied by a personalised Entitlement and Acceptance Form, and both should be read in their entirety. This document is not a prospectus under the Corporations Act and has not been lodged with ASIC.

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.

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IMPORTANT INFORMATION

Not a prospectus, not investment advice or financial product advice

The information in this Information Booklet is not a prospectus, product disclosure statement, disclosure document or other offering document under the Corporations Act (or any other law) and has not been lodged with ASIC.

This Information Booklet does not purport to contain all the information that you may require to evaluate a possible application for New Shares, nor does it contain all the information which would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act (or any other law). It should be read in conjunction with TerraCom's other periodic statements and continuous disclosure announcements lodged with ASX.

It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. TerraCom is not licensed to provide financial product advice in respect of the New Shares. Neither ASIC nor ASX take responsibility for the contents of this Information Booklet.

The information in this Information Booklet does not take into account the investment objectives, financial situation or needs of you or any particular investor. Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. You should conduct your own independent review, investigation and analysis of Shares the subject of the Retail Entitlement Offer. If, after reading this Information Booklet, you have any questions about the Retail Entitlement Offer, you should contact your stockbroker, accountant or other independent and appropriately licensed professional adviser.

You should also consider the "Key risks" section of the Investor Presentation which is included in this Information Booklet at section 3.1.

Forward looking statements

This Information Booklet contains certain "forward-looking statements". Forward looking statements can generally be identified by the use of forward looking words such as "forecast", "estimate", "likely", "anticipate", "believe", "expect", "future", "project", "opinion", "opportunity", "predict", "outlook", "guidance", "intend", "should", "could", "may", "target", "plan", "propose", "to be", "foresee", "aim", "will" and other similar expressions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements, and include statements in this Information Booklet regarding the conduct, approximate size and outcome of the Entitlement Offer, any discussions with lenders as part of any recapitalisation proposal, the use of proceeds, and TerraCom's outstanding debt. Actual results, performance or outcomes may differ materially from any projections and forward-looking statements and the assumptions on which those assumptions are based. You should not place undue reliance on forward-looking statements and neither TerraCom nor any of its directors, employees, servants, advisers or agents assume any obligation to update such information.

Any forward-looking statements, opinions and estimates provided in this Information Booklet are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, guidance on future earnings and estimates, and guidance on industry trends are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance and may involve significant elements of subjective judgment, assumptions as to future events that may not be correct, known and unknown risks, uncertainties and other factors, many of which are outside the control of TerraCom. A number of factors could cause actual results, performance or achievements to vary materially from any forward-looking statements and the assumptions on which statements are based, including but not limited to the risk factors set out in this Information Booklet. Except as required by applicable law or regulation, TerraCom undertakes no obligation to provide any additional or updated information or update any forward-looking statements, whether as a result of new information, future events or results or otherwise.

To the maximum extent permitted by law, TerraCom and its directors, officers, employees, agents, associates and advisers disclaim any obligations or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions, do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of such information, or likelihood of fulfilment of any forward looking statement or any event or results expressed or implied in any forward looking statement, and disclaim all responsibility and liability for these forward looking statements (including, without limitation, liability for negligence).

Past performance

Prospective investors should note that past performance in this Information Booklet is given for illustrative purposes only and cannot be relied upon as an indicator of (and provides no guidance as to) future TerraCom performance including future share price performance. The historical information is not represented as being indicative of TerraCom's views on its future financial condition and/or performance.

Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Retail Entitlement Offer that is not contained in this Information Booklet. Any information or representation that is not in this Information Booklet may not be relied on as having been authorised by TerraCom, or its related bodies corporate, in connection with the Retail Entitlement Offer. Except as required by law, and only to the extent so required, none of TerraCom, or any other person, warrants or guarantees the future performance of TerraCom or any return on any investment made pursuant to this Information Booklet.

Foreign jurisdictions

The information in this Information Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements, the New Shares, or otherwise permit a public offering of the New Shares, in any jurisdiction outside of Australia or New Zealand unless otherwise specified.

The distribution of this Information Booklet (including an electronic copy) outside of those jurisdictions may be restricted by law. If you come into possession of the information in this Information Booklet, you should observe such restrictions and seek your own advice on such restrictions.

Refer to section 4.10 for key further information in relation to certain foreign jurisdictions.

Miscellaneous

Unless otherwise stated, all dollar values in this Information Booklet are in Australian dollars (AUD$).

Capitalised terms used in this Information Booklet have the meaning given in the Glossary in Section 5 unless the context requires otherwise.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This Information Booklet, and any accompanying ASX announcements and the Entitlement and Acceptance Form do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither this Information Booklet nor the Entitlement and Acceptance Form may be distributed or released in the United States. The New Shares offered in the Entitlement Offer have not been, nor will be, registered under the U.S. Securities Act of 1933, as amended (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be taken up by, and the New Shares may not be offered or sold to, persons in the United States or persons who are acting for the account or benefit of a person in the United States unless they have been registered under the U.S. Securities Act or in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable U.S. state securities laws. The New Shares to be offered and sold in the Retail Entitlement Offer may only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with Regulation S under the U.S. Securities Act.

Chairman's Letter

25 January 2018

Dear Shareholder

On behalf of the directors of TerraCom Limited (**TerraCom** or the **Company**), I am pleased to invite you to participate in a 3 for 13 accelerated pro rata non-renounceable entitlement offer of new fully paid ordinary shares in TerraCom (**New Shares**) at an offer price of $0.215 (**Offer Price**) per New Share (**Entitlement Offer**).

On 23 January 2018, TerraCom announced its intention to raise up to $15 million through the Entitlement Offer.

The Entitlement Offer

The Entitlement Offer will be conducted in two stages:

- an accelerated non-renounceable institutional entitlement offer of New Shares to eligible institutional shareholders (**Institutional Entitlement Offer**); and
- a non-renounceable retail entitlement offer of New Shares to eligible shareholders (**Retail Entitlement Offer**), which will be conducted in accordance with the Key Dates for the Entitlement Offer set out below.

This information booklet (**Information Booklet**) relates to the Retail Entitlement Offer. Under the Retail Entitlement Offer, eligible retail shareholders are entitled to subscribe for 3 New Shares for every 13 existing fully paid ordinary shares in TerraCom (**Shares**) held at 7.00pm (AEDT) on **Thursday, 25 January 2018** (**Record Date**), at the Offer Price of $0.215 per New Share (**Entitlement**). This is the same price that was offered to institutional investors who participated in the Institutional Entitlement Offer.

New Shares will be issued on a fully paid basis and will rank equally with existing fully paid ordinary shares in TerraCom (**Shares**).

The Entitlement Offer is fully underwritten and lead managed by Gleneagle Securities (Aust) Pty Limited (**Underwriter**). Bonython Coal No 1 Pty Limited is the Sub-Underwriter (**Sub-Underwriter**). A summary of the key terms of the underwriting agreement is provided in the Investor Presentation incorporated in this Information Booklet.

Information Booklet

This Information Booklet is important and requires your immediate attention. It is accompanied by your personalised Entitlement and Acceptance Form, which contains details of your Entitlement as well as important information including:

- **key dates** for the Entitlement Offer;
- instructions on **how to apply**, setting out how to accept all or part of your Entitlement in the Retail Entitlement Offer if you choose to do so; and
- ASX Offer Announcement and Investor Presentation.

The Retail Entitlement Offer closes at 5.00pm (AEDT) on Friday, 9 February 2018.

To participate, you need to ensure that you have completed your application by:

- paying Application Monies via BPAY® pursuant to the instructions that are set out on the Entitlement and Acceptance Form so that your payment via BPAY® has been received by TerraCom by 5.00pm (AEDT) on Friday, 9 February 2018;

OR

- lodging your Entitlement and Acceptance Form, together with payment of Application Monies, by cheque, bank draft or money order so that it is received by TerraCom (care of **Link Market Services**) by 5.00pm (AEDT) on Friday, 9 February 2018.

Please refer to the instructions in section 2 of this Information Booklet for further information.

No Entitlements trading

Your Entitlement cannot be traded on ASX or any other exchange or privately transferred. If you do not take up some or all of your Entitlement, your rights will lapse. Please see section 1.4 for more information.

Additional information

Further information on the Entitlement Offer is detailed in this Information Booklet. You should read the entirety of this Information Booklet carefully (including the "Key Risks" section of the Investor Presentation released to ASX on Tuesday, 23 January 2018 and incorporated in the Information Booklet) before deciding whether to participate in the Entitlement Offer.

If you have any further questions about the Entitlement Offer, you should seek advice from your stockbroker, accountant or other independent professional adviser.

Yours sincerely,

TerraCom Limited

Wal King AO
Chairman

Key Dates for the Entitlement Offer

EVENT	DATE
Entitlement Offer announced	Tuesday, 23 January 2018
Record Date to determine eligibility to participate in the Entitlement Offer	7.00pm (AEDT) on Thursday, 25 January 2018
Retail Information Booklet and Entitlement and Acceptance Forms despatched	Wednesday, 31 January 2018
Retail Entitlement Offer opens	9.00am (AEDT) on Wednesday, 31 January 2018
Institutional Entitlement Offer Settlement Date	Thursday, 1 February 2018
Issue of New Shares under the Institutional Entitlement Offer	Friday, 2 February 2018
Retail Entitlement Offer Closes	5:00pm (AEDT) on Friday, 9 February 2018
Retail Entitlement Settlement Date	Thursday, 15 February 2018
Issue of New Shares under the Retail Entitlement Offer Trading of New Shares issued under the Retail Entitlement Offer expected to commence on ASX	Friday, 16 February 2018
Holding Statements Sent to Retail Shareholders	Monday, 19 February 2018

Note: The timetable above is indicative only and subject to change. TerraCom reserves the right to amend any or all of these events, dates and times subject to the Corporations Act, the Listing Rules and other applicable laws. In particular, TerraCom reserves the right to extend the closing date of the Entitlement Offer, to accept late applications either generally or in particular cases or to withdraw the Retail Entitlement Offer without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX.

Enquiries

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.

1. OVERVIEW OF THE ENTITLEMENT OFFER

1.1 Entitlement Offer

The Entitlement Offer is an offer of approximately 69,715,738 New Shares at the Offer Price of $0.215 per New Share. Under the Entitlement Offer, all Eligible Institutional Shareholders and all Eligible Retail Shareholders are entitled to subscribe for 3 New Shares for every 13 Shares held at 7.00pm (AEDT) on the Record Date.

The Entitlement Offer is comprised of two parts:

- the **Institutional Entitlement Offer** – Eligible Institutional Shareholders were invited to take up their Entitlements. The Institutional Entitlement Offer closed on Wednesday, 24 January 2018; and
- the **Retail Entitlement Offer** – Eligible Retail Shareholders are now being invited to take up all or part of their Entitlements.

The Retail Entitlement Offer closes at 5.00pm (AEDT) on Friday, 9 February 2018.

The Entitlement Offer is non-renounceable, which means that Entitlements are non-transferable and cannot be sold or traded.

New Shares will be issued on a fully paid basis and will rank equally with existing Shares on issue.

The Entitlement Offer is fully underwritten and lead managed by the Underwriter, as well as a sole Sub-Underwriter. A summary of the key terms of the underwriting agreement is provided in slides 20 and 21 of Investor Presentation incorporated in this Information Booklet (at section 3.1).

1.2 Who is eligible to participate in the Retail Entitlement Offer

Under the Retail Entitlement Offer, Eligible Retail Shareholders are being offered the opportunity to subscribe for 3 New Shares for every 13 Shares held as at the Record Date 7.00pm (AEDT time) on Thursday, 25 January 2018, at the Offer Price of $0.215 per New Share.

Eligible Retail Shareholders are those Shareholders who:

- are not Eligible Institutional Shareholders or Ineligible Institutional Shareholders;
- are Institutional Shareholders who did not successfully receive an offer to subscribe for New Shares under the Institutional Entitlement Offer and are not an Ineligible Institutional Shareholders;
- are registered as a holder of Shares as at the Record Date, being 7.00pm (AEDT time) on Thursday, 25 January 2018;
- as at the Record Date, have a registered address in Australia or New Zealand, or are a Shareholder that TerraCom has otherwise determined is eligible to participate;
- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent they are holding Shares for the account or benefit of such person in the United States); and

- are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

TerraCom may (in its absolute sole discretion) extend the Retail Entitlement Offer to any institutional shareholder who was eligible to participate in the Institutional Entitlement Offer but was either not invited to participate in the Institutional Entitlement Offer and was not treated as an Ineligible Institutional Shareholder under the Entitlement Offer, or was invited to participate in the Institutional Entitlement Offer but indicated a preference to participate in the Retail Entitlement Offer instead (subject to compliance with applicable laws).

1.3 What is your Entitlement

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 3 New Shares for every 13 Shares you held as at the Record Date, being 7.00pm (AEDT time) on Thursday, 25 January 2018. If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

Note: The Entitlement stated on your personalised Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up; for example, you are not permitted to take up an Entitlement to the extent you are holding Shares for the account or benefit of a person in the United States (see definition of Eligible Retail Shareholders in section 1.2 of this Information Booklet).

1.4 Can you trade your Entitlement

The Entitlements are personal and cannot be traded on ASX, transferred, assigned or otherwise dealt with. If you do not take up your entitlements by 5:00pm (AEDT time) on Friday, 9 February 2018, your rights will lapse.

By allowing your Entitlement to lapse you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up your Entitlement. Your interest in TerraCom will also be diluted.

1.5 ASX quotation

Subject to approval being granted, quotation of the New Shares is expected to commence on:

- Friday, 2 February 2018 for New Shares issued under the Institutional Entitlement Offer (on a normal settlement basis); and
- Friday, 16 February 2018 for New Shares issued under the Retail Entitlement Offer (on a normal settlement basis).

Holding statements will be despatched in accordance with the Listing Rules. It is the responsibility of each applicant to confirm their holding before trading in New Shares. Any applicant who sells New Shares before receiving confirmation of their holding in the form of a holding statement will do so at their own risk.

TerraCom and the Underwriter disclaim all liability (to the maximum extent permitted by law) to persons who trade New Shares before receiving their holding statements, whether on the basis of confirmation of the allocation provided by TerraCom, the Underwriter , Sub-Underwriter or the Registry or otherwise.

1.6 Ineligible Retail Shareholders

All Shareholders who are not Eligible Retail Shareholders, Eligible Institutional Shareholders or Ineligible Institutional Shareholders are ineligible Retail Shareholders (**Ineligible Retail Shareholders**). Ineligible Retail Shareholders will not be entitled to participate in the Retail Entitlement Offer.

TerraCom has determined that it would be unreasonable on this occasion to extend the Retail Entitlement Offer to Ineligible Retail Shareholders, having regard to the number of securities held by Ineligible Retail Shareholders, the number and value of New Shares that they would be offered and the costs of complying with the legal and regulatory requirements which would apply to an offer of securities to Ineligible Retail Shareholders in those places.

1.7 Rights of TerraCom and the Underwriter

(a) Adjusting Entitlements

TerraCom reserves the right (in its absolute sole discretion) to reduce the number of New Shares allocated to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders, if their claims prove to be overstated or they fail to provide information to substantiate their claims.

(b) Acknowledgement

By accepting their Entitlements, Shareholders irrevocably acknowledge and agree to do any of the above as required by TerraCom and the Underwriter in their absolute discretion. Shareholders also acknowledge that:

- there is no time limit on the ability of TerraCom and the Underwriter to require any of the actions set out above; and
- where TerraCom and the Underwriter exercise their right to correct a Shareholder's Entitlement, the Shareholder is treated as continuing to accept or not take up any remaining Entitlement (as the case may be).

2. HOW TO APPLY

2.1 What you may do – choices available

If you have any questions, you should seek advice from your stockbroker, accountant or other independent professional adviser.

You should also read this Information Booklet in full, including the "Key Risks" section of the Investor Presentation.

If you are an Eligible Retail Shareholder, you may do any one of the following:

- take up all of your Entitlement (see section 2.2 of this Information Booklet);
- take up part of your Entitlement (see section 2.3 of this Information Booklet); or
- not take up your Entitlement (see section 2.4 of this Information Booklet).

You should note that if you do not take up all or part of your Entitlement, your percentage shareholding in TerraCom will be diluted under the Entitlement Offer.

2.2 If you wish to take up all of your Entitlement

If you decide to take up **all** of your Entitlement and you wish to pay by cheque, bank draft or money order you should:

- complete the personalised Entitlement and Acceptance Form by following the instructions set out on the personalised Entitlement and Acceptance Form;
- attach payment for the full amount payable (being the Offer Price multiplied by the number of New Shares comprising your Entitlement) to the form; and
- return the Entitlement and Acceptance Form together with payment to the Registry so that it is received by 5:00pm (AEDT time) on Friday, 9 February 2018.

If you wish to take up **all** of your Entitlement and you wish to pay by BPAY® you should make your payment by BPAY® for the full amount payable (being the Offer Price multiplied by the number of New Shares comprising your Entitlement) so that it is received by 5:00pm (AEDT time) on Friday, 9 February 2018.

If you choose to pay by BPAY® you are not required to submit the personalised Entitlement and Acceptance Form but are taken to make the statements on that form.

If you take up and pay for your Entitlement before the closing date of the Retail Entitlement Offer of 5:00pm (AEDT time), Friday, 9 February 2018, you will be allotted your New Shares on Friday, 16 February 2018. TerraCom's decision on the number of New Shares allotted to you will be final.

2.3 If you wish to take up part of your Entitlement

If you decide to take up **part** of your Entitlement and reject the balance and you wish to pay by cheque, bank draft or money order you should:

- complete the personalised Entitlement and Acceptance Form by following the instructions set out on the personalised Entitlement and Acceptance Form indicating the number of New Shares you wish to take up. This will be less than your Entitlement as specified on the Entitlement and Acceptance Form;
- attach payment for the full amount payable (being the Offer Price multiplied by the number of New Shares you are taking up – you will need to calculate this number yourself) to the form; and
- return the Entitlement and Acceptance Form to the Registry so that it is received by 5:00pm (AEDT time) on Friday, 9 February 2018.

If you wish to take up **part** of your Entitlement and reject the balance and you wish to pay by BPAY® you should make your payment by BPAY® for the full amount payable (being the Offer Price multiplied by the number of New Shares you are taking up – you will need to calculate this number yourself).

If you choose to pay by BPAY® you are not required to submit the personalised Entitlement and Acceptance Form but are taken to make the statements on that form.

If you take up and pay for part of your Entitlement before the closing date of the Retail Entitlement Offer of 5:00pm (AEDT) on Friday, 9 February 2018, you will be allotted your New Shares on Friday, 16 February 2018. TerraCom’s decision on the number of New Shares allotted to you will be final.

2.4 If you do not wish to take up your Entitlement

If you do not wish to take up your Entitlement you should do nothing.

2.5 Payment

(a) General

The Offer Price of $0.215 per New Share accepted is payable on acceptance of your Entitlement.

You can pay in the following ways:

- BPAY®; or
- cheque, bank draft or money order.

Cash payments will not be accepted. Receipts for payment will not be issued.

Application Monies received from Eligible Retail Shareholders will be held in the TerraCom Entitlement Offer Account solely for the purpose of holding the Application Monies.

TerraCom reserves the right to cancel the Entitlement Offer at any time prior to the allocation of New Shares under the Institutional Entitlement Offer. If the Entitlement Offer is cancelled, all Application Monies will be refunded without interest. To the fullest extent permitted by law, each Eligible Retail Shareholder agrees that any Application Monies paid by them to TerraCom will not entitle them to any interest against TerraCom and that any interest earned in respect of Application Monies will belong to TerraCom. This will be the case, whether or not all or none (if the Entitlement Offer is withdrawn) of the New Shares applied for by a person are issued to that person.

Any Application Monies received for more than your final allocation of New Shares will be refunded (except where the amount is less than $1.00 in which case it will be donated to a charity chosen by TerraCom). No interest will be paid on any Application Monies received or refunded.

(b) Payment by BPAY®

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form (which includes the biller code and your unique reference number). You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying by BPAY®, please make sure to use the specific Biller Code and unique Reference Number on your Entitlement and Acceptance Form. If you have multiple holdings and receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings, please only use the Reference Number specific to the Entitlement on that Form. If you do not use the correct Reference Number specific to that holding, or inadvertently use the same Reference Number for more than one of your Entitlements, your application will not be recognised as valid.

Please note that should you choose to pay by BPAY®:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to have made the statements on that personalised Entitlement and Acceptance Form; and

- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the Registry by no later than 5:00pm (AEDT) on Friday, 9 February 2018 (subject to variation). You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment.

(c) **Payment by cheque, bank draft or money order**

Your cheque, bank draft or money order must be:

- for an amount equal to the Offer Price of $0.215 multiplied by the number of New Shares that you are applying for; and

- in Australian currency drawn on an Australian branch of a financial institution; and

- payable to "TerraCom Limited – Entitlement Offer" and crossed "Not Negotiable".

If you wish to pay by cheque, bank draft or money order, you must also complete your personalised Entitlement and Acceptance Form in accordance with the instructions set out on that form and return it to the Registry accompanied by a cheque, bank draft or money order.

You should ensure that sufficient funds are held in the relevant account(s) to cover the Application Monies. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares as your cleared Application Monies will pay for (and you will be taken to have specified that number of New Shares on your personalised Entitlement and Acceptance Form). Alternatively, your application will not be accepted.

2.6 Mail and hand delivery

Shareholders who make payment via cheque, bank draft or money order should send their completed personalised Entitlement and Acceptance Form together with Application Monies to:

By mail:	**By hand:**
TerraCom Limited c/o Link Market Services Limited GPO Box 3560 Sydney NSW 2001	TerraCom Limited c/o Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138 (*Please do not use this address for mailing purposes*)

2.7 Effect of participating in the Entitlement Offer

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, or otherwise applying to participate in the Entitlement Offer, you:

- **declare that**:
  - all details and statements made in the personalised Entitlement and Acceptance Form are complete and accurate;
  - you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Retail Entitlement Offer; and
  - you were the registered holder(s) at the Record Date of the Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- **acknowledge that**:
  - once TerraCom receives the Entitlement and Acceptance Form with the requisite Application Monies or your payment by BPAY®, you may not withdraw it except as allowed by law;
  - you have read and understood this Information Booklet and the personalised Entitlement and Acceptance Form; and
  - the information contained in this Information Booklet is not investment advice or a recommendation that the New Shares are suitable for you, given your investment objectives, financial situation or particular needs;
- **agree to**:
  - apply for, and be issued with up to, the number of New Shares that you apply for at the Offer Price of $0.215 per New Share; and
  - be bound by the terms of this Information Booklet and the provisions of TerraCom's constitution;
- **authorise** TerraCom to register you as the holder of New Shares and authorise TerraCom and its officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instruction of the Registry by using the contact details set out in the personalised Entitlement and Acceptance Form;
- **represent and warrant that**:
  - the law of any place (other than Australia and New Zealand and other selected foreign jurisdictions) does not prohibit you from being given this Information Booklet or making an application for New Shares; and
  - you are an Eligible Retail Shareholder.

By completing and returning your Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY® or otherwise applying to participate in the Retail Entitlement Offer you will be deemed to have **acknowledged**, **represented** and **warranted** on behalf of each person on whose account you are acting that:

- you are not in the United States and you are not acting for the account or benefit of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer of or issue of New Shares under the Retail Entitlement Offer and under any applicable laws and regulations;

- if you decide to sell or otherwise transfer any New Shares, you will only do so in regular way transactions on ASX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States;

- you and each person on whose account you are acting have not and will not send any materials relating to the Entitlement Offer, including this Information Booklet and the Entitlement and Acceptance Form, to any person that is in the United States or that is acting for the account or benefit of a person in the United States;

- you understand and acknowledge that the New Shares have not been, nor will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction in the United States. Accordingly, you understand and acknowledge that the New Shares may not be offered or sold to, persons in the United States or persons who are acting for the account or benefit of a person in the United States. You further understand and acknowledge that the New Shares may only be offered, sold and resold outside the United States in 'offshore transactions' (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S;

- you are subscribing for or purchasing the New Shares outside the United States in an 'offshore transaction' (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with reliance on Regulation S under the U.S. Securities Act; and

- if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is not in the United States, and you have not sent this Information Booklet, the Entitlement and Acceptance Form or any information relating to the Retail Entitlement Offer to any such person in the United States.

3. ASX OFFER ANNOUNCEMENTS

3.1 Investor Presentation

STRONG DECEMBER 2017 QUARTER AND FOCUS ON CASHFLOW

23 JANAURY 2018

TERRACOM
DISCLAIMER

This document has been prepared by TerraCom Limited (TerraCom or the Company) in relation to its capital raising proposal, as described in its ASX announcement ("Fully Underwritten Non-Renounceable Pro-Rata Accelerated Rights Issue"). This document contains summary information about the Rights Issue, TerraCom, its subsidiaries, and its activities which are current as at the date of this document. The information in this document is general in nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in TerraCom or that would be required in a prospectus or product disclosure statement prepared in accordance with the Corporations Act 2001 (Cth). Information in this document should therefore be read in conjunction with other announcements made by TerraCom to the ASX.

No representation or warranty, express or implied, is made as to the fairness, accuracy or completeness of the information contained in this document (or any associated presentation, information or matters). To the maximum extent permitted by law, TerraCom and its related bodies corporate and affiliates, and their respective directors, officers, employees, agents and advisers, disclaim any liability (including, without limitation, any liability arising from fault, negligence or negligent misstatement) for any direct or indirect loss or damage arising from any use or reliance on this document or its contents, including any error or omission from, or otherwise in connection with, it.

Certain statements in or in connection with this document contain or comprise forward looking statements. Such statements may include, but are not limited to, statements with regard to capital cost, capacity, future production and grades, sales projections and financial performance and may be (but are not necessarily) identified by the use of phrases such as "will", "expect", "anticipate", "believe" and "envisage". By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and may be outside TerraCom's control. Accordingly, results, events or outcomes could differ materially from the results, events or outcomes expressed in or implied by the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in product prices and exchange rates and business and operational risk management. Subject to any continuing obligations under applicable law or relevant stock exchange listing rules, TerraCom undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

Nothing in this document constitutes investment, legal or other advice. You must not act on the basis of any matter contained in this document, but must make your own independent investigation and assessment of TerraCom and obtain any professional advice you require before making any investment decision based on your investment objectives and financial circumstances. An investment in TerraCom shares is subject to known and unknown risks, some of which are beyond the control of TerraCom. Investors should have careful regard to the risk factors outlined in this document.

This document does not constitute an offer, invitation, solicitation, advice or recommendation with respect to the issue, purchase or sale of any security in any jurisdiction. Refer further to the international offer restrictions in this document. This document may not be distributed or released in the United States or to, or for the account of, any US Person (as defined in the US Securities Act of 1933).

CAPITAL STRUCTURE

MAJOR SHAREHOLDERS COMMITTED TO BUILDING VALUE

Trading Summary (18 Jan 2018)

ASX Code	TER
Share Price	A$0.215
Shares	302.1m
Market Cap	A$64.95M

Share Price Performance

Finance Instruments in Place	
Warrants	OCP Asia hold 12,630,833 Detachable Warrants with an Exercise Price which is the lower of the Cross Listing Price and the Market Price and which expire on 28 February 2021
Options	Fosters Stock Broking have 1,500,000 options with a strike price equal to $0.30 and with an expiry date of 31 August 2018 and 1,500,000 options with a strike price equal to $0.45 and with an expiry date of 31 August 2018.

TERRACOM

FULLY UNDERWRITTEN RIGHTS ISSUE

STRUCTURE

Rights Issue:	Fully Underwritten Pro-Rata Accelerated Rights Issue
Rights Issue Participation:	Three (3) new ordinary shares (New Shares) for every thirteen (13) existing ordinary shares held (Existing Shares) to raise gross proceeds up to A$15 million.
Rights Issue Quantum:	Approximately 69,715,738 New Shares will be issued to raise approximately $14,988,884 (before costs and expenses)
Rights Issue Price:	Issue price of $0.215 per share, which is equivalent to the closing share price on Thursday 18th January.
Underwriting and Sub-Underwriting:	Gleneagle Securities (Aust) Pty Limited is acting in the capacity as Lead Manager and Underwriter. Fully underwritten by Bonython Coal No.1 Pty Limited who is acting as sole Sub-Underwriter.

TERRACOM

FULLY UNDERWRITTEN RIGHTS ISSUE

STRUCTURE (CONT.)

Rights Issue:	Fully Underwritten Pro-Rata Accelerated Rights Issue
Existing Shares on Issue:	~302.1 million
New Shares to be Issued:	~69.7 million*
Total Shares on Issue (post Rights Issue):	~371.8 million

* 18.75% new shares as a percentage of the post rights issue share capital

TERRACOM

FULLY UNDERWRITTEN RIGHTS ISSUE

ADDITIONAL DETAILS

Rights Issue:	Fully Underwritten Pro-Rata Accelerated Rights Issue
Eligible Institutional Shareholders:	Registered address in Australia, New Zealand, Singapore, United Arab Emirates, Hong Kong, Cayman Islands, British Virgin Islands and Malaysia only.
Fractional Entitlements:	Rounded up to the nearest whole number.
Non-Renounceable:	The Rights Issue is non-renounceable, and accordingly the rights will not trade on the ASX, nor can they be transferred or otherwise disposed of.
New Shares:	All New Shares issued under the Rights Issue will rank equally with Existing Shares on the date of issue.
Additional Lodgements:	An Appendix 3B in relation to the Rights Issue and a notice under section 708AA(2)(f) of the Corporation Act 2001 (Cth) will be lodged with the ASX today.

FULLY UNDERWRITTEN RIGHTS ISSUE

USE OF FUNDS

- The net proceeds of the funds raised under the Rights Issue will be used to strengthen the Company's financial position:
  - Working capital to deliver the 3.5mtpa[1,2] production for 2018 calendar year
  - Expedite the Blair Athol rail line construction
  - Partially repay the Super Senior Notes

1– 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.
2– Refer 21 November 2016 ASX Announcement for further information and clarification on the BNU Mine production forecast. The material assumptions underpinning the BNU Mine production target in the 21 November 2016 ASX Announcement continues to apply and has not materially changed.

FULLY UNDERWRITTEN RIGHTS ISSUE

TIMETABLE

Event	Date
Company to obtain Trading Halt on ASX (confirmed by ASX by 10.00am) **Announcement Date** Company to announce Offer and release Offer Announcement, Investor Presentation Materials, Offer Cleansing Statement and Appendix 3B to ASX (by 10.00am)	Tuesday, 23 January 2018
Institutional Entitlement Offer close Institutional Entitlement Offer closes (by 5.00pm)	Wednesday, 24 January 2018
Company announces results of Institutional Entitlement Offer to ASX (before 9.00am) Company to obtain release by 9.00am of Trading Halt **Record date** (7.00pm) Company releases Offer Booklet to ASX (by 9.00am). Trading resumes on an ex-entitlement basis	Thursday, 25 January 2018
Retail Opening Date 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	Wednesday, 31 January 2018 (due to Australia Day)
Company to deliver a Certificate and "new circumstance certificate" (by 9.00am). **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	Thursday, 1 February 2018

FULLY UNDERWRITTEN RIGHTS ISSUE

TIMETABLE (CONT.)

Event	Date
Institutional Issue Date 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)	Friday, 2 February 2018
Retail Closing Date Retail Entitlement Offer closes (5.00pm)	Friday, 9 February 2018
Retail Shortfall Notification Date Announce results and shortfall (if any) under Retail Entitlement Offer	Monday, 12 February 2018
Company to deliver a Certificate and "new circumstance certificate" (by 9.00am) **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	Thursday, 15 February 2018
Retail Issue Date 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).	Friday, 16 February 2018
Company to despatch holding statements in respect of Securities issued on the Retail Issue Date.	Monday, 19 February 2018

FULLY UNDERWRITTEN RIGHTS ISSUE
ADDITIONAL INFORMATION

- The Underwriter will receive a fee for acting and that fee comprises (in the case of the Underwriter only) an underwriting fee of 2.5% of the total Institutional Entitlement Offer amount and the total Retail Entitlement Offer amount.

- The Sub-Underwriter (Bonython Coal No 1 Pty Limited) will receive a fee for acting from TerraCom that compromises:
  - fee of A$750,000 to be satisfied by a placement of new shares in the Company at A$0.215 per share;
  - right to subscribe for A$250,000 of new shares in the Company at A$0.215 per share, to extinguish on completion of the placement described in paragraph above; and
  - entitlements to appoint a director to the board of the Company so long as the Sub-Underwriter and its related bodies corporate hold in aggregate 5% or more of the shares in the Company.

KEY RISKS

Notice: There are a number of risks, both specific to TerraCom and of a general nature, which may, either individually or in combination, affect the future operational and financial performance of TerraCom, and the industries in which TerraCom operates. The following list of risk factors should not to be taken as an exhaustive list of the risks faced by TerraCom or by investors in TerraCom. The factors set out below, and others not specifically set out below, may in the future materially affect the financial performance of TerraCom and the value of its shares. TerraCom's shares carry no guarantee with respect to the payment of dividends, returns of capital or future market value.

Specific Risks

Legislative changes, government policy and approvals

Changes in government regulations and policies in Australia, in Mongolia and in Singapore may adversely affect the financial performance of TerraCom.

Foreign exchange risk

TerraCom's revenues, majority of costs (both capital and operating) and debt funding are all either denominated in US dollars or fluctuate based on shift in US dollars. Because the majority of costs and revenues are both denominated in the same currency, a natural hedge will exist in terms of operating foreign exchange risk. Investments in TerraCom's shares are made in Australian dollars, however, and therefore shareholder returns will, in Australian currency terms, be subject to risks associated with the exchange rate of US dollars to Australian dollars.

Price risk

TerraCom's revenues and cash flows are derived from the sale of coking coal and thermal coal. Its financial performance is therefore exposed to fluctuations in the prices for those commodities, which have been volatile in recent years. These commodities prices are influenced by numerous factors and events that are beyond the control of TerraCom, including increased global supply, decreased demand, currency exchange rates, general economic conditions, regulatory changes and other factors. TerraCom cannot provide any assurance as to the prices it will achieve for these commodities. Changes in commodity prices may have a positive or negative effect on TerraCom's activities.

Operating risks

The current and future operations of TerraCom may be affected by a range of factors including: adverse geological conditions; limitations on activities due to seasonal weather patterns; unanticipated operational and technical difficulties encountered in geophysical surveys, drilling and production activities; unanticipated metallurgical problems that may affect production volumes or extraction costs; mechanical failure of operating plant and equipment; industrial and environmental accidents, industrial disputes and other force majeure events; unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment; inability to obtain necessary consents or approvals; and health and safety risks.

KEY RISKS
CONT.

Mongolia
TerraCom's BNU Mine is located in Mongolia. Whilst Mongolia is, at present, a stable democracy, in recent history it has experienced greater economic, social and political volatility than developed Western countries and there is therefore a higher degree of geo-political risk associated with doing business there. As a result, TerraCom's operations in Mongolia may be impacted by: potential difficulties in enforcing agreements and collecting receivables through the local legal and regulatory systems; potential difficulties in protecting/enforcing rights and interest in assets, including changes in laws relating to foreign ownership and government or local partner participation rules; changes in government policies and procedures, including restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes; changes in applicable royalty rates; restrictions on the transfer / repatriation of funds and monetary policies; risk of expropriation or nationalisation with inadequate compensation; currency fluctuations, high inflation and deteriorating economic conditions; and civil unrest and industrial action, personal security issues, disease outbreaks, social and religious conflict and acts of terrorism.

Australia
Legal, tax and regulatory changes in Australia, where TerraCom is incorporated, may also impose additional financial obligations on the company or otherwise adversely affect the value of TerraCom's assets and the financial position and performance of TerraCom.

Title risk
Coal mining and exploration licences are granted subject to various conditions. Failure to comply with conditions may lead to forfeiture. All of the licences in which TerraCom has or may have an interest will be subject to renewal. If any of the licecnes are not renewed for any reason, TerraCom may suffer damage through loss of opportunity to develop.

Environmental risks and regulation
There is always a risk of environmental damage arising from TerraCom's operations, including through accident, which may give rise to liabilities and costs for TerraCom, including through the imposition of fines and the potential for operations to be delayed, suspended or shut down.

Product sales agreements
TerraCom has contracts with various counterparties with respect to the sale of product from its mines in Australia and Mongolia. These contracts do not cover all product expected to be produced from these mines and there is no guarantee that TerraCom will be able to reach agreement on terms satisfactory to it for the sale of product not presently contracted. If it cannot reach agreement on satisfactory terms, this may have an adverse effect on TerraCom's future revenues. The financial performance of TerraCom is also potentially exposed to failure by counterparties to its product sales agreements and there can be no guarantee that TerraCom would be able to recover the full amount of any loss through legal action.

KEY RISKS
CONT.

Mineral Resource and Ore Reserve estimates

Mineral Resource and Ore Reserve estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource and reserve estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect TerraCom's operations.

Mining and production

There can be no guarantee, and TerraCom shareholders should not assume, that: anticipated tonnages and product yield recoveries will always be achieved during mining and production or, even if they are, that they will be sufficient to sustain a profitable mining operation; or there will not be significant increases in costs in contractors, labour, plant, materials or utility charges (or the availability of any of these) in a manner that will adversely impact on anticipated capital, development or operating costs.

Exploration interests

Exploration activities are speculative by nature and therefore are often unsuccessful. Such activities also require substantial expenditure and can take several years before it is known whether they will result in additional mines being developed. Accordingly, if exploration activities undertaken by TerraCom do not result in additional reserves, there may be an adverse effect on TerraCom's financial performance. In addition, the exploitation of successful discoveries involves obtaining the necessary licences or clearances from relevant authorities that may require conditions to be satisfied and the exercise of discretions by such authorities. The success of TerraCom in progressing projects not already in production will also depend upon TerraCom having access to sufficient development capital, being able to maintain title to its properties and obtaining all required approvals for its activities. In the event that exploration programs prove to be unsuccessful this could lead to a diminution in the value of the properties, a reduction in the cash reserves of the TerraCom group and possible relinquishment of the mineral properties.

Insurance

Insurance against all risks associated with mining operations are not always available or affordable. TerraCom intends to maintain insurance where it is considered appropriate for TerraCom's needs. However, TerraCom is not insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive in the circumstances.

Dilution

Given the size of the Entitlement Offer, Eligible Shareholders who do not take up their entitlements and ineligible shareholders will be diluted by the Rights Issue.

KEY RISKS
CONT.

General risks

General

The value of TerraCom shares and prices at which they trade in the market are affected by a number of general factors which are beyond the control of TerraCom and its directors. Factors such as inflation, currency fluctuation, interest rates, supply and demand and industrial disruption have an impact on operating costs, commodity prices, local and international economic conditions and general investor sentiment. The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither TerraCom nor its directors warrant the future performance of TerraCom or any return on an investment in TerraCom. Furthermore, access to additional equity sources in the future may be impacted by adverse market conditions.

Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on TerraCom's exploration and future production activities, as well as on its ability to fund those activities. Securities investments Investors and potential investors should be aware that there are risks associated with any securities investment. Securities listed on a stock market, and in particular securities of mining and exploration companies, have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of TerraCom's performance. Mining operations, as well as TerraCom's customers, can be hampered by force majeure circumstances and cost overruns for unforeseen events which may have a negative impact on TerraCom.

Key executives and personnel

TerraCom's prospects depend in part on its ability to attract and retain its executive officers, senior management and key consultants and for these personnel to operate effectively.

Share price volatility and share market risks

The share prices of quoted companies, in particular mining and exploration companies, can be highly volatile and shareholdings may be illiquid. The price at which the shares are quoted and the price which investors may realise for their shares may be influenced by a large number of factors, some of which are specific to TerraCom and its operations and some of which may affect quoted companies generally. These factors include, without limitation: the operating performance of TerraCom and market expectations of future performance; changes in general economic conditions and outlook, including interest rates, inflation rates, exchange rates, commodity prices and the demand for, and supply of, capital; natural disasters, terrorism events and other hostilities and conflicts; changes in government policies, taxation and other laws; large purchases or sales of shares by other investors; changes in investor sentiment towards particular market sectors and the equity markets in general; and other factors which are outside of the control of TerraCom.

KEY RISKS
CONT.

Liquidity risk
There can be no guarantee that there will always be an active market for TerraCom's shares or that the price of TerraCom shares will increase. There may be relatively few buyers or sellers of shares on the ASX at any given time. This may affect the volatility of the market price of shares. It may also affect the prevailing market price at which TerraCom shareholders are able to sell their TerraCom shares. This may result in TerraCom shareholders receiving a market price for their TerraCom shares that is less or more than the price paid pursuant to the Rights Issue.

Environmental risk
The operations and activities of TerraCom are subject to the environmental laws and regulations of Australia and Mongolia. As with all mining operations and exploration projects, TerraCom's operations and activities are expected to have an impact on the environment. TerraCom is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase TerraCom's cost of doing business or affect its operations in any area. Further, there can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige TerraCom to incur significant expenses and undertake significant investments which could have material adverse effect on TerraCom's business, financial condition and performance.

Counterparty risk
The financial performance of TerraCom is potentially exposed to failure by counterparties to agreements, including product sales agreements. This may also lead to adverse financial consequences for TerraCom and there can be no guarantee that Base would be able to recover the full amount of any loss through legal action.

Competition
TerraCom competes with other coal mining production companies internationally. Some of these companies have greater financial and other resources than TerraCom and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that TerraCom will be able to compete effectively with these companies.

Discretion in use of capital
The TerraCom Board and management have discretion concerning the use of TerraCom's capital resources as well as the timing of expenditures. Capital resources may be used in ways not previously anticipated or disclosed. The results and the effectiveness of the application of capital resources are uncertain. If they are not applied effectively, TerraCom's financial and/or operational performance may suffer.

INTERNATIONAL OFFER RESTRICTIONS

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Cayman

No offer or invitation to subscribe for New Shares may be made to the public in the Cayman Islands.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Malaysia

This document may not be distributed or made available in Malaysia. No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to any offer of New Shares. The New Shares may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Part I of Schedule 6 of the Malaysian Capital Markets and Services Act.

INTERNATIONAL OFFER RESTRICTIONS
CONT.

New Zealand
This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.
Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Singapore
This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.
This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

INTERNATIONAL OFFER RESTRICTIONS

CONT.

United Arab Emirates

Neither this document nor the New Shares have been approved, disapproved or passed on in any way by the Emirates Securities and Commodities Authority ("ESCA") or any other governmental authority in the United Arab Emirates. The Company has not received authorisation or licensing from the ESCA or any other governmental authority in the United Arab Emirates to market or sell the New Shares within the United Arab Emirates. This document does not constitute, and may not be used for the purpose of, an offer of securities in the United Arab Emirates (excluding the Dubai International Financial Centre). No services relating to the New Shares, including the receipt of applications, may be rendered within the United Arab Emirates (excluding the Dubai International Financial Centre).

In the Dubai International Financial Centre, the New Shares may be offered, and this document may be distributed, only as an "Exempt Offer", as defined and in compliance with the Markets Rules issued by the Dubai Financial Services Authority (the “DFSA”). The DFSA has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

INTERNATIONAL OFFER RESTRICTIONS
CONT.

British Virgin Islands
The New Shares may not be offered in the British Virgin Islands unless the Company or any person offering the New Shares on its behalf is licensed to carry on business in the British Virgin Islands. The Company is not licensed to carry on business in the British Virgin Islands. The New Shares may be offered to British Virgin Islands business companies from outside the British Virgin Islands without restriction.

KEY TERMS OF UNDERWRITING AGREEMENT

The Entitlement Offer is fully underwritten on the terms and conditions set out in an underwriting agreement executed by TerraCom and Gleneagle Securities (Aust) Pty Limited (the Underwriter) (Underwriting Agreement). Bonython Coal No 1 Pty Limited is one of the Sub-Underwriter (Sub-Underwriter). The obligations of the Underwriter, including the obligation to underwrite any shortfall under the Institutional Entitlement Offer or the Retail Entitlement Offer, are subject to certain conditions precedent. These conditions precedent are generally customary for an underwriting arrangement of this kind or have otherwise been satisfied prior to or at launch of the Offer. The Underwriter may terminate their obligations under the Underwriting Agreement if certain events occur in connection with the Offer, including, but not limited to, if:

- any of the materials issued in connection with the Offer (including ASX announcements and this Investor Presentation) (Offer Materials) omits any material required to be included by the Corporations Act or any other applicable laws, or contain a statement, report, representation, matter or thing that is false, misleading or deceptive, or likely to mislead or deceive (whether by omission or otherwise);
- any information supplied by or on behalf of TerraCom to the Underwriter for the purposes of the Offer Materials or the Offer, is misleading or deceptive (including by omission);
- a cleansing notice issued by TerraCom in connection with the Offer is defective, or a corrective statement is required to be issued under the Corporations Act;
- any adverse change, development or event involving prospective change in the condition (financial or otherwise) or assets, liabilities, earnings, business, operations, management, profits, losses or prospects of TerraCom or any of its related bodies corporate occurs;
- there is introduced or there is a public announcement of a proposal to introduce a new law or policy into Australia or New Zealand (other than a law or policy which has been announced before the date of this document) which does or is likely to prohibit or regulate the Offer, capital issues or stock markets;
- TerraCom is or will be prevented from conducting or completing the Offer in prescribed circumstances;
- TerraCom withdraws any invitations to participate in the Offer or any part of the Offer;
- any of the Offer Materials do not, or fail to, comply with the Corporations Act, the Listing Rules, or other applicable law or regulation;
- TerraCom or any of its related bodies corporate contravenes the Corporations Act, its Constitution, or any of the Listing Rules;
- TerraCom ceases to be admitted to the official list of ASX or its securities cease trading or trading is suspended or cease to be quoted on ASX (other than a voluntary suspension to facilitate the Offer), or ASX makes an official statement to any person or indicates that it will not grant permission for the official quotation of the New Shares, or permissions for the official quotation of the New Shares before issue is not granted, or where that permission is granted, the approval is subsequently withdrawn, qualified or withheld;
- ASIC makes an application for an order under Part 9.5 of the Corporations Act, or commences or gives notice of an intention to hold any investigation or hearing, or prosecutes or commences proceedings against TerraCom;
- TerraCom engages in conduct that is misleading or deceptive, or which is likely to mislead or deceive;

KEY TERMS OF UNDERWRITING AGREEMENT

CONT.

- a representation or warranty on the part of TerraCom was or is untrue or incorrect when given or becomes untrue, incorrect or misleading;
- a certificate required to be given by TerraCom (certifying TerraCom's compliance with its obligations under the Underwriting Agreement, that no termination events have occurred, and that the representations and warranties are true and correct) is untrue, incorrect or misleading;
- an event to occur on or before the "Institutional Issue Date" (in the agreed timetable, which is the allotment date for New Shares issued under the Institutional Entitlement Offer as shown in the Indicative Timetable for the Offer slide of this Presentation) is delayed by one or more business days, or an event to occur after the Institutional Issue Date is delayed by more than three business days (without consent);
- TerraCom fails to perform or observe any of its obligations under the Underwriting Agreement;
- a director, CEO or CFO of TerraCom is charged with an indictable offence relating to the affairs of TerraCom, or engages in or is charged with any fraudulent conduct (whether or not in connection with the Offer), or is disqualified from managing a corporation;
- an insolvency event occurs in respect of TerraCom or any of its subsidiaries or the Sub-Underwriter; or
- the Sub-Underwriter fails to perform its obligations (or the Underwriter reasonably expects that the Sub-Underwriter will fail to perform its obligations) under the sub-underwriting agreement between the Sub-Underwriter and the Underwriter.

Certain of these termination triggers are qualified by materiality, meaning that the Underwriter is only entitled to terminate the Underwriting Agreement (on the occurrence of such an event) where the Underwriter reasonably believes that the event: (1) could give rise to the Underwriter having liability under or contravening any applicable law; (2) has or may have a material adverse effect on the marketing, settlement or outcome of the Offer or the likely trading price of the Company's shares.

The Underwriter will receive a fee for acting and that fee comprises (in the case of the Underwriter only) an underwriting fee calculated as a percentage of the total Institutional Entitlement Offer amount and the total Retail Entitlement Offer amount.

The Sub-Underwriter will receive a fee for acting from TerraCom that compromises:
i. fee of A$750,000 to be satisfied by a placement of new shares in the Company at A$0.215 per share;
ii. right to subscribe for A$250,000 of new shares in the Company at A$0.215 per share, to extinguish on completion of the placement described in paragraph (i) above; and
iii. entitlements to appoint a director to the board of the Company so long as the Sub-Underwriter and its related bodies corporate hold in aggregate 5% or more of the shares in the Company.

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DEBT OVERVIEW

GIVES COMPANY CASHFLOW HEADROOM, STABILITY AND FLEXIBILITY

TERRACOM

Secured Bond

- US$131.75mn face value
- 5 years, interest-only (12.5% p.a.)
- Revenue share of 0.75%
- Ability for TER to elect to PIK 50%

Super Senior Note A

- US$12mn face value
- Repayable on 30 January 2018 (US$4.5mn) and 30 October 2018 (US$7.5mn)
- Interest 15% p.a.

Super Senior Note B

- US$5mn face value
- Rolls into Secured Bond upon repayment of Super Senior Note A
- Interest 15% p.a.

Fuel Facility

- US$1.6mn face value
- Repayment on 30 January 2018
- Interest 12.5% p.a.

ORION MINING (BLAIR ATHOL)

Working Capital Facilities

- Facility A US$1. 5mn outstanding
  - Repayment US$0.25mn per month
  - Fully repaid March 2018
- Facility B US$9.0mn, fully drawn
  - Repayment in May 2022
- Interest 9.0% p.a.

Equipment Finance Lease Facilities

- Interest 15% p.a.
- Facility 1 (CHPP): AU$4.95mn, monthly P&I payments, fully repaid October 2018
- Facility 2 (Mobile Equipment): AU$3.53mn, monthly P&I, fully repaid August 2018
- Facility 3 (Dragline): AU$3.9mn, monthly P&I, fully repaid August 2018

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AUSTRALIA

- BLAIR ATHOL MINE OPERATION
- ORGANIC EXPANSION OF BLAIR ATHOL

AUSTRALIA

BLAIR ATHOL THERMAL COAL MINE (BA)

- Blair Athol Mine has now been recommissioned and is fully operational
  - World class mine infrastructure capable of supporting 12Mtpa including workshops, stores and offices
  - First Coal Mined – 13th August 2017
  - First Product Coal Crushed – 25th August 2017
  - First Dragline Swing – 26th August 2017
  - First Coal Trucked from Site – 19 October 2017

Production performance overview for the Blair Athol Thermal Coal Mine in Australia is as follows:

Detail	Dec17 Qtr	Sep17 Qtr	Dec17 YTD
Overburden (bcm)	3,542,688	2,221,357	5,764,045
ROM (t)	317,363	124,250	441,613
Trucked (t)	204,548	-	204,548
Inventory (t)	201,118	77,789	201,118

Compared to the September 2017 quarter the Company has recognised a ~155% ROM production increase in Australia in the December 2017 quarter.

- Target product specification (ad) of 12.5% ash, 5,500kcal NAR and 0.31% TS

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AUSTRALIA

BLAIR ATHOL THERMAL COAL MINE (BA) – REHABILITATION

Rehabilitation is progressing as planned at Blair Athol.

The first 58 hectares of rehabilitation has been successfully completed as per forecast.

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AUSTRALIA

BLAIR ATHOL THERMAL COAL MINE (BA)

Dragline and Coal Pit.

Dragline in operation.

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AUSTRALIA

BLAIR ATHOL THERMAL COAL MINE (BA)

Recently completed rehabilitation.

CHPP in operation.

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AUSTRALIA

BLAIR ATHOL THERMAL COAL MINE (BA)

Blair Athol - Coal Truck Being Loaded with Stockpile in view.

Blair Athol – CHPP and Stockpile.

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AUSTRALIA

RAIL LOAD-OUT FACILITY (BA)

- 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, 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.

AUSTRALIA

RAIL LOAD-OUT FACILITY (BA)

Existing Rail Line Connecting into Main Goonyella Line to DBCT

BA Rail Load Out

BA Coal Mine

AUSTRALIA

JORC – BLAIR ATHOL THERMAL COAL MINE (BA)

- Upgrade of the total Blair Athol Mine JORC Reserves to 15.6mt and increase the JORC Measured Resource to 21.9mt#.
  - Increased the Reserves by 2.1mt adding one extra year to mine life, which now totals 8 years based on ~2 million tonnes per annum (mtpa)#

- The JORC Resource has improved in confidence with the JORC Measured Resource# increasing 9.5mt from 12.4mt to 21.9mt#.
  - TerraCom are in the process of further developing this increased JORC Measured Resource and plan to convert the economic areas of the Measured Resource into Reserves which could add an additional three to five years at 2mtpa# to the Blair Athol Mine Life.

 # Note no change to this information from previous disclosures and see competent person statement at end of presentation.

AUSTRALIA

JORC – BLAIR ATHOL THERMAL COAL MINE (BA)

Coal Reserve (Mt ROM) *	3 Seam	4 Upper	4 Lower	TOTAL
Proved	Nil	8.6	5.4	14
Probable	0.5	0.7	0.3	1.6
Total Coal Reserve	**0.5**	**9.3**	**5.8**	**15.6**

** Tonnages and qualities in the above table are expressed on a "ROM" basis, incorporating the effects of mining losses and dilution, and on a 17.0% ROM moisture basis.*

Type	Marketable Coal Reserve (Mt Product) *	3 Seam	4 Upper	4 Lower	TOTAL
Washed	Proved	-	1.3	3.9	5.2
	Probable	-	0.3	0.2	0.5
	Washed Subtotal	**-**	**1.6**	**4.1**	**5.7**
Bypass	Proved	-	6.7	0.1	6.7
	Probable	0.5	0.4	0.0	0.9
	Bypass Subtotal	**0.5**	**7.1**	**0.1**	**7.6**
Product	Proved	-	8.0	4.0	11.9
	Probable	0.5	0.7	0.2	1.4
	Total Marketable Coal Reserve	**0.5**	**8.6**	**4.2**	**13.3**

**Total Marketable Coal is nominally at 12.5% ash (adb).*

 # Note no change to this information from previous disclosures and see competent person statement at end of presentation.

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AUSTRALIA

JORC – BLAIR ATHOL THERMAL COAL MINE (BA)

The table below shows the comparison between the 2016 and 2017 Resources estimations.

Table 3- Resource Comparison Table – Seam 4.

Seam	Category	2017 (mt)	2016 (mt)	Comparison
4U	Measured	13.1	6.8	+ 48%
4U	Indicated	6	5	+ 17%
4U	Inferred	10	17	
4L	Measured	8.8	5.6	+ 36 %
4L	Indicated	3	3	+ 21 %
4L	Inferred	3	7	
TOTAL (4U+4L)		44	44	

Table 4- Resource Table Seam 3.

Seam Category Seam	Category	2017 (Mt)
N3H	Indicated	0.3
N3J	Indicated	0.2
Total		0.5

The tonnes have been estimated by applying an insitu density with standard bed moisture of 17%.

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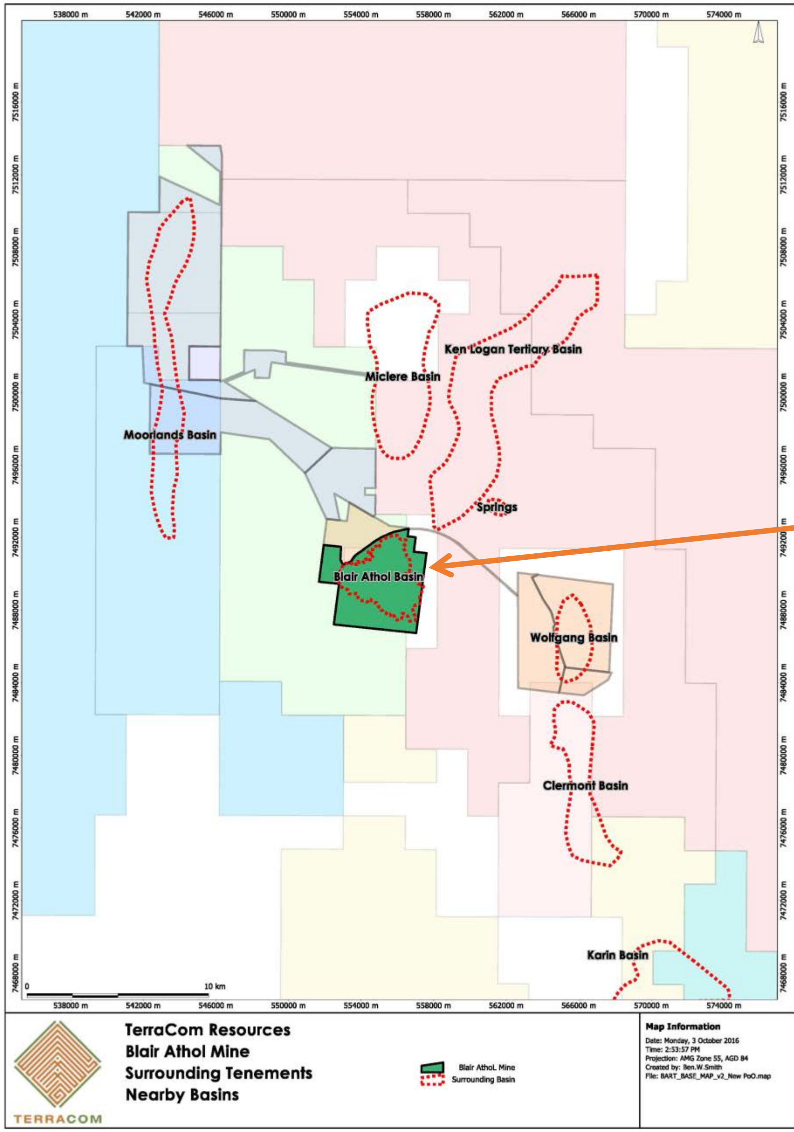
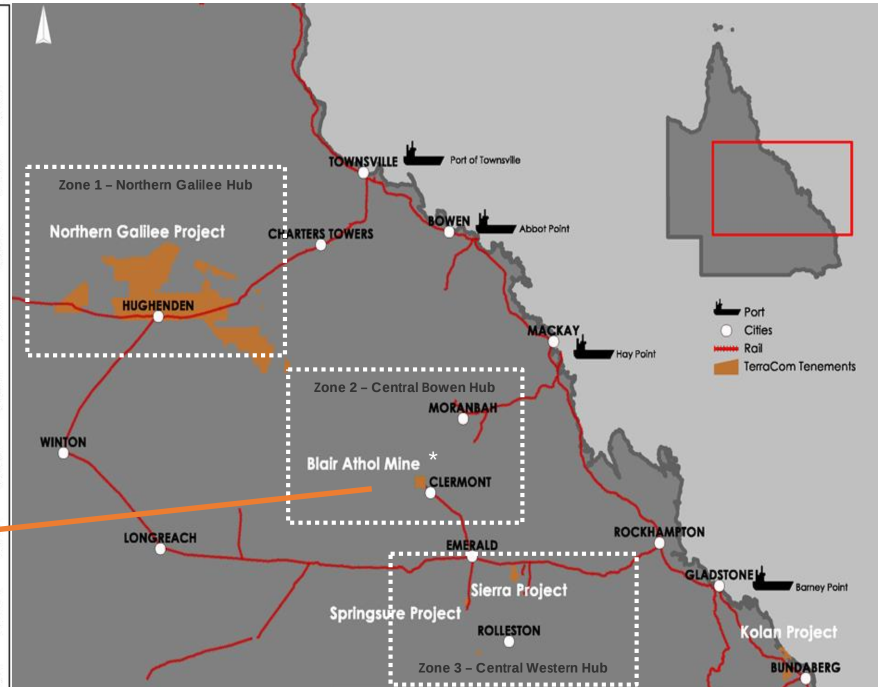
 # Note no change to this information from previous disclosures and see competent person statement at end of presentation.

QUEENSLAND EXPANSION

ORGANIC GROWTH FROM STRATEGICALLY LOCATED ASSETS



Note no change to this information from previous disclosures and see competent person statement at end of presentation



The BA acquisition **revalues** TerraCom's Australian portfolio through providing a **hub** for their development across major coal basins in Queensland including:

- Northern Galilee Project (**1.9Bt JORC 2004**# is large thermal resource with multi pit potential crossed by under-utilised rail and port system
- Springsure Project * (**190Mt JORC 2004**#) a high grade thermal/PCI resource adjacent to existing rail infrastructure with Bandanna's adjoining Fernlee Project (EPC1103) being acquired from liquidators adding further scale potential (currently going through Indicative Approval process.

***** Note Springsure is 36% owned by TerraCom and Fernlee once completed is to be 100% owned by TerraCom*

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QUEENSLAND EXPANSION
LARGE RESOURCE WITH SIGNIFICANT EXPANSION POTENTIAL

Australian JORC Resource Table (excluding Blair Athol) #

Tenement	JORC 2004 Resources (Mt)				Potential coal type	Independent geologist
	Measured	Indicated	Inferred	Total		
Northern Galilee Project - Hughenden	-	133	1,076	1,209	Thermal	MDM
Northern Galilee Project - Clyde Park	-	51	677	728	Thermal	MDM /Palaris / Xstract
Springsure	-	43	148	191	Thermal/PCI	MDM
Total	-	**227**	**1,901**	**2,128**		

Source: TerraCom
The information presented is available to view on TerraCom's website. TerraCom is not aware of any new information or data that materially affects the information included in the above table in relation to the estimates of Mineral Resources and confirms that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

 # Note no change to this information from previous disclosures and see competent person statement at end of presentation

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MONGOLIA

- SOUTH GOBI COKING COAL ASSETS
- BNU COKING COAL MINE
- BNU CHPP DEVELOPMENT

SOUTH GOBI PROJECT

NOYON BASIN – MULTIPLE MINING AND EXPLORATION LICENCES

- The South Gobi Project comprises contiguous mining and exploration licenses covering 696 sq km in the Noyon Coal Basin
  - c.850 km southwest of Ulaanbaatar
  - 140 km from the Chinese border coal station of Ceke
  - Connects by road and rail to northern Chinese steel producers
  - Potential link to seaborne market
- There are currently three primary groups of mining licenses:
  - **North**: 100% owned, comprising mining, pre mining and exploration licenses
  - **East**: 83.9% owned, comprising mining and pre-mining licenses
  - **Khar Servegen (KS)**: 100% owned, comprising mining and exploration licences

South Gobi Project JORC Resources*

	Measured	Indicated	Inferred	Total
North	15 Mt	9 Mt	3 Mt	**27 Mt**
East	-	-	41 Mt	**41 Mt**
KS	-	-	15 Mt	**15 Mt**
Total	**15 Mt**	**9 Mt**	**59 Mt**	**83Mt**

Location

*Note *: no change to this information from previous disclosures and see competent person statement at end of presentation*

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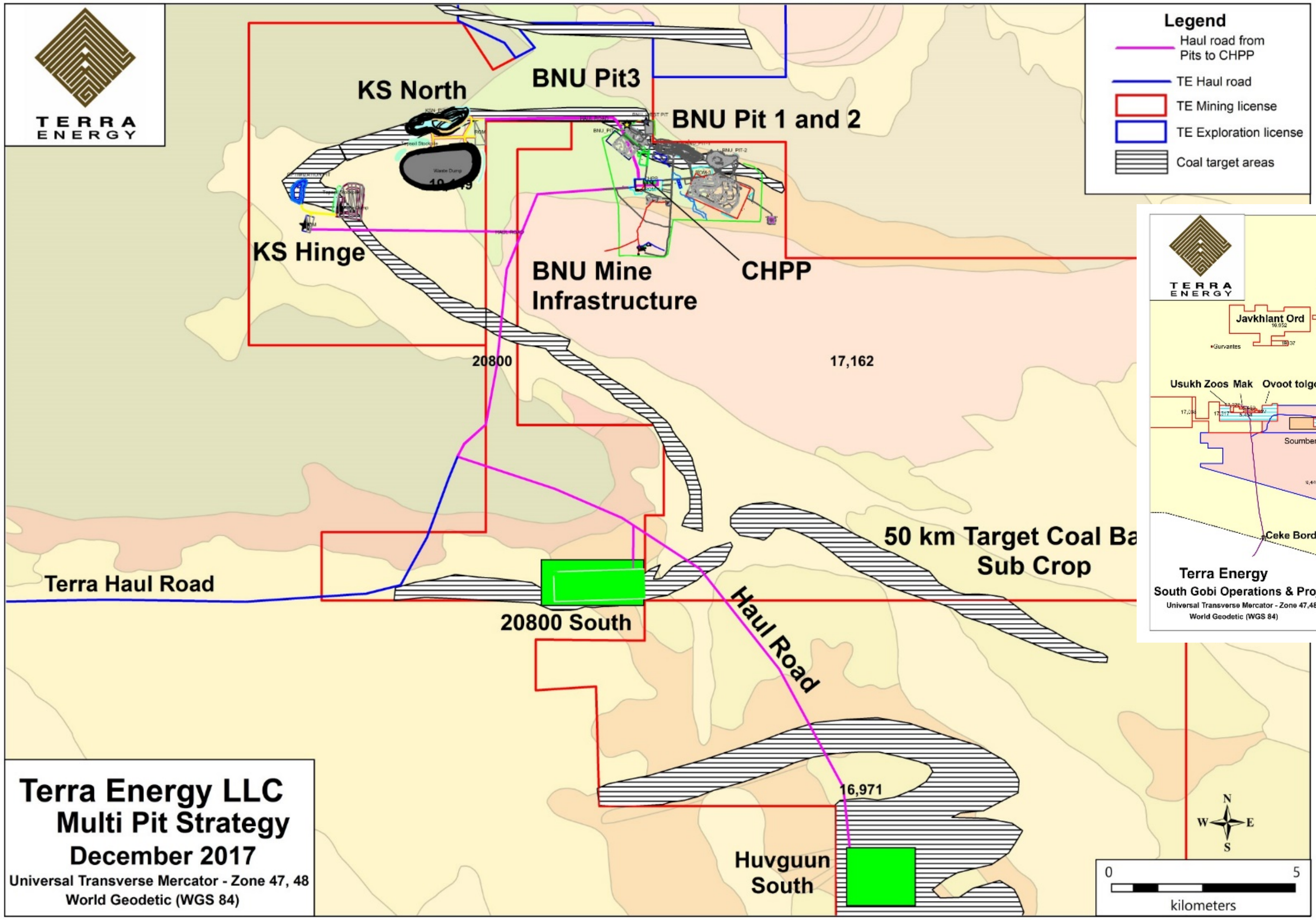
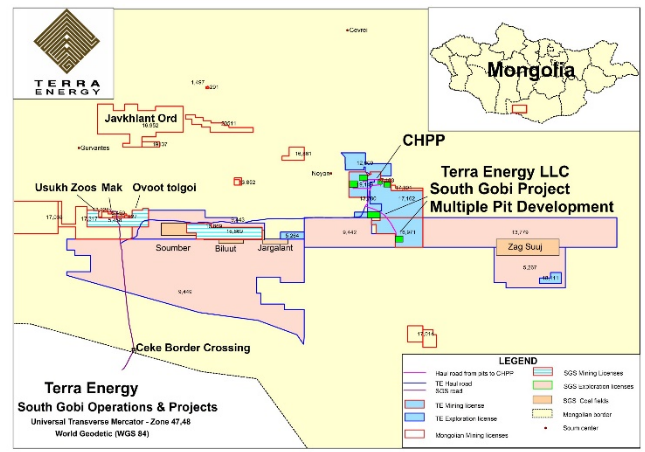
SOUTH GOBI EXPANSION

ORGANIC GROWTH THROUGH REGIONAL EXPANSION





BNU MINE
PRODUCTION OVERVIEW

Production performance overview for the BNU Coking Coal Mine in Mongolia is as follows:

Detail	Dec17 Qtr	Sep17 Qtr	Dec17 YTD
Overburden (bcm)	3,498,577	3,362,735	6,861,312
ROM (t)	282,000	147,218	429,218
Trucked (t)	316,795	112,122	428,917
Inventory (t)	89,121	108,891	89,121

Compared to the September 2017 quarter the Company has recognised a ~90% ROM production increase in Mongolia in the December 2017 quarter.

BNU OPERATIONS STATUS

ESTABLISHED NEW SUPPLY CHAIN AND REFINED MINE STRATEGY

BNU OPERATIONS STATUS

ESTABLISHED NEW SUPPLY CHAIN AND REFINED MINE STRATEGY

BNU COAL QUALITY

ESTABLISHED NEW SUPPLY CHAIN AND REFINED MINE STRATEGY

	BNU Washed (Targeted)	BNU Raw (Targeted)	MMC Ganqimaodu Pit 3 Washed	MMC Ganqimaodu Pit 4 Raw	Ceke 1/3 Coking Coal	SouthGobi Product B	SouthGobi Product F
Ash (%)db	**<10.5**	**20**	10.5	23	8-10	12.5	25
VM (%) db	**23-27**	**24-26**	28	26	30-33	36	36
Sulfur (%) db	**0.3-0.6**	**0.3-0.7**	<0.6	<0.6	<1.0	1.3	1.7
G Index	**80-95**	**60-90**	83	85	69	na	na
Y Index	**22-26**	**19-24**	16	16	9-11	na	na

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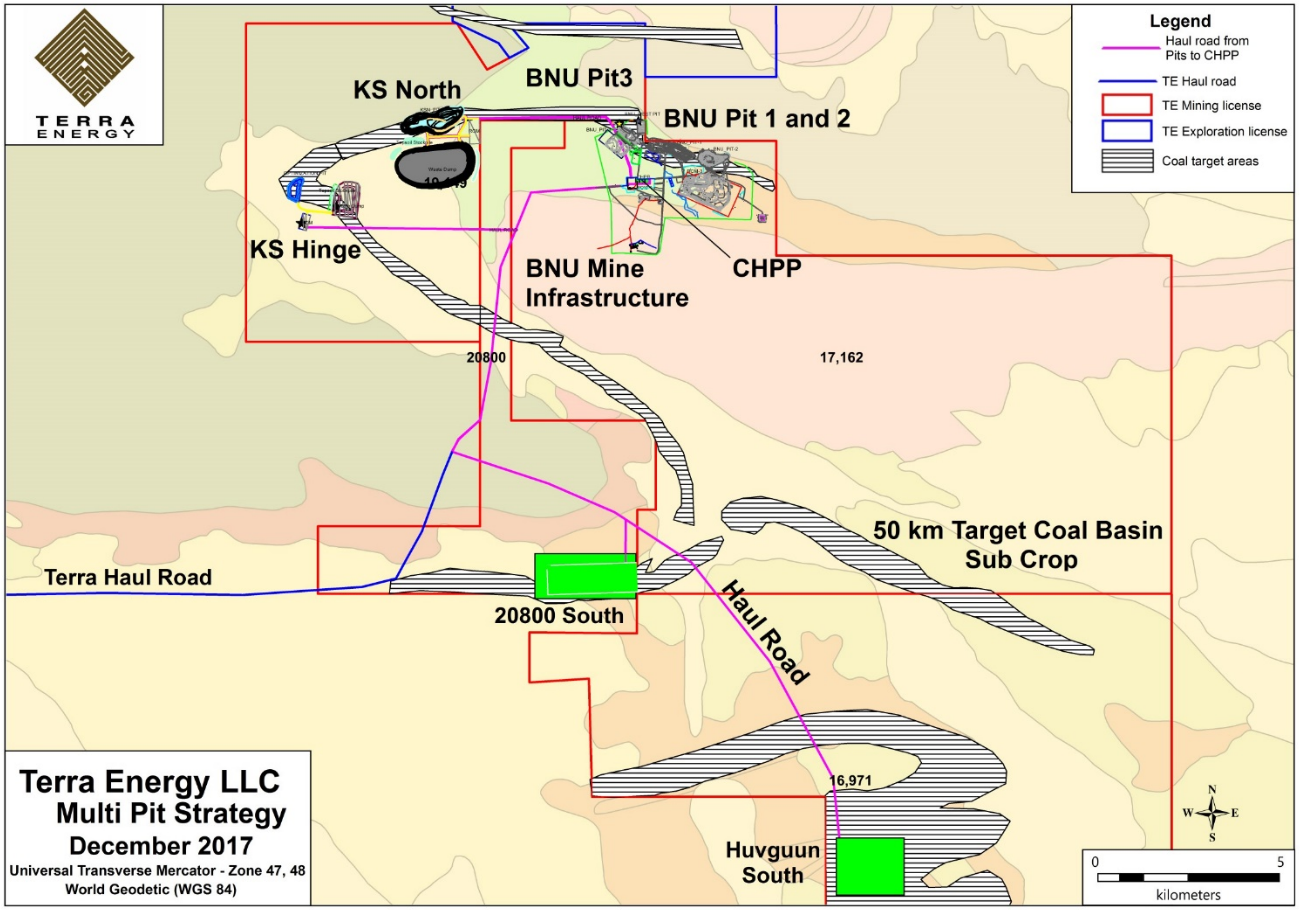
SOUTH GOBI EXPANSION

STRONG MULTI PIT EXPANSION STRATEGY IN NOYON BASIN

- South Gobi Project consists of tenements which cover most of north western extent of the Noyon coal basin
- Contains an estimated 50km of basin edge which contains near surface coal bearing stratigraphy
- Progressive development of a multiple shallow pit strategy
- Serviced by existing centrally located infrastructure



BNU CHPP TO BE CONSTRUCTED IN 2018

SIGNIFICANT YIELD, QUALITY AND COMMERCIAL BENEFITS

Noyon Basin Coal Specification Issues

- Coal is soft and friable resulting in high proportion of fines
- The coal fines contains a large proportion of vitrinite and hence coking properties
- CHPP's in Mongolia or northern China cannot efficiently deal with this specification of coal

Benefits of CHPP at BNU

- Improvement in yields of 3-6% due to CHPP designed specifically to deal with fines
- Reduction in distribution / trucking costs
- Ability to expand and wash third party coal in the future

Specifications Phase 1 CHPP

- Raw feed 1.0-1.5 Mtpa
- Raw feed rate 200-250 tonnes/hr
- Minimum 6,000 hour p.a. run time
- Operate in extreme temperatures (-30 degrees to +40 degrees)
- Dual product
- Modular for future scalability and easily relocatable
- Delivers <10.5% ash product with ability to deliver higher ash / higher yield options

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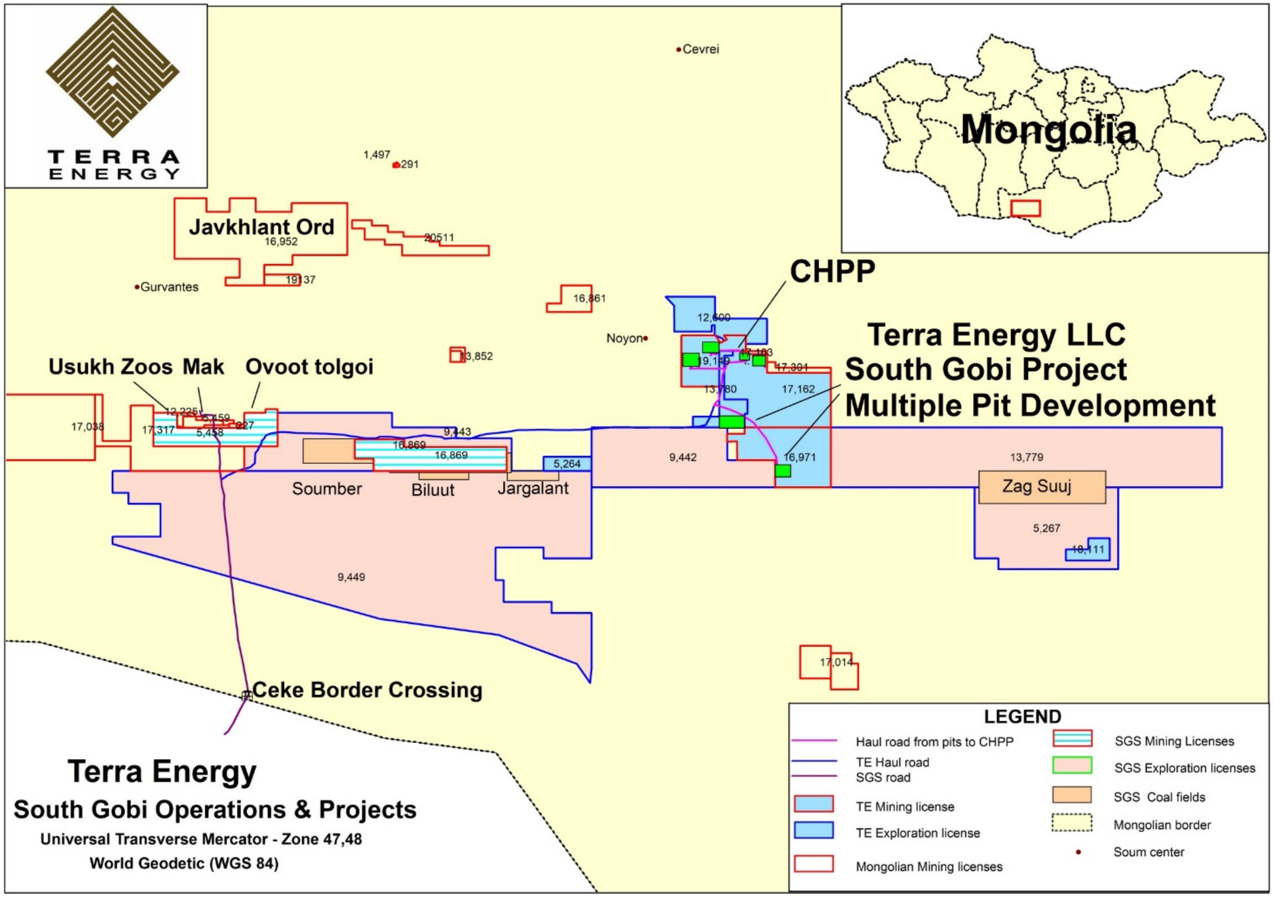
SOUTH GOBI EXPANSION

REGIONAL CONSOLIDATION

- Opportunity to consolidate the South Gobi region through development of operatin and marketing arrangements with surrounding Mines and Projects
- Utilises TerraCom existin infrastructure including own coal haul road
- Applies TerraCom mining and market expertise
- Reduces costs in region through increased scale



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THANK YOU

info@terracomresources.com

TERRACOM
COMPETENT PERSON STATEMENT

Several JORC Resource estimates disclosed in this presentation were prepared and first disclosed under the JORC Code 2004. None have been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Blair Athol – Reserves
The information in this report relating to coal reserves for Blair Athol was announced on 5 September 2017, titled "Further Extension to Blair Athol Mine Life". This is based on information compiled by Mr John Cawte who is an employee of Xenith Consulting Pty Limited. John has a Bachelor in Mining Engineering from University of Queensland and a Diploma of Business. He has over 20 years of experience in mining in the open cut coal mining industry that is relevant to the style of mineralisation and type of deposit described in the report, and the type of activity involved in the estimation of the coal reserves. John Cawte is a member of the Australasian Institute of Mining and Metallurgy and qualifies as a Competent Person under the JORC Code. The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement on 5 September 2017; and that all material assumptions and technical parameters in the announcement made on 5 September 2017 continue to apply and have not materially changed.

Blair Athol – Resources
The information in this report relating to coal resources for Blair Athol was announced on 5 September 2017, titled "Further Extension to Blair Athol Mine Life". This is based on information compiled by Mr Troy Turner who is an employee of Xenith Consulting Pty Limited. Mr Turner is a qualified geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement on 5 September 2017; and that all material assumptions and technical parameters in the announcement made on 5 September 2017 continue to apply and have not materially changed.

Hughenden – Resources
The information in this report relating to coal resources for Hughenden was announced on 8 February 2013, titled "Mongolia and Queensland Update". This is based on information compiled by Mr Mark Briggs who is previously Principal Geologist of Moultrie Database and Modelling. Mr. Biggs is a member of the Australasian Institute of Mining and Metallurgy (Member #107188) and has over 25 years of experience relevant to the style and type of coal deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined by the Australasian Code for Reporting of Minerals Resources and Reserves (JORC) 2004. The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement on 8 February 2013; and that all material assumptions and technical parameters in the announcement made on 8 February 2013 continue to apply and have not materially changed.

Clyde Park – Resources
The information in this report relating to coal resources for Clyde Park was announced on 8 February 2013, titled "Mongolia and Queensland Update". This is based on information compiled by Ms Kim Maloney who is previously Senior Resource Geologist of Moultrie Geology. Kim has experience within the Central Queensland coal mines and has held various roles in these mine's Technical Services, including Exploration Geologist, Mine Geologist and Geology Superintendent. Kim is a Competent Person for coal as defined by the JORC Code (2004). Kim is a Senior Resource Geologist, previously with Moultrie Geology. Her principal qualifications are a Bachelor of Science from James Cook University and a Masters of Business Administration (Human Resource Management) from the Central Queensland University. Kim is a Member of The Australasian Institute of Mining & Metallurgy (# 229120) and a Member of the Bowen Basin Geological Group. The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement on 8 February 2013; and that all material assumptions and technical parameters in the announcement made on 8 February 2013 continue to apply and have not materially changed.

Springsure – Resources
The information in this report relating to coal resources for Springsure was announced on 29 November 2013, titled "Maiden Springsure JORC Indicated Resource". This is based on information compiled by Ms Kim Maloney who is previously Senior Resource Geologist of Moultrie Geology. Kim has experience within the Central Queensland coal mines and has held various roles in these mine's Technical Services, including Exploration Geologist, Mine Geologist and Geology Superintendent. Kim is a Competent Person for coal as defined by the JORC Code (2004). Kim is a Senior Resource Geologist, previously with Moultrie Geology. Her principal qualifications are a Bachelor of Science from James Cook University and a Masters of Business Administration (Human Resource Management) from the Central Queensland University. Kim is a Member of The Australasian Institute of Mining & Metallurgy (# 229120) and a Member of the Bowen Basin Geological Group. The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement on 29 November 2013; and that all material assumptions and technical parameters in the announcement made on 29 November 2013 continue to apply and have not materially changed.

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COMPETENT PERSON STATEMENT (CONT.)

Several JORC Resource estimates disclosed in this presentation were prepared and first disclosed under the JORC Code 2004. None have been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

BNU – Resources

The information in this report relating to coal resources for BNU was announced on 25 June 2014, titled "Baruun Noyon Uul (BNU) JORC (2012) Compliant Resource Statement". This is based on information compiled by Mr Craig Williams who is the Principal Consultant-Geologist of HDR Salva. Craig Williams is a member of the Australasian Institute of Mining & Metallurgy, and a fulltime employee of HDR|Salva, has sufficient experience that is relevant to the style of mineralization under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code (2012). The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement on 25 June 2014; and that all material assumptions and technical parameters in the announcement made on 25 June 2014 continue to apply and have not materially changed.

KS North – Resources

The information in this report relating to coal resources for KS North was announced on 22 June 2015, titled "JORC Resource Upgrade for 12600X in Mongolia" and 25 June 2015, titled "Clarification Statement". This is based on information compiled by Mr Troy Turner who is an employee of Xenith Consulting Pty Limited. Mr Turner is a qualified geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement on 22 June 2015; and that all material assumptions and technical parameters in the announcement made on 22 June 2015 continue to apply and have not materially changed.

Huvguun – Resources

The information in this report relating to coal resources Huvguun was announced on 19 November 2012, titled "Mining Update - Mongolia". This is based on information compiled by Mr Mark Briggs who is previously Principal Geologist of Moultrie Database and Modelling. Mr. Biggs is a member of the Australasian Institute of Mining and Metallurgy (Member #107188) and has over 25 years of experience relevant to the style and type of coal deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined by the Australasian Code for Reporting of Minerals Resources and Reserves (JORC) 2004. The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement on 19 November 2012; and that all material assumptions and technical parameters in the announcement made on 19 November 2012 continue to apply and have not materially changed.

3.2 ASX launch announcement

TerraCom Limited
Blair Athol Mine Access Road
Clermont, Queensland, 4721
+61 7 4983 2038

terracomresources.com

23 January 2018

ASX Announcement

Fully Underwritten Non-Renounceable Pro-Rata Accelerated Rights Issue

Highlights

- **Fully Underwritten Non-Renounceable Pro-Rata Accelerated Rights Issue**
- **Raise up to approximately $15,000,000 (before costs and expenses) at $0.215 per share**
- **Three (3) New Shares for every thirteen (13) Existing Shares held**
- **The net proceeds of the funds raised under the Rights Issue will be used to strengthen the Company's financial position**

Rights Issue Overview

The Board of TerraCom Limited (TerraCom or the Company) (ASX: TER) is pleased to announce a capital raising by way of a fully underwritten non-renounceable pro-rata accelerated rights issue (Rights Issue):

- 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].

The Rights Issue is 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.

Use of Proceeds

The net proceeds of the funds raised under the Rights Issue will be used to strengthen the Company's financial position:

- Working capital to deliver the 3.5mtpa[2,3] production for 2018 calendar year
- Expedite the Blair Athol rail line construction
- Partially repay the Super Senior Notes

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, 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.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the accelerated, institutional component of the Entitlement Offer, which is being conducted today (Tuesday, 23 January 2018) and on Wednesday, 24 January 2018 (Institutional Entitlement Offer).

Eligible institutional shareholders can choose to take up all, part or none of their Entitlement. Entitlements cannot be traded (on ASX or otherwise) or transferred, and will lapse if not taken up.

TerraCom's shares will be in a trading halt pending completion of the Institutional Entitlement Offer.

Retail Entitlement Offer

Eligible retail shareholders in Australia and New Zealand 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 will be set out in the offer booklet, which TerraCom expects to dispatch to eligible shareholders on Thursday, 25 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.

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.

Additional Information

Additional details of the Rights Issue are as follows:

- Eligible institutional shareholders for the Rights Issue are those with a registered address in Australia, New Zealand, Singapore, United Arab Emirates, Hong Kong, Cayman Islands and Malaysia only.
- Fractional entitlements for the Rights Issue will be rounded up to the nearest whole number.
- The Rights Issue is non-renounceable, and accordingly the rights will not trade on the ASX, nor can they be transferred or otherwise disposed of.
- All New Shares issued under the Rights Issue will rank equally with Existing Shares on the date of issue.
- An Appendix 3B in relation to the Rights Issue and a notice under section 708AA(2)(f) of the Corporation Act 2001 (Cth) will be lodged with the ASX today.

Refer below, as well as the Investor Presentation, for additional information with respect to the Rights Issue (including Key Risks, International Offer Restrictions).

Key Dates

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.

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) Announcement Date Company to announce Offer and release Offer Announcement, Investor Presentation Materials, Offer Cleansing Statement and Appendix 3B to ASX (by 10.00am)	Tuesday, 23 January 2018
Institutional Entitlement Offer close Institutional Entitlement Offer closes (by 5.00pm)	Wednesday, 24 January 2018
Company announces results of Institutional Entitlement Offer to ASX (before 9.00am) Company to obtain release by 9.00am of Trading Halt Record date (7.00pm) Company releases Offer Booklet to ASX (by 9.00am). Trading resumes on an ex-entitlement basis	Thursday, 25 January 2018
Retail Opening Date 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	Wednesday, 31 January 2018 (due to Australia Day)
Company to deliver a Certificate and "new circumstance certificate" (by 9.00am). 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	Thursday, 1 February 2018
Institutional Issue Date 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)	Friday, 2 February 2018
Retail Closing Date Retail Entitlement Offer closes (5.00pm)	Friday, 9 February 2018
Retail Shortfall Notification Date Announce results and shortfall (if any) under Retail Entitlement Offer	Monday, 12 February 2018
Company to deliver a Certificate and "new circumstance certificate" (by 9.00am) 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	Thursday, 15 February 2018

Event	Date
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 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).	Friday, 16 February 2018
Company to despatch holding statements in respect of Securities issued on the Retail Issue Date.	Monday, 19 February 2018

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.

Shareholders who have questions relating to the Rights Issue should call the Company on +61 7 4983 2038 between 9:00am and 5:00pm (AEDT time) on business days during the offer period for the Rights Issue.

ABOUT TERRACOM – www.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 years[2] 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.

3– Refer 21 November 2016 ASX Announcement for further information and clarification on the BNU Mine production forecast. The material assumptions underpinning the BNU Mine production target in the 21 November 2016 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

3.3 **Successful completion of Institutional Entitlement Offer**

TerraCom Limited
Blair Athol Mine Access Road
Clermont, Queensland, 4721
+61 7 4983 2038

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.

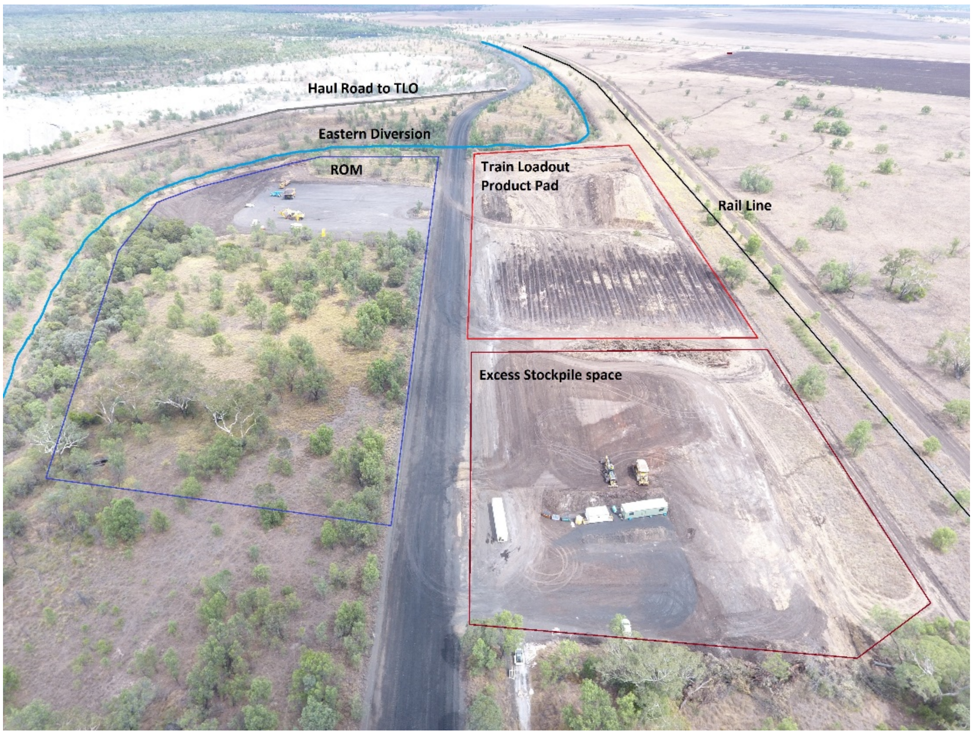
Blair Athol Rail Load-Out Facility

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) Announcement Date Company to announce Offer and release Offer Announcement, Investor Presentation Materials, Offer Cleansing Statement and Appendix 3B to ASX (by 10.00am)	Tuesday, 23 January 2018
Institutional Entitlement Offer close Institutional Entitlement Offer closes (by 5.00pm)	Wednesday, 24 January 2018
Company announces results of Institutional Entitlement Offer to ASX (before 9.00am) Company to obtain release by 9.00am of Trading Halt Record date (7.00pm) Company releases Offer Booklet to ASX (by 9.00am). Trading resumes on an ex-entitlement basis	Thursday, 25 January 2018
Retail Opening Date 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	Wednesday, 31 January 2018 (due to Australia Day)
Company to deliver a Certificate and "new circumstance certificate" (by 9.00am). 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	Thursday, 1 February 2018
Institutional Issue Date 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)	Friday, 2 February 2018

Event	Date
Retail Closing Date Retail Entitlement Offer closes (5.00pm)	Friday, 9 February 2018
Retail Shortfall Notification Date Announce results and shortfall (if any) under Retail Entitlement Offer	Monday, 12 February 2018
Company to deliver a Certificate and "new circumstance certificate" (by 9.00am) 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	Thursday, 15 February 2018
Retail Issue Date 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).	Friday, 16 February 2018
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 years[2] 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

4. IMPORTANT INFORMATION

4.1 Responsibility for Information Booklet

This Information Booklet (including the ASX Offer Announcements and the enclosed personalised Entitlement and Acceptance Form) has been prepared by TerraCom. This Information Booklet is dated 25 January 2018 (other than the ASX Offer Announcements, which were published on the ASX website on the date shown on them).

No party other than TerraCom has authorised or caused the issue of this Information Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in this Information Booklet.

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Information Booklet. Any information or representation that is not in this Information Booklet may not be relied on as having been authorised by TerraCom, or its related bodies corporate in connection with the Entitlement Offer.

4.2 Status of Information Booklet

The Retail Entitlement Offer is being made pursuant to provisions of the Corporations Act which allow rights issues to be offered without a prospectus.

Neither this Information Booklet nor the Entitlement and Acceptance Form are required to be lodged or registered with ASIC. This Information Booklet is not a prospectus under the Corporations Act and no prospectus for the Entitlement Offer will be prepared. These documents do not contain, or purport to contain, all of the information that a prospective investor may require in evaluating an investment in TerraCom. They do not contain all the information which would be required to be disclosed in a prospectus.

As a result, it is important for Eligible Retail Shareholders to carefully read and understand the information on TerraCom and the Entitlement Offer made publicly available, prior to accepting all or part of their Entitlement. In particular, please refer to this Information Booklet (including the Investor Presentation) and other announcements made available at http://www.asx.com.au/.

This Information Booklet does not contain financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. TerraCom is not licensed to provide financial product advice in respect of the New Shares. Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the Information Booklet, you have any questions about the Entitlement Offer, you should contact your stockbroker, accountant or other independent professional adviser.

4.3 Information Booklet availability

Eligible Retail Shareholders in Australia and New Zealand or selected other foreign jurisdictions can obtain a copy of this Information Booklet during the period of the Entitlement Offer by accessing the ASX website or accessing the TerraCom website at terracomresources.com. Persons who access the electronic version of this Information Booklet should ensure that they download and read the entire Information Booklet. The electronic version of this Information Booklet on the ASX website and the TerraCom website will not include a personalised Entitlement and Acceptance Form.

A replacement personalised Entitlement and Acceptance Form can be requested by calling 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.

This Information Booklet (including the accompanying personalised Entitlement and Acceptance Form) may not be distributed or released to, or relied upon by, persons in the United States or that are acting for the account or benefit of a person in the United States.

4.4 Notice to nominees

If TerraCom believes you hold Shares as a nominee or custodian you will have received, or will shortly receive, a letter in respect of the Entitlement Offer from TerraCom. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to Eligible Institutional Shareholders who were invited to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not) and Ineligible Institutional Shareholders.

Persons acting as custodians or nominees must not apply for New Shares on behalf of, or for the account or benefit of, a person in the United States and must not send any document relating to the Retail Entitlement Offer to, any person that is in the United States or that is acting for the account or benefit of any person in the United States.

TerraCom is not required to determine whether or not any registered holder is acting as a nominee or custodian or the identity or residence of any beneficial owners of Shares. Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with applicable foreign laws. Eligible Retail Shareholders who are nominees, trustees or custodians are therefore advised to seek independent advice as to how to proceed.

4.5 No cooling off

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been made.

4.6 Taxation

Taxation implications will vary depending upon the individual circumstances of Eligible Institutional Shareholders and Eligible Retail Shareholders. You should obtain your own professional advice before deciding whether to invest in New Shares.

4.7 Rounding of Entitlements

Where fractions arise in the calculations of Entitlements, they will be rounded up to the nearest whole number of New Shares.

4.8 Privacy statement

If you complete an application for New Shares, you will be providing personal information to TerraCom (directly or through the Registry). TerraCom collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Registry.

You can access, correct and update the personal information that is held about you. If you wish to do so please contact the Registry at the relevant contact numbers set out in the Corporate Directory of this Information Booklet.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if the information required on the Entitlement and Acceptance Form is not provided, TerraCom may not be able to accept or process your application.

4.9 Governing Law

This Information Booklet, the Entitlement Offer and the contracts formed on acceptance of the Entitlement Offers pursuant to the personalised Entitlement and Acceptance Forms are governed by the laws applicable in New South Wales, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

4.10 Foreign Jurisdictions

This Information Booklet has been prepared to comply with the requirements of the securities laws of Australia. TerraCom is not able to advise on the laws of any other foreign jurisdictions. To the extent that you hold Shares or Entitlements on behalf of another person resident outside Australia or New Zealand, it is your responsibility to ensure that any participation (including for your own account or when you hold Shares or Entitlements beneficially for another person) complies with all applicable foreign laws.

This Information Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

The distribution of this Information Booklet (including an electronic copy) outside Australia and New Zealand may be restricted by law. If you come into possession of this Information Booklet, you should observe such restrictions and should seek your own advice on such restrictions. See the foreign selling restrictions set out in the "International Offer Restrictions" section of the Investor Presentation included in section 3.1 of this Information Booklet for more information on selling restrictions for jurisdictions, other than the United States.

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of TerraCom with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

United States

This Information Booklet, the accompanying ASX Announcements and Investor Presentation, and the Entitlement and Acceptance Form do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any person acting for the account or benefit of any person in the United States. None of this Information Booklet, the accompanying ASX Announcements and Investor Presentation, nor the Entitlement and Acceptance Form may be distributed or released in the United States.

The Retail Entitlement Offer is not being made in the United States. The New Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States, and, accordingly, may not be offered, sold or otherwise transferred, directly or indirectly, in the United States or to any person acting for the account or benefit of any person in the United States.

The New Shares offered in the Retail Entitlement Offer may only be offered and sold outside the United States, to persons that are not acting for the account or benefit of a person in the United States, in each case in "offshore transactions" (as defined in n Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act, and each beneficial owner on whose behalf you are submitting the personalised Entitlement and Acceptance Form must not be in the United States and must not be acting for the account or benefit of a person in the United States.

Any non-compliance with these restrictions may contravene applicable securities laws.

4.11 Lead Manager and Underwriter

The Entitlement Offer is lead managed and underwritten by the Underwriter pursuant to an underwriting agreement dated on or about 22 January 2018 (**Underwriting Agreement**).

The underwriting of the Entitlement Offer by the Underwriter is part of the ordinary course of the Underwriter's business as, among other things, professional financial advisers, lead managers and underwriters.

The Underwriting Agreement contains certain customary conditions precedent (that must be satisfied or waived before the Underwriter is obligated under the Underwriting Agreement to, among other things, underwrite the Retail Entitlement Offer), and generally customary representations and warranties in favour of the Underwriter.

The Underwriting Agreement is subject to generally customary termination events, and if terminated, the Retail Entitlement Offer may not proceed in its entirety. The Underwriter has appointed Bonython as the sole sub-underwriter in respect of the Entitlement Offer. The Underwriter is entitled to be paid fees and expenses under the Underwriting Agreement, and receive certain undertakings. The Sub-Underwriter is entitled to be paid fees and expenses under the Sub-Underwriting Agreement.

A summary of the key terms of the Underwriting Agreement and the Sub-Underwriting Agreement is provided on slides 20 and 21 of the Investor Presentation contained in section 3.1 of this Information Booklet.

4.12 Disclaimer of representations

Except as required by law, and only to the extent so required, none of TerraCom, or any other person, warrants or guarantees the future performance of TerraCom or any return on any investment made pursuant to this Information Booklet.

5. GLOSSARY

Application Monies means the amount specified in the personalised Entitlement and Acceptance Form, being the consideration for New Shares under the Retail Entitlement Offer.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited ACN 008 624 691 or the financial market operated by it on which Shares are quoted, as the context requires.

ASX Offer Announcements means the ASX announcements incorporated in section 3 of the Information Booklet, being the announcement to ASX on 23 January 2018 of the launch of the Entitlement Offer, the Investor Presentation and the announcement to ASX on 25 January 2018 of the successful completion of Institutional Entitlement Offer.

Bonython means Bonython Coal No 1 Pty Limited.

Corporations Act means the *Corporations Act 2001* (Cth).

Eligible Institutional Shareholder means institutional shareholders who were invited to participate in the Institutional Entitlement Offer (as determined by the Underwriter and TerraCom) and ultimately did so.

Eligible Retail Shareholders has the meaning given in section 1.2 of the Information Booklet.

Entitlement and Acceptance Form means the personalised form accompanying this Information Booklet to be used to make an application in accordance with the instructions set out on that form.

Entitlement means the number of New Shares for which an Eligible Shareholder is entitled to subscribe under the Entitlement Offer, being 3 New Shares for every 13 Shares held at the Record Date.

Entitlement Offer means the accelerated pro rata non-renounceable entitlement offer of 3 New Shares for every 13 Shares held at the Record Date at an Offer Price of $0.215 per New Share.

GST means goods and services tax.

Information Booklet means this information booklet in relation to the Retail Entitlement Offer, including the ASX Offer Announcements reproduced in section 3 and the personalised Entitlement and Acceptance Form accompanying the information booklet.

Ineligible Institutional Shareholder means institutional shareholders who were treated as ineligible institutional shareholders under the Institutional Entitlement Offer (as determined by the Underwriter).

Ineligible Retail Shareholders has the meaning given in section 1.6 of this Information Booklet.

Institutional Entitlement Offer means the entitlement offer made to Eligible Institutional Shareholders and successfully closed on Wednesday, 24 January 2018; the results of which were announced to ASX on Thursday, 25 January 2018.

Institutional Trading Date means the date on which New Shares are issued under the Institutional Entitlement Offer.

Investor Presentation means the TerraCom Investor Presentation released to ASX on Tuesday, 23 January 2018 and incorporated in section 3.1 of this Information Booklet.

Listing Rules means the official listing rules of ASX.

TerraCom or the **Company** means TerraCom Limited ACN 143 533 537.

New Shares means the fully paid ordinary shares in TerraCom offered under the Entitlement Offer.

Offer Price means $0.215 being the price payable per New Share under the Entitlement Offer.

Record Date means 7.00pm (AEDT) on Thursday, 25 January 2018.

Registry means Link Market Services Limited.

Retail Allotment Date means the date on which New Shares are issued under the Retail Entitlement Offer.

Retail Entitlement Offer means the accelerated pro rata non-renounceable entitlement offer of 3 New Shares for every 13 existing Shares held at the Record Date at an Offer Price of $0.215 made to Eligible Retail Shareholders.

Share means a fully paid ordinary share in TerraCom.

Shareholder means a holder of a Share.

Sub-Underwriter means Bonython Coal No 1 Pty Limited.

Sub-Underwriting Agreement means the sub-underwriting agreement between Underwriter and the Sub-Underwriter under which the Sub-Underwriter has agreed to sub-underwrite the Entitlement Offer.

Underwriter means Gleneagle Securities (Aust) Pty Limited.

Underwriting Agreement means the underwriting agreement between TerraCom and the Underwriter under which the Underwriter has agreed to manage and underwrite the Entitlement Offer.

U.S. Securities Act means the United States Securities Act 1933 (as amended).

Corporate Directory

TerraCom Limited
ACN 143 533 537

REGISTERED OFFICE
Blair Athol Mine Access Road
PO Box 131
Clermont QLD 4721Australia

LEGAL ADVISER (to TerraCom Limited)
Ashurst Australia
Level 25, 181 William Street
Melbourne VIC 3000
Australia

SHARE REGISTRY
Link Market Services Limited
680 George Street
Sydney NSW 2000
Australia

WEBSITE
www.terracomresources.com.

TERRACOM

TerraCom Limited
ABN 35 143 533 537

All Registry communications to:
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

Telephone: 1300 554 474
From outside Australia: +61 1300 554 474

ASX Code: TER

Website: www.linkmarketservices.com.au

SRN/HIN:

Entitlement Number:

Number of Eligible Shares held as at the Record Date, 7:00pm (AEDT) on 25 January 2018:

Entitlement to New Shares (on 3 New Shares for every 13 existing Shares):

Amount payable on full acceptance at A$0.215 per Share:

Offer Closes 5:00pm (AEDT):	**9 February 2018**

ENTITLEMENT AND ACCEPTANCE FORM

As an Eligible Shareholder you are entitled to acquire 3 New Shares for every 13 Existing Shares that you hold on the Record Date, at an Offer Price of A$0.215 per New Share. This is an important document and requires your immediate attention. If you do not understand it or you are in doubt as how to deal with it, you should contact your accountant, stockbroker, solicitor or other professional adviser.

IMPORTANT: The Offer is being made under the Information Booklet dated 25 January 2018. The Information Booklet contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Information Booklet. This Entitlement and Acceptance Form should be read in conjunction with the Information Booklet.

If you do not have a paper copy of the Information Booklet, you can obtain a paper copy at no charge, by calling Link Market Services General Shareholder Enquiries Line on 1300 554 474.

PAYMENT OPTIONS

If you wish to take up all or part of your entitlement, you have two payment options detailed below.

OPTION 1: PAYING BY BPAY®

If paying by BPAY®, refer to the instructions overleaf. **You do NOT need to return the acceptance slip below if you elect to make payment by BPAY®.** Payment must be received via BPAY® before 5:00pm (AEDT) on 9 February 2018. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry in time. By paying by BPAY® you will be deemed to have completed an Application Form for the number of Shares subject of your application payment.

OPTION 2: PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

If paying by cheque, bank draft or money order, complete and return the acceptance slip below with your Application Monies. No signature is required on the acceptance slip. The acceptance slip with your Application Monies must be received by the Registry before 5:00pm (AEDT) on 9 February 2018.

BPAY

Biller Code:

Ref:

Telephone & Internet Banking – BPAY®
Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: www.bpay.com.au

® Registered to BPAY Pty Ltd ABN 69 079 137 518

See overleaf for details and further instructions on how to complete and lodge this Entitlement and Acceptance Form.

THIS IS A PERSONALISED FORM FOR THE SOLE USE OF THE SHAREHOLDER AND HOLDING RECORDED ABOVE.

Please detach and enclose with payment

TERRACOM
ABN 35 143 533 537

SRN/HIN:
Entitlement Number:

A Number of New Shares accepted (being not more than your Entitlement shown above)

B Payment amount (Multiply the number in section A by A$0.215)

A$

C **PLEASE INSERT CHEQUE, BANK DRAFT OR MONEY ORDER DETAILS –** Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to **"TerraCom Limited - Entitlement Offer"** and crossed "Not Negotiable".

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
				A$

D **CONTACT DETAILS –** Telephone number

Telephone number	Telephone number – after hours	Contact name
( )	( )	

TERRACOM LIMITED

The Entitlement Offer to which this Entitlement and Acceptance Form relates is not being made to investors located or resident outside of Australia and New Zealand other than Institutional Shareholders who did not successfully receive an offer to subscribe for New Shares under the Institutional Entitlement Offer and are not an Ineligible Institutional Shareholders. In particular the Entitlement Offer is not being made to any person in the U.S. or to a U.S. person. The Information Booklet and Entitlement and Acceptance Form do not constitute an offer or invitation to acquire Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

ACCEPTANCE OF ENTITLEMENT OFFER

By either returning the Entitlement and Acceptance Form with payment to the Registry, or making payment received by BPAY®:

- you represent and warrant that you have read and understood the Information Booklet and that you acknowledge the matters, and make the warranties and representations;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of TerraCom Limited.

HOW TO APPLY FOR NEW SHARES

1. IF PAYING BY BPAY® (AVAILABLE TO SHAREHOLDERS WITH AN AUSTRALIAN BANK ACCOUNT ONLY)

If you elect to make payment using BPAY® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by BPAY®: www.bpay.com.au

Work out the total amount payable by you. To calculate the total amount, multiply the number of New Shares you wish to apply for by A$0.215.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

2. IF PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

Complete all relevant sections of the Entitlement and Acceptance Form USING BLOCK LETTERS. These instructions are cross referenced to each section of the Entitlement and Acceptance Form.

A. Acceptance of New Shares

Enter into section A the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

B. Payment Amount

Enter into section B the total amount payable by you. To calculate the total amount multiply the number in Section A by A$0.215.

C. Cheque, bank draft or money order details

Enter your cheque, bank draft or money order details in section C. Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "TerraCom Limited - Entitlement Offer" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. If you provide a cheque or money order for the incorrect amount, TerraCom Limited may treat you as applying for as many New Shares as your cheque, bank draft or money order will pay for.

D. Contact details

Enter your contact telephone number where we may contact you regarding your acceptance of New Shares, if necessary.

3. HOW TO LODGE YOUR ENTITLEMENT AND ACCEPTANCE FORM

A reply paid envelope is enclosed for your use. No postage stamp is required if it is posted in Australia. Alternatively, if you have lost the reply paid envelope, or you have obtained the Information Booklet electronically, your completed Entitlement and Acceptance Form with the payment for New Shares may be mailed to the postal address, or delivered by hand to the delivery address, set out below. **If paying by BPAY® you do not need to complete or return the Entitlement and Acceptance Form.** You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.

Mailing Address	**Hand Delivery**
TerraCom Limited	TerraCom Limited
C/- Link Market Services Limited	C/- Link Market Services Limited
GPO Box 3560	1A Homebush Bay Drive
Sydney NSW 2001	Rhodes NSW 2138 ***(Please do not use this address for mailing purposes)***

Make sure you send your Acceptance Slip and application payment allowing enough time for mail delivery, so Link Market Services Limited receives them no later than 5:00pm (AEDT) on 9 February 2018. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. TerraCom Limited reserves the right not to process any Acceptance Slips and cheques received after the Closing Date.

If you require further information on how to complete this Entitlement and Acceptance Form, please contact Link Market Services General Shareholder Enquiries Line on 1300 554 474 between 8:30am and 5:30pm (AEDT) Monday to Friday.