Entitlement Offer Information Booklet

TerraCom Limited ACN 143 533 537

3 for 20 pro-rata non-renounceable entitlement offer of fully paid ordinary shares in TerraCom at an offer price of $0.58 per New Share

Unless extended, the entitlement offer closes at 5:00pm (AEST) on Wednesday, 29 May 2019

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 contact TerraCom at info@terracomresources.com, or on +61 7 4983 2038 at any time between 9:00am and 5:00pm (AEST) Monday to Friday, during the Entitlement Offer period.

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 (AEST) Monday to Friday during the Entitlement Offer period.

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IMPORTANT INFORMATION

Not a prospectus, not investment advice, not 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 Entitlement Offer. If, after reading this Information Booklet, you have any questions about the 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 the Underwriter, and their respective 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 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. 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 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.

All references to time are to AEST, unless otherwise stated.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This Information Booklet, and the accompanying ASX Offer 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 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

15 May 2019

Dear Shareholder

On behalf of the directors of TerraCom Limited (**TerraCom** or the **Company**), I am pleased to invite Eligible Shareholders to participate in a 3 for 20 pro-rata non-renounceable entitlement offer of new fully paid ordinary shares in TerraCom (**New Shares**) at an offer price of $0.58 (**Offer Price**) per New Share (**Entitlement Offer**).

On 10 May 2019, TerraCom announced its intention to raise approximately $35 million through the Entitlement Offer and an additional US$20 million (approximately A$28.6 million[1]) through the issue of a convertible bond to OCP Asia (**Convertible Bond Issue**).

The Entitlement Offer

The Entitlement Offer will be conducted as a pro-rata non-renounceable entitlement offer of New Shares to Eligible Shareholders, which will be conducted in accordance with the Key Dates for the Entitlement Offer set out below.

The Convertible Bond Issue is conditional upon the:

- Entitlement Offer being fully subscribed; and
- Company obtaining any required consents under existing notes issued by the Company.

This information booklet (**Information Booklet**) relates to the Entitlement Offer. Under the Entitlement Offer, Eligible Shareholders are entitled to subscribe for 3 New Shares for every 20 existing fully paid ordinary shares in TerraCom (**Shares**) held at 7.00pm (AEST) on **Wednesday, 15 May 2019** (**Record Date**), at the Offer Price of $0.58 per New Share (**Entitlement**).

New Shares will be issued on a fully paid basis and will rank equally as from their date of issue with existing fully paid ordinary shares in TerraCom (**Shares**).

The Entitlement Offer is fully underwritten by Petra Capital Pty Ltd (**Underwriter**). The Underwriter has appointed Bonython Coal No 1 Pty Ltd, Noble Resources International Pte. Ltd and Mistlake Pty Ltd as sub-underwriters to the Entitlement Offer (together, **Sub-Underwriters**). A summary of certain 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 Entitlement Offer if you choose to do so; and
- ASX Offer Announcements.

The Entitlement Offer closes at 5.00pm (AEST) on Wednesday, 29 May 2019.

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[1] Based on exchange rate of AUD:USD 0.70.

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 (AEST) on Wednesday, 29 May 2019;

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 (AEST) on Wednesday, 29 May 2019. The address for lodgement are set out in section 2.6 of this Information Booklet.

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 Friday, 10 May 2019 and incorporated in this 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	Before commencement of trading (10:00am) on Friday, 10 May 2019
Appendix 3B	Friday, 10 May 2019
Cleansing Notice	Friday, 10 May 2019
Entitlement Offer – Notice / letter to shareholders	Monday, 13 May 2019
"Ex" date	Tuesday, 14 May 2019
Record Date to determine eligibility to participate in the Entitlement Offer	7.00pm, Wednesday, 15 May 2019
Entitlement Offer Information Booklet and Entitlement and Acceptance Forms despatched	Monday, 20 May 2019
Entitlement Offer closes	5.00pm, Wednesday, 29 May 2019
New Shares commence trading on a deferred settlement basis (at ASX discretion)	Thursday, 30 May 2019
Results of Entitlement Offer announced	Monday, 3 June 2019
Allotment of New Shares issued under Entitlement Offer	Wednesday, 5 June 2019
Normal ASX trading for New Shares commences	Thursday, 6 June 2019
Dispatch of Holding Statements for New Shares	Thursday, 6 June 2019

Note: The timetable above is indicative only and subject to change. TerraCom reserves the right, with the consent of the Underwriter, 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 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 (AEST) Monday to Friday during the Entitlement Offer period.

1. OVERVIEW OF THE ENTITLEMENT OFFER

1.1 Entitlement Offer

The Entitlement Offer is an offer of approximately 60,932,895 New Shares at the Offer Price of $0.58 per New Share. Under the Entitlement Offer, all Eligible Shareholders are entitled to subscribe for 3 New Shares for every 20 Shares held at 7.00pm (AEST) on the Record Date.

The Entitlement Offer closes at 5.00pm (AEST) on Wednesday, 29 May 2019.

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 by the Underwriter, and sub-underwritten by the Sub-Underwriters. A summary of certain key terms of the Underwriting Agreement is provided on slides 49 and 50 of the Investor Presentation incorporated in this Information Booklet (at section 3.1).

1.2 Who is eligible to participate in the Entitlement Offer

Under the Entitlement Offer, Eligible Shareholders are being offered the opportunity to subscribe for 3 New Shares for every 20 Shares held as at the Record Date, with an Offer Price of $0.58 per New Share.

Eligible Shareholders are those Shareholders who:

- are registered as a holder of Shares as at the Record Date, being 7.00pm (AEST) on Wednesday, 15 May 2019;
- as at the Record Date, have a registered address in Australia or New Zealand;
- 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.

Where a nominee holds Shares on behalf of a person who resides in a jurisdiction outside Australia and New Zealand, that person is not precluded from participating in the Entitlement Offer via their nominee provided that they 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.

1.3 What is your Entitlement

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated on the basis of 3 New Shares for every 20 Shares you held as at the Record Date, being 7.00pm (AEST) on Wednesday, 15 May 2019. 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 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 (AEST) on Wednesday, 29 May 2019, 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 under the Entitlement Offer is expected to commence on Thursday, 6 June 2019 (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-Underwriters or the Registry or otherwise.

1.6 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 Shareholders, or persons claiming to be Eligible Shareholders, if their claims prove to be overstated or they fail to provide information to substantiate their claims.

(b) Acknowledgement

By accepting their Entitlements, Eligible Shareholders irrevocably acknowledge and agree to do any of the above as required by TerraCom and the Underwriter in their absolute discretion. Eligible 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 an Eligible Shareholder's Entitlement, the Eligible 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 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 (AEST) on Wednesday, 29 May 2019.

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 (AEST) on Wednesday, 29 May 2019.

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 Entitlement Offer of 5.00pm (AEST) on Wednesday, 29 May 2019, you will be allotted your New Shares on Wednesday, 5 June 2019. 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); and
- return the Entitlement and Acceptance Form to the Registry so that it is received by 5.00pm (AEST) on Wednesday, 29 May 2019.

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 Entitlement Offer of 5.00pm (AEST) on Wednesday, 29 May 2019, you will be allotted your New Shares on Wednesday, 5 June 2019. 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 $0.58 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 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 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 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 (AEST) on Wednesday, 29 May 2019 (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 $0.58 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 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 $0.58 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) does not prohibit you from being given this Information Booklet or making an application for New Shares; and
  - you are an Eligible 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 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 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 the regular way 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 Entitlement Offer to any such person in the United States.

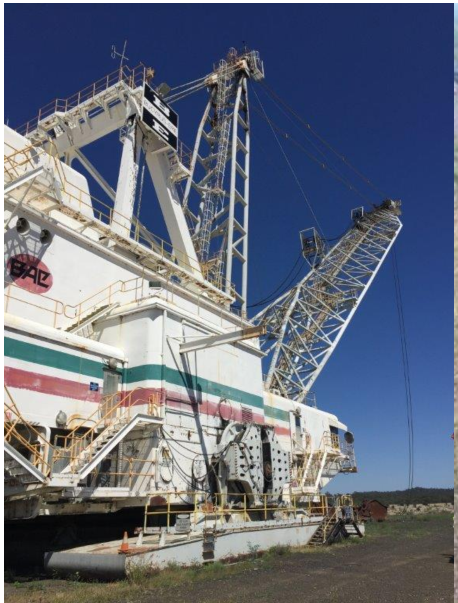
3. ASX OFFER ANNOUNCEMENTS

3.1 Investor Presentation

TERRACOM

INVESTOR PRESENTATION

MAY 2019



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DISCLAIMER

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Cooling off rights do not apply to the acquisition of New Shares pursuant to the Entitlement Offer.

Dollar values are in the currency indicated herein. All references starting with "FY" refer to the financial year for TerraCom, ending 30 June in the year specified.

A number or figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

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The information contained in this Presentation remains subject to change without notice. The Company reserves the right to withdraw or vary the timetable for the Entitlement Offer without notice.

TABLE OF CONTENTS

OVERVIEW

STRATEGY – UNLOCKING VALUE

FOCUSED ON BECOMING A MID-TIER COAL PRODUCER

1 Maximise production and revenue

- BA – increase from 2.5 to 3Mtpa[1]
- BNU – increase from 1.5 to 3Mtpa[2]
- Reduce debt

2 Focus on development projects

- Near term brownfield and greenfield expansion opportunities
- 2.1Bt JORC Resource[5] in QLD and 304Mt JORC Resource[6] in Mongolia

3 Growth through value accretive production

- Selectively target new coal production
- Opportunistically reviewing the sector

OVERVIEW – PRE TRANSACTION

2 Regions

ASX listed coal producer with operations in Australia and Mongolia

Cash Generating

Capitalising on strong coal market targeting 6.0Mtpa generating strong cash flows

3.0Mt BA[1] (Qld) & 3.0Mt BNU[2] (Mongolia)

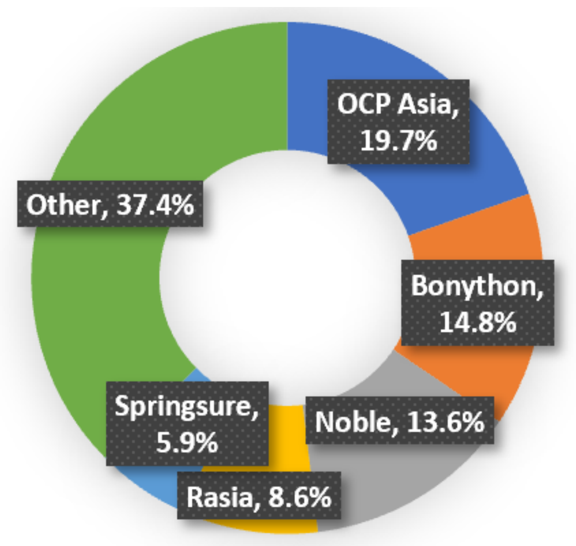
Organic Growth

Near term Brownfield and greenfield expansion opportunities with a JORC Resource in excess of 2.1Bt in Queensland[5] and 304 Mt in Mongolia[6].

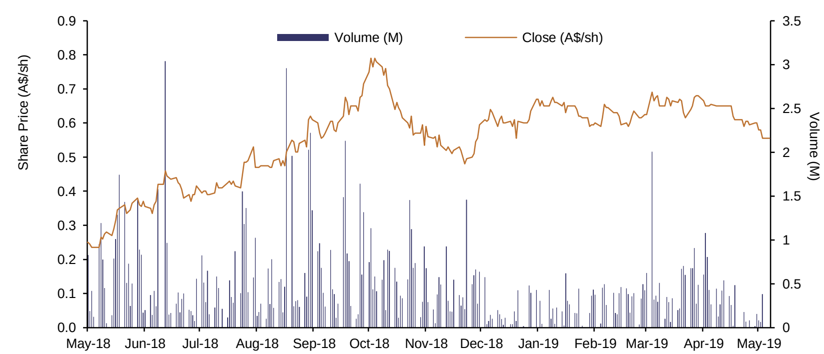
Capital Structure	
Shares on Issue (m)	406
Share Price on 3 May 2019 (ASX: TER)	0.555
Market Cap (m)	A$ 225
Options (m)	14
Cash (m) as at 31 March 2019	A$ 33
Debt Face Value (USD$) (m)	158
Enterprise Value (m)	A$ 419
Top 5 Shareholders	63%

* Based on an FX rate of AUD:USD 0.70

Share Register Summary



TER Performance Over One Year



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REFINANCING SUMMARY

- A$63* million to be utilized for repayment of existing debt
  - Fully underwritten A$35 million entitlement offer at A$0.58 per share; and
  - US$20 million convertible bond with a conversion price A$0.696 (20% premium to underwritten rights issue price)
- Funding to:
  - Reduce debt
  - Provide expected condition precedent funding in order to finalise the Company's refinancing of its balance sheet
  - Right size the Company's Balance Sheet to provide clear pathway to further business development and expansion opportunities
- Entitlement offer sub-underwriting support from new sophisticated investors and existing shareholders
- Once entitlement offer completed and following the conversion of the convertible bond, the Cash interest costs of the Company will reduce by approximately A$8* million per annum

* Based on an FX rate of AUD:USD 0.70

TERRACOM

REFINANCING SUMMARY

- The Company is currently in advanced negotiations in relation to the refinancing of its Euroclear Listed Bond:

  Indicative Key terms – Debt Refinance:

  - Principal – US$100 million
  - Interest Cost – LIBOR plus margin of 350-450 bps payable quarterly

- Following the completion of the refinancing of the Company's Euroclear listed bond on the Indicative Key Terms, and the conversion of the Convertible Bond:
  - The Cash interest costs of the Company will reduce by approximately a further A$8* million per annum, and therefore a total Cash interest costs saving of approximately A$16* million per annum.
  - Providing the opportunity for the Board in due course to deliver on its short term goal of paying a maiden dividend to shareholders

* Based on an FX rate of AUD:USD 0.70

ENTITLEMENT OFFER

- Fully underwritten A$35 million 3 for 20 non-renounceable entitlement offer of 60.9 million shares at A$0.58 per share
- Offer price A$0.58 per share
  - 6% discount to 15 day VWAP*
  - 10% discount to the 30 trading day VWAP*
- Petra Capital appointed as lead manager, bookrunner and underwriter to the entitlement offer
  - Fully sub-underwritten by Bonython Coal No 1 Pty Ltd, Mistlake Pty Ltd and Noble Resources International Pte Ltd
- Entitlement offer open to eligible shareholders on the record date (7:00pm, 15 May 2019)^
- Entitlement offer closing date 5:00pm, 29 May 2019

- Calculated to Friday 3 May 2019

^ Registered address in Australia and New Zealand (and that are not U.S. Persons). Where an eligible shareholder holds shares on behalf of a person in a jurisdiction outside Australia and New Zealand, that person is not precluded from participating in the Entitlement Offer provided that they are eligible under all applicable securities laws to receive an offer for and be issued new shares.

CAPITAL STRUCTURE POST

Existing Shares on Issue:	406.2 million
New Entitlement Offer Shares to be Issued:	60.9 million*
Total Shares on Issue (post Entitlement Offer):	**467.2 million**
Convertible Bond Shares^:	41.1 million
Total	**508.2 million**
Detachable warrants:	12.6 million
Options	1.5 million
Total	**522.3 million**

* 13.04% new shares as a percentage of the post rights issue share capital

^ Based on an FX rate of AUD:USD 0.70, represents 8.08% of shares as a percentage of the total share capital post rights issue and conversion of convertible bond

PRO FORMA DEBT

Assuming Convertible Note Converted to Equity:

	US$m	Pro-forma US$m
Euroclear Listed Bond*	145.2	100.0
Mobile Equipment Facility	0.6	0.6
State Bank of India	10.1	10.1
Non Interesting Bearing Loan	3.0	3.0
Total	**158.9**	**113.7**

Assuming Convertible Bond Still Outstanding:

	US$m	Pro-forma US$m
Add: Convertible Bond	-	20.0
Total	**158.9**	**133.7**

* Assumes the repayment of US$45.2 million of the Euroclear Listed Bond utilizing gross proceeds of approximately A$63 million (~US$44 million) from the entitlement offer and convertible note, and existing cash resources.

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CONVERTIBLE BOND
STRUCTURE

Principal:	US$ 20 million
Lender:	OCP Asia
Issuer:	TerraCom Limited
Conversion Price:	A$0.696 per share
Total Issuable Shares*:	41,050,903 fully paid ordinary shares
Interest Coupon:	9.95% per annum payable quarterly in arrears
Maturity Date:	Later of: ▪ 36 months, or ▪ 1 day after maturity of any refinance of the remaining Euroclear Listed Bond
Upfront Fees:	3% of the Principal
Conditions Precedent:	▪ Completion of rights issue for a minimum of A$35m ▪ Any required consents under the Euroclear Listed Bond
Use of Proceeds:	Used to partially repay the Listed Euroclear Bond
Security:	If not converted will be second ranking

* based on FX rate of 0.70

FULLY UNDERWRITTEN RIGHTS ISSUE
TIMETABLE

Detail	Date
Record Date:	7:00pm, Wednesday, 15 May 2019
Opening Date:	Monday, 20 May 2019
Despatch Date:	Monday, 20 May 2019
Closing Date:	5:00pm, Wednesday, 29 May 2019
Shortfall Notification Date:	Monday, 3 June 2019
Issue Date:	Wednesday, 5 June 2019
Despatch of Holding Statements:	Thursday, 6 June 2019

* The Company may vary the timetable subject to the Underwriting Agreement and other regulations including the ASX listing rules

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 licences 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.

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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. If the Convertible Bond is issued and then converted, shareholders other than OCP will be diluted.

Control

If some Eligible Shareholders do not take up their full entitlement, those shareholders' interests will be diluted (as outlined above) and the sub-underwriters will take up the New Shares. This will increase their voting power in the Company.

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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 TerraCom 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.

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FINANCIALS

FY19 – H1 HIGHLIGHTS
FINANCIAL & OPERATING PERFORMANCE

✓ **2019 Financial Year – H1 Financial Highlights**

- **Group EBITDA $52.6m**
  - Blair Athol (BA) $61m
  - Baruun Noyon Uul (BNU) -$3.9m
  - Corporate -$4.5m
- **Net Operating Cash Flows (excluding Interest) $50.7m**
- Auditors removed emphasis of matter regarding material uncertainty related to going concern from audit report

✓ **2019 Financial Year – H1 Operation Highlights**

- **Production 1.4Mt** – 1.2Mt BA, 0.2Mt BNU
- **Sales 1.5Mt** – 1.2Mt BA, 0.3Mt BNU
- Annualised production in Q4 2019 – 3.0Mt from Blair Athol[1] (BA) and 3.0Mt from Baruun Noyon Uul[2] (BNU)

✓ **2019 Financial Year**

- **Operating EBITDA Forecast $114m**

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FY19 – H1 HIGHLIGHTS

FINANCIAL & OPERATING PERFORMANCE

	H1 FY19	H1 FY18	Change	H1 FY19	H2 FY18	Change
Production						
ROM Production (Mt)	1.4	0.9	↑ 65%	1.4	1.6	-11%
Saleable Production (Mt)	1.4	0.8	↑ 67%	1.4	1.4	↑ 1%
Coal Sales (Mt)	1.5	0.6	↑ 134%	1.5	1.3	↑ 16%
Financial						
Revenue	171.9	45.2	↑ 280%	171.9	101.9	↑ 69%
Operating EBITDA	52.6	5.5	↑ 850%	52.6	21.6	↑ 143%
Profit after Tax	3.2	(14.2)	↑ 123%	3.2	(4.9)	↑ 165%
Comprehensive Income	6.7	(13.6)	↑ 149%	6.7	(4.9)	↑ 235%
Cash Flows						
Net Cash from Operating Activities	33.1	3.0	↑ 1022%	33.1	31.4	↑ 6%

	Blair Athol	BNU	Corporate	Total
Production				
ROM Production (Mt)	1.2	0.2		1.4
Saleable Production (Mt)	1.1	0.2		1.4
Coal Sales (Mt)	1.2	0.3		1.5
Financial (AU$m)				
Revenue	153.6	18.4		172.0
Operating EBITDA	61.0	(3.9)	(4.5)	52.6
Profit before Tax	55.8	(11.3)	(28.0)	16.5
Financial (AU$/t)				
Revenue	126.0	70.4		116.2
Operating EBITDA	50.0	(14.9)		35.5
Profit before Tax	45.8	(43.2)		11.2

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COAL QUALITY AND SALES

STRONG COAL BRANDS SOLD INTO ESTABLISHED MARKETS

- ✓ **Australia - Blair Athol Thermal Coal**
  - Strong brand history with an estimated 250 million tonnes of BA Thermal Coal sold into Asian Markets
  - High Energy, Low Ash, Low sulfur coal with low trace element attractive to Japanese and Korean Power Utilities
  - Up to 40% of forecast coal production sold under offtake agreements with major Japanese and Korean Power Utilities
- ✓ **Mongolia - BNU Coking Coal**
  - High quality hard coking coal with high G, X and Y indexes , High fluidity, dilatation and plastic range making it a desirable coke blend feed to produce higher grade coke product
  - 5.5 year offtake agreement for 1.5Mtpa with large Chinese coke manufacturer

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PROJECT UPDATES

Queensland

Blair Athol (BA)

OPERATIONAL PERFORMANCE

BLAIR ATHOL MINE IN AUSTRALIA

May 2017	August 2017	August 2017	October 2017	October 2017	April 2018
✓ Completion of the Sale and Purchase Agreement for Mine Operations	✓ First Coal Mined ✓ First Product Coal Crushed	✓ First Dragline Swing	✓ First Product Coal Washed	✓ First Coal Trucked to Third Party TLO	✓ BA TLO Completed and First Train Loaded

June 2018	September 2018	October 2018	December 2018	March 2019	April 2019
✓ Annualised ROM Coal mine 2.9Mtpa	✓ Annualised Coal Sales of 2.5Mtpa	✓ 1 million tonnes loaded onto trains from BA TLO	✓ Annualised saleable production 2.9Mtpa	✓ 12 Month Anniversary of TLO – 2.2Mt Coal Sales, EBITDA A$103.8 million	✓ Announce saleable coal production increase to 3Mtpa[1] from 1 July

SIGNIFICANT ACHIEVEMENTS
BLAIR ATHOL MINE IN AUSTRALIA

✓ **Recommissioned BA Mine**

- World class infrastructure capable of supporting 12Mtpa
- Ramped up to in excess of 2.5Mtpa annualised production rate within 12 months of taking ownership
- Re-established BA strong coal brand in strong Japanese and Korean markets

✓ **Constructed , Commissioned and Paid for dedicated Train Load Out Facility (TLO)**

- Upgraded the existing unused Agricultural rail line which runs across the Blair Athol mine site and connects into the main Goonyella Rail Line, which then continues to Dalrymple Bay Coal Terminal

✓ **Increased JORC Resource and Reserve[3]**

- Increased JORC profile to 18Mt Reserve with 44mt Resource of which 31.5Mt is Measured and 11.6Mt is Indicated

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AUSTRALIA

RAIL LOAD-OUT FACILITY (BA)

Existing Rail Line Connecting into Main Goonyella Line to DBCT

BA Rail Load Out

BA Coal Mine

OPERATIONAL PERFORMANCE

BLAIR ATHOL MINE IN AUSTRALIA

Delivery of Plan resulting in rapid ramp up of Production ...

Detail	July to December 2016	January to June 2017	July to December 2017	January to June 2018	July to December 2018
Run of Mine (tonnes)			441,996	1,132,924	1,193,179
Overburden (bcm)			5,961,281	8,287,764	7,328,915
Saleable Production (tonnes)			406,049	900,712	1,145,286
Sales (tonnes)			204,548	790,094	1,218,981
Inventory (tonnes)			201,118	312,119	195,476

March 2019 Quarter Production Overview:

- Coal Sales of 590,000 tonnes (2.4Mtpa annualised run rate)
- Impacted negatively by uncontrollable events:
  - Dalrymple Bay Coal Terminal (de-wirement at Port resulting in closure of the port for 5 days).
  - Abbott Point Coal Terminal (weather impacts and continued activist lobbying).
  - experienced significant rain in late March. This negatively impacted production in March, and continued impacting production in the first half of April 2019.
- Forecasted coal sales for the June 2019 Quarter of 682,000 tonnes (2.7Mtpa annualised run rate).

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CONTRACTOR ENGAGEMENTS
BLAIR ATHOL MINE IN AUSTRALIA

- ✓ Link Mining Services
  - Principal Contractor
  - Statutory Positions (Coal Mine Operator, SSE, OCE, etc)
  - Overburden Removal (including Drill & Blast, and Dragline)
  - Mining of ROM Coal
  - Washing and Crushing of ROM Coal
- ✓ Toll
  - Hauling of Clean Coal (Washed, Crushed) to TLO
  - Loading of Trains (via Front End Loader)
- ✓ Pacific National
  - Haul coal from Blair Athol to DBCT/APCT (Above Rail Provider)
- ✓ Aurizon Network
  - Provide Network Access (Below Rail Provider)
- ✓ Port Provider
  - Dalrymple Bay Coal Terminal (DBCT)
  - Abbott Point Coal Terminal (APCT)

RESOURCE AND RESERVES

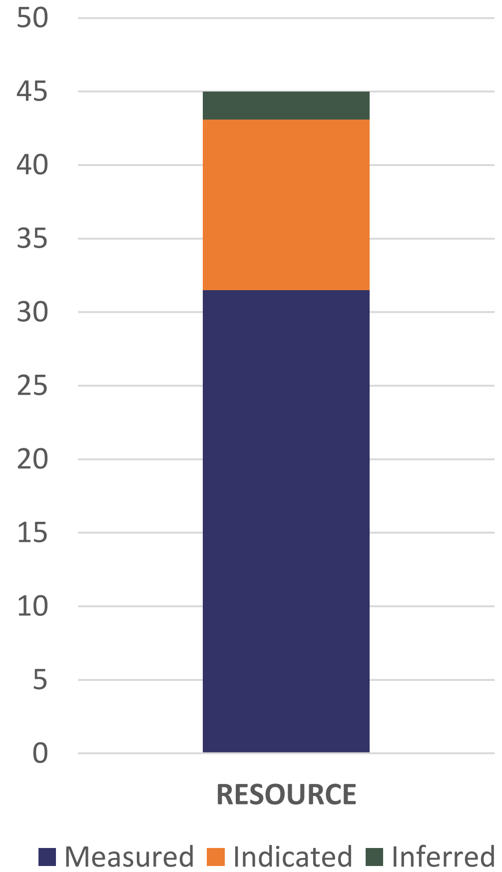
JORC 2012

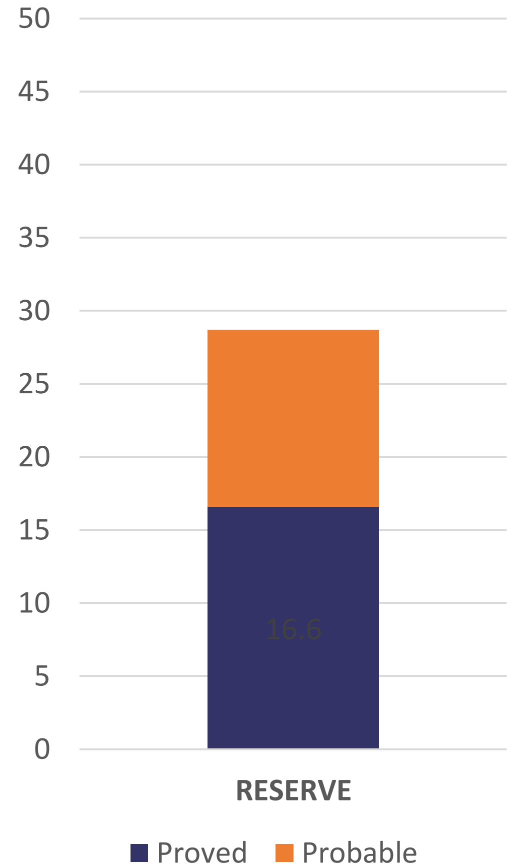
Resource [3]	Mt
Measured	31.5
Indicated	11.6
Inferred	1.9
Total	45.0

Note – after mining depletion of 2.2Mt, updated 6 December 2018[3].

Reserve [4]	Mt
Proved	16.6
Probable	12.1
Total	28.7

Marketable Reserve [4]	Mt
Proved	13.8
Probable	9.6
Total	23.5





TERRACOM

THERMAL COAL PRODUCT

PRODUCT SPECIFICATION

BASIS		As Received	Air Dried	Dry	Dry Ash Free
TOTAL MOISTURE (%)		15.0			
CALORIFIC VALUE		(ar)	(ad)	(db)	(daf)
Gross	kcal/kg	5800	6414	6823	7870
Net	kcal/kg	5553			
PROXIMATE ANALYSIS (%)		(ar)	(ad)	(db)	(daf)
Moisture			6.0		
Ash Content		11.3	12.5	13.3	
Volatile Matter		24.0	26.5	28.2	32.5
Fixed Carbon		49.7	55.0	58.5	67.5
ULTIMATE ANALYSIS (%)		(ar)	(ad)	(db)	(daf)
Carbon		61.0	67.5	71.8	82.8
Hydrogen		3.3	3.70	3.94	4.54
Nitrogen		1.4	1.55	1.65	1.90
Total Sulphur		0.27	0.30	0.32	0.37
Ash		11.3	12.5	13.3	
Oxygen (by difference)		7.6	8.5	9.0	10.4

Hardgrove Grindability Index	(ad)
	58

ASH FUSION TEMPERATURES (Deg. C)	*Reducing Atmosphere*
Initial Deformation	1420
Sphere	1470
Hemisphere	1600
Flow	1600

ASH COMPOSITION (%)		(db)
Silicon Dioxide	SiO_2	67.0
Aluminium Oxide	Al_2O_3	22.3
Iron Oxide	Fe_2O_3	8.0
Calcium Oxide	CaO	0.1
Magnesium Oxide	MgO	0.4
Sodium Oxide	Na_2O	0.09
Potassium Oxide	K_2O	0.69
Titanium Dioxide	TiO_2	1.22
Manganese Oxide	Mn_3O_4	0.13
Sulphur Trioxide	SO3	0.02
Phosphorus Pentoxide	P2O5	0.05

TRACE ELEMENTS	(db)
Arsenic (mg/kg)	3.0
Chlorine (%)	0.02
Fluorine (mg/kg)	70
Mercury (mg/kg)	0.07
Phosphorus (%)	0.01

TYPICAL SIZING %	
0 x 50 mm	100
0 x 2.0mm	30

ENVIRONMENT

SIGNIFICANT REHABILITATION WORK COMPLETED IN BA

✓ **Significant progress of rehabilitation activities in BA**

- The capping of the old tailings storage facility completed ahead of schedule as part of the mining operations process.
- The completion of the rehabilitation of 58 hectares as part of the mine's recommissioning to production.
- The rehabilitation performance has resulted in the financial assurance requirements being reduced to $72,493,383.

Image – 58 hectares of rehabilitation

Image – Capped Tailings Dam

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Mongolia

Baruun Noyon Uul (BNU)

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

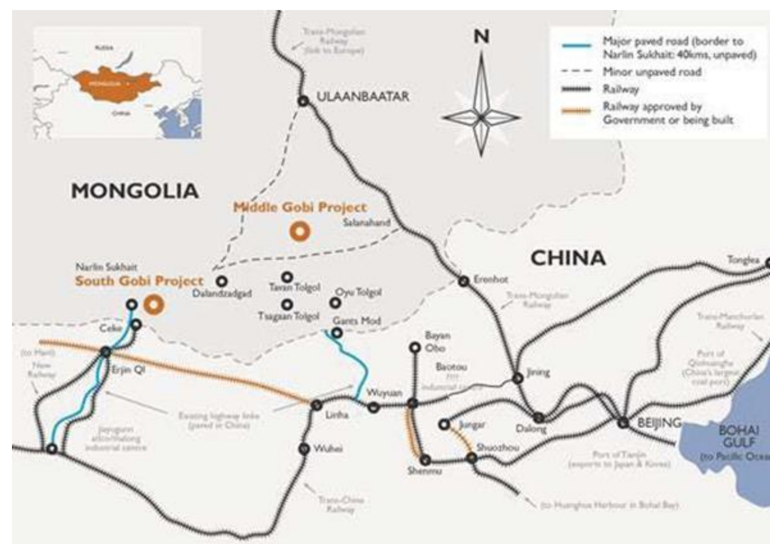
✓ There are currently three primary groups of mining licenses:

- **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[6]

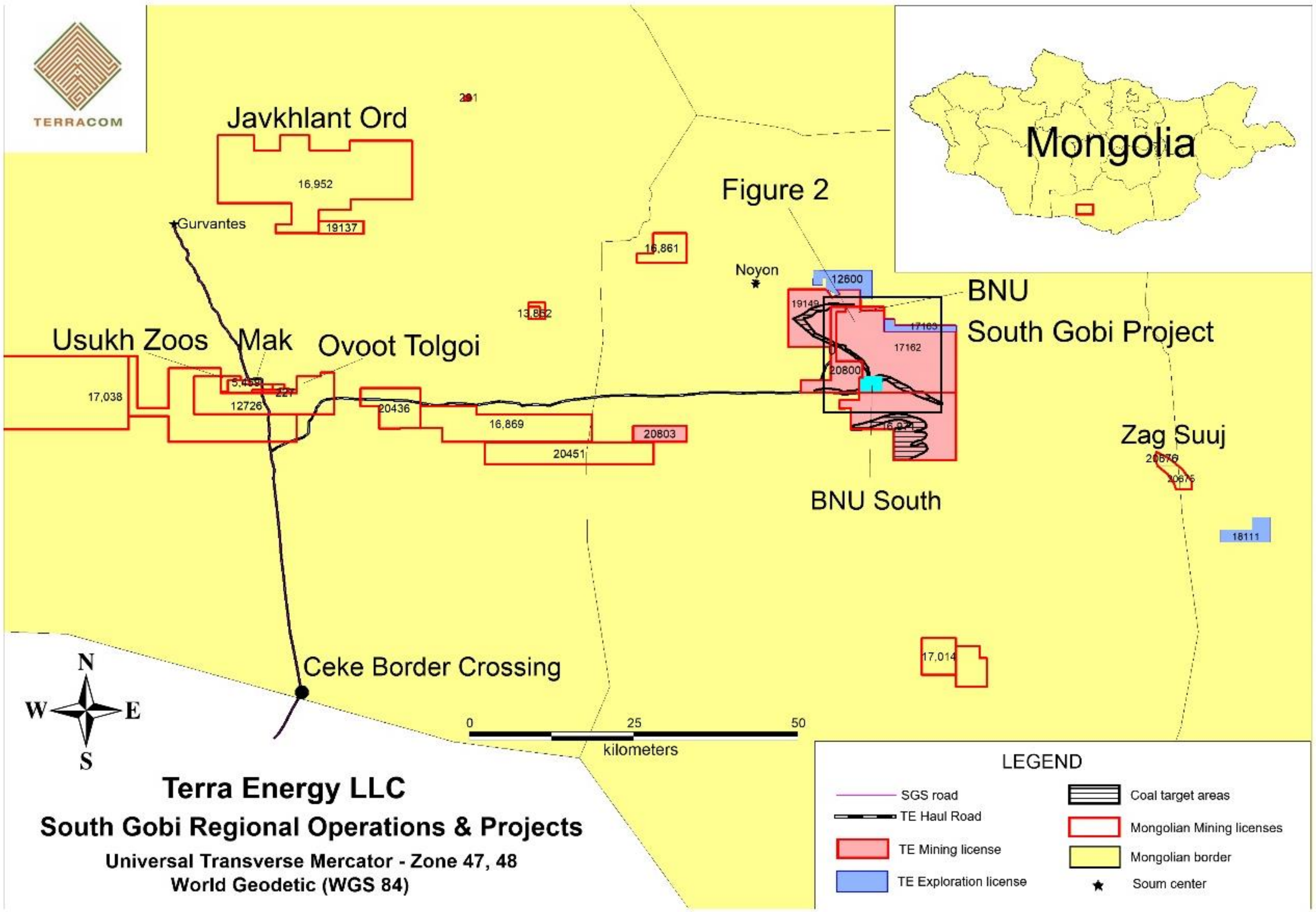
	Measured	Indicated	Inferred	Total
North	15 Mt	9 Mt	3 Mt	**27 Mt**
East	-	-	41 Mt	**41 Mt**
KS	-	-	15 Mt	**15 Mt**
Total	**15 Mt**	**9 Mt**	**59 Mt**	**83Mt**

Location



SOUTH GOBI PROJECT

REGIONAL MINING LICENCE LAYOUT



SOUTH GOBI PROJECT

DELIVERY OF IMPLEMENTATION PLAN[2]

- ✓ Operating Cost Rationalisation:
  - ❑ Have engaged the Number 1 Mining Equipment and Services Contractor in Mongolia.
  - ❑ Implementation Plan in the process of being enacted. Once fully implemented forecasted to reduce mine operating costs by up to 20%.
- ✓ Negotiations ongoing with a Mongolian Joint Venture Partner.

- ✓ Delivery of Coal Plan[2]:
  - ❑ The border crossing that is utilised to transport our coal from Mongolia to China has opened up following the Chinese New Year and Mongolian Tsagaan Sar festivities.
  - ❑ Coal Sales of 240,000 tonnes in March 2019 Quarter. This included the following:
    - ▪ Record coal sales exported in March 2019 of 152,591 tonnes, with 131,486 tonnes being coking coal
    - ▪ Record coal sales export in a single day (15 March 2019) of 10,343 tonnes, which translates into 109 trucks being loaded in a single day
  - ❑ The Mongolia forecasted coal sales for the June 2019 Quarter is 400,000 tonnes (1.6Mtpa annualised run rate)
  - ❑ Early planning and development works are continuing for the thick seam thermal coal pit.

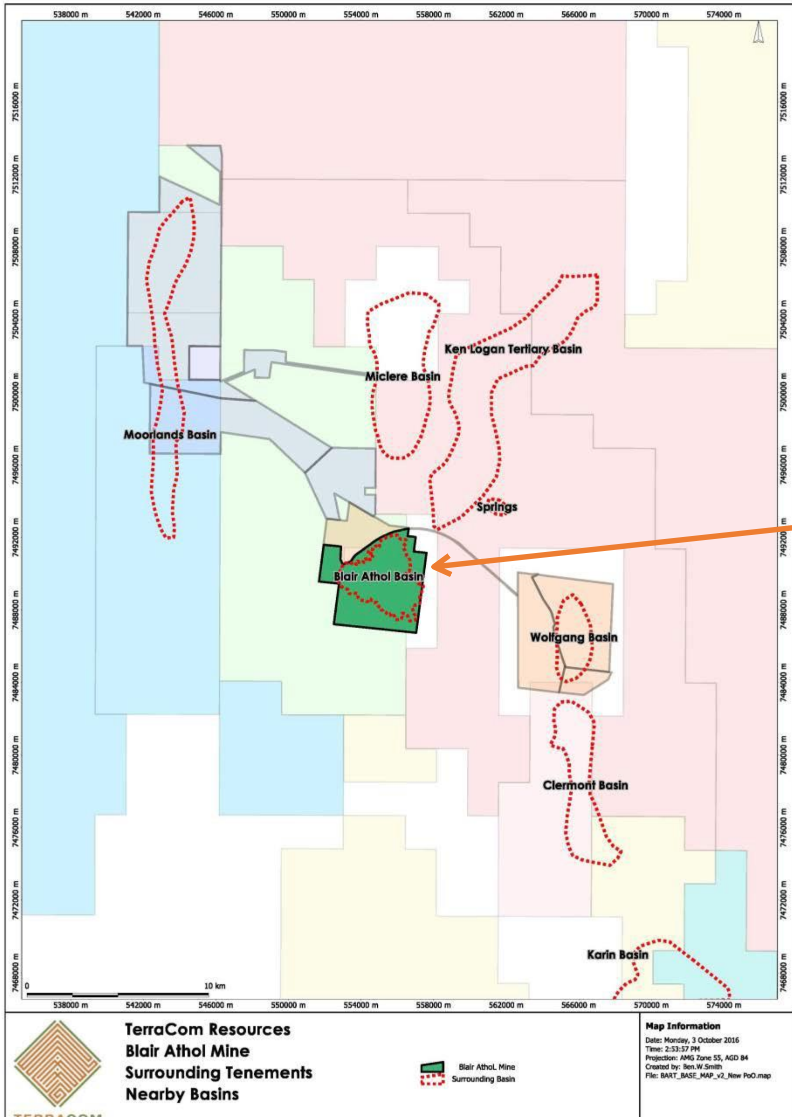
SOUTH GOBI PROJECT

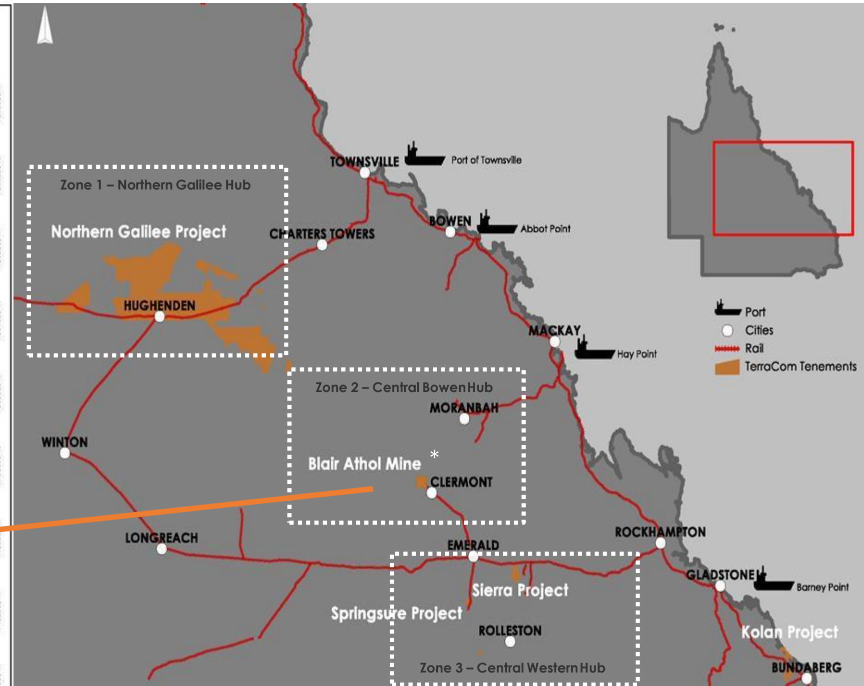
DELIVERY OF IMPLEMENTATION PLAN[2]

Other Projects

QUEENSLAND EXPANSION

ORGANIC GROWTH FROM STRATEGICALLY LOCATED ASSETS





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**[5]) is large thermal resource with multi pit potential crossed by under-utilised rail and port system
- Springsure Project* (**190Mt JORC 2004**[5]) a high grade thermal/PCI resource adjacent to existing rail infrastructure with expansion potential into adjoining Fernlee Project (EPC1103)

**** Note Springsure is 87% owned by TerraCom and Fernlee is 100% owned by TerraCom***

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

QUEENSLAND EXPANSION
LARGE RESOURCE WITH SIGNIFICANT EXPANSION POTENTIAL

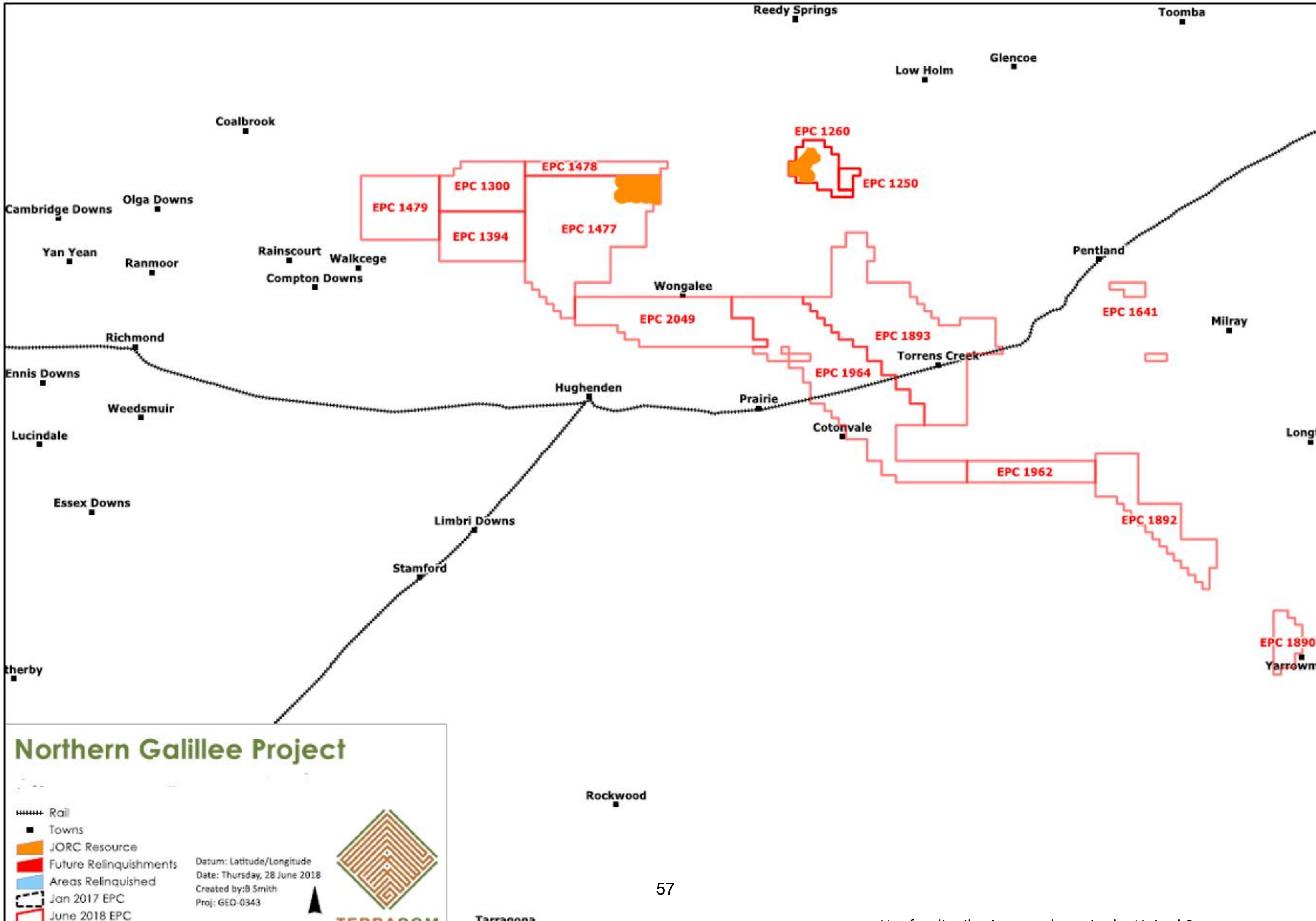
Australian JORC Resource Table (excluding Blair Athol)[5]

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.

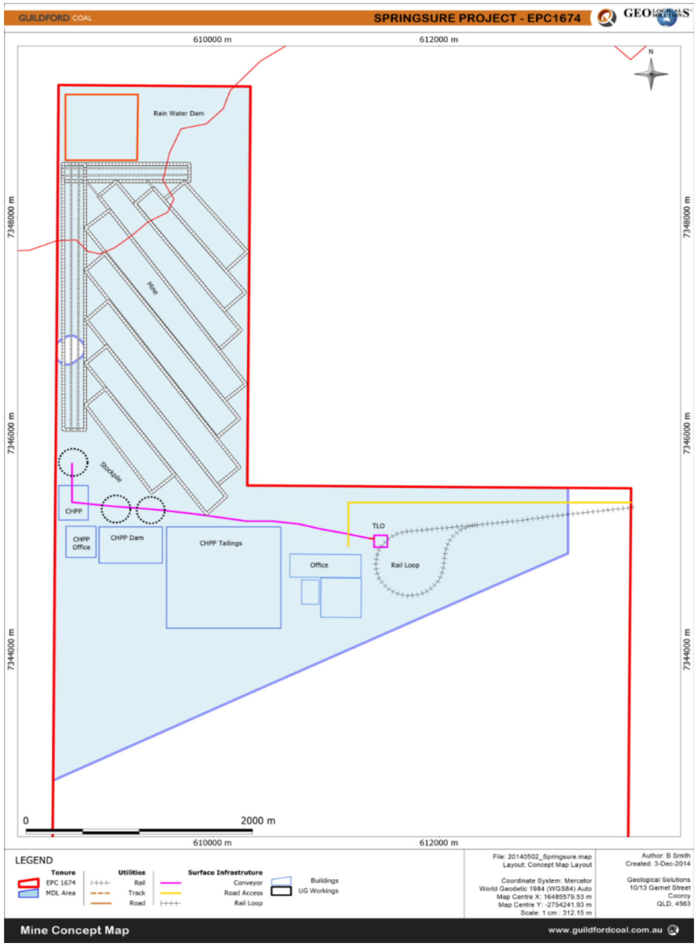
QUEENSLAND EXPANSION

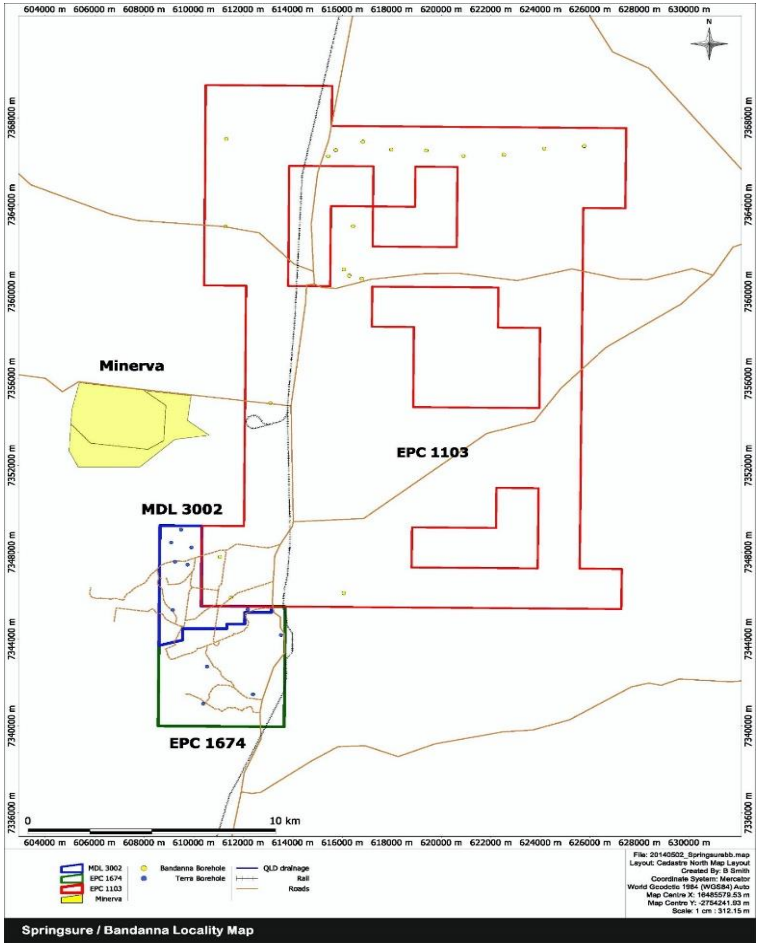
NORTHERN GALILEE PROJECT



QUEENSLAND EXPANSION

SPRINGSURE PROJECT





BOARD OF DIRECTORS

Wal King
Chairman
Independent Director

- Wal holds a Bachelor and Masters in Engineering and Engineering Science and an Honorary Doctorate of Science from the UNSW.
- Wal worked in the construction industry for over 40 years and was CEO of Leighton Holdings Limited from 1987 until December 2010.
- He is and a Director of Kimberley Foundation Australia Limited, was previously Deputy Chairman of the UNSW Foundation, and was one of the longest serving Directors of Coca-Cola Amatil Limited.

Hon. Craig Wallace
Deputy Chairman
Independent Director

- Hon. Craig Wallace served as the State Minister for Main Roads, Fisheries and Marine Infrastructure from 2009 to 2012.
- He was a member of the Executive Council of Queensland, a member of Roads Australia and a Patron of the Committee for Infrastructure and Logistics Australia.
- In 2012 he formed Shanghai Commonwealth Investment and Consulting (which is operating mainly in China).

Philip Forrest
Independent
Non-Executive Director

- Philip has been in South East Asia for over 30 years and contributed to the commercial relationship between Australia and Asia.
- Since 1991, Philip has headed 3 international banks (Westpac, NatWest and ANZ), with wide-ranging regional responsibilities.
- Recently, he was Asia Head for ANZ Bank, with responsibility for all of the Bank's activities in eleven countries ranging from Japan to Indonesia.
- Currently a Director of The Australian Chamber of Commerce, Singapore and a Member of the Governing Council of the Singapore Institute of Directors

Tsogt Togoo
Independent
Non-Executive Director

- Tsogt has two decades of experience in the Mongolian public sector.
- He has previously worked in the senior management of the Mongolian National Oil company and as the head of the Privatisation Division of the State Property Committee playing an extensive role in the privatisation of Mongolia's most valuable state-owned companies.

Jim Soorley
Independent
Non-Executive Director

- Jim served as the Lord Mayor of Brisbane from 1991-2003, presiding over an annual budget of $1.6b and a workforce of 7,000.
- Jim lists his greatest achievement as Lord Mayor as transforming Brisbane from a city with a 'country town' mentality into a vibrant urban metropolis, without compromising its liveability.
- Jim also worked as a consultant for government and business across a range of issues relating to sustainable development, partnerships between government and corporations, and environmental initiatives.

Matthew Hunter
Non-Executive Director

- Matthew has more than 20 years' experience in the finance industry, most recently with over 10 years' experience in private equity investment.
- He founded Rivendell Capital in early 2016 to provide capital and advisory services to small and medium sized enterprises and specialised projects.
- Prior to founding Rivendell Capital, Mr Hunter was a Managing Director of The Carlyle Group.
- Mr Hunter is OCP Asia's nominee director. He is presently Non-Executive Director of Silver Heritage Group Limited, Chairman of Measure Australia, a Non-Executive Director of Medirent, Advisory Board Member of AtlasTrend and Consultant engaged by OCP Asia.

Paul Anderson
Non-Executive Director

- Paul has over 30 years' experience in senior executive management roles in both the public and private sector.
- Mr Anderson holds formal qualifications in Building Surveying, Engineering, Planning and Management is a member of the Australian Institute of Company Directors.
- Paul is Bonython Coal No 1 Pty Limited's (Bonython) nominee director and Bonython is a substantial shareholder of the Company and was the sole sub-underwriter of the rights issue from earlier this calendar year.

TERRACOM

EXECUTIVE MANAGEMENT TEAM

Danny McCarthy CEO	Nathan Boom CFO & Company Secretary	Shaun Lucas Australian Business Unit Head	Sam Bowles Mongolia Business Unit Head
• Mr McCarthy is a highly experienced mining executive having held senior roles with Mineral Resources, Thiess, Wesfarmers, and QCoal and has a proven record of accomplishment of delivering exceptional results over 22-years in the resources sector. • Prior to joining TerraCom in December 2018, for the past 2.5 years, Mr McCarthy has held the role of Chief Operating Officer for the highly regarded, West Australian based, commodity producer and mining services company Mineral Resources Limited (ASX: MIN, Market capitalisation of approximately $2.8 Billion). During his time in this role, he has overseen the successful implementation of MIN's strategic growth initiatives. • He brings a wealth of experience to TerraCom with a strong commercial focus and background in the development and implementation of business strategy, construction, mining and minerals processing across a range of commodities.	• Nathan Boom holds a Bachelor of Commerce (Accounting) from University of Wollongong, and is a Chartered Accountant with a strong resources sector background. • His 14 year career working at large multinationals such as Xstrata Coal and Tenova Delkor has provided him with extensive exposure in business restructuring and associated implementation of recovery plans also leading finance and commercial aspects of the business. Nathan has led business development projects and re-financing packages with banking consortium's, as well • as has substantial experience in financial system implementation and integration. • Nathan joined TerraCom in 2015, was appointed Company Secretary in January 2016 and Chief Financial Officer in March 2017.	• Shaun Lucas has held operational, and managerial roles in the mining industry having previously worked for Rio Tinto and NRW Civil and Mining over a career spanning more than 20 years. • Having worked for both miners an mining services, Shaun brings an abundance of experience in mine site operations (construction, mining and processing) and contractor management.	• Since graduating from the University of New South Wales with a Bachelor of Engineering (Mining), Sam has worked for more than 15 years at coal mining operations in Australia and Mongolia. He is a member of the Australasian Institute of Mining and Metallurgy. • During this time, he has held technical, operational, managerial and executive roles within underground and open cut coal mining companies, and has worked for large multinational companies such as Anglo Coal Australia, Rio Tinto Coal Australia and Leighton Asia. • Prior to joining TerraCom, he was responsible for operation of Mongolia's largest coal mining, processing and export business as Chief Operating Officer of Mongolian Mining Corporation.

TERRACOM

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.

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 securities may be offered to British Virgin Islands business companies from outside the British Virgin Islands without restriction.

Cayman Islands

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

Hong Kong

WARNING: 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

No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to any offer of the 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.

New Zealand

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 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.

INTERNATIONAL OFFER RESTRICTIONS

CONT.

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 these securities 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 an existing holder of the Company's shares. In the event that you are not such a shareholder, 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.

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.

INTERNATIONAL OFFER RESTRICTIONS

CONT.

United Kingdom

Neither the information in this document nor any other document relating to the Offer has been delivered for approval to the Financial Services 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 and options.

This document is issued on a confidential basis to fewer than 150 persons (other than "qualified investors" (within the meaning of section 86(7) of FSMA)) in the United Kingdom, and the New Shares and options 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) 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 FSMA) received in connection with the issue or sale of the New Shares and options 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) 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 fall within Article 43 (members or creditors of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, as amended, or (ii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to, and any invitation, 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.

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 Petra Capital Pty Limited (the **Underwriter**) (**Underwriting Agreement**). Bonython Coal No 1 Pty Ltd, Mistlake Pty Ltd and Noble Resources International Pte Ltd are the Sub-Underwriters (**Sub-Underwriter**). The obligations of the Underwriter, including the obligation to underwrite any shortfall under the 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 law, or any of the Offer Materials or any statement, report, representation, matter or thing contained therein is or becomes is false, misleading or deceptive, or likely to mislead or deceive (whether by omission or otherwise);
- TerraCom amends the Offer Materials without the prior written consent of the Underwriter;
- the 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 (including but not limited to any regulatory change) or event involving a prospective change, in the condition, financial or otherwise, or in the 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 or any aspect of the Offer does not or fails to, comply with the Corporations Act, the Listing Rules, or any 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 (or interests in them) cease trading or is suspended from official quotation or ceases to be quoted on ASX (other than a voluntary suspension requested by the Issuer and either contemplated by the Timetable, or otherwise consented to by the Underwriter to facilitate the Offer, such consent not to be unreasonably withheld or delayed), or ASX makes any official statement to any person or indicates that it will not grant permission for the official quotation of the New Shares, or permission for the official quotation of the New Shares before the date of issue is not granted, or if 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, in relation to the Offer or any of the Offer Materials, or prosecutes or commences proceedings against TerraCom; or gives notice of an intention to do so
- TerraCom engages in conduct that is misleading or deceptive, or which is likely to mislead or deceive in connection with the making of the Offer;
- a representation or warranty contained in the Underwriting Agreement on the part of TerraCom was or is untrue or incorrect when given or taken to be given or becomes untrue, incorrect or misleading;

KEY TERMS OF UNDERWRITING AGREEMENT
CONT.

• 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 specified in the Underwriting Agreement to occur on or before the Issue Date is delayed by one or more business days, or an event specified in the Underwriting Agreement to occur after the Issue Date is delayed by more than two business days (without prior written consent of TerraCom and the Underwriter);
• 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 is disqualified from managing a corporation, or any Government Agency commences any public proceedings against TerraCom or any director of TerraCom in their capacity as a director of TerraCom, or announces that it intends to take such action;
• an insolvency event occurs in respect of TerraCom or any of its subsidiaries;
• resignation or termination of the Chief Executive Officer, Chief Financial Officer or the Chairman of TerraCom;
• a market fall in 10% or more in the S&P/ASX Small Ordinaries Resources Index for 2 consecutive business days or on the business day immediately prior to settlement; or
• suspension of trading of all securities quoted on ASX, London Stock Exchange, Hong Kong Stock Exchange, Singapore Stock Exchange or New York Stock Exchange for one day (or a substantial part of one day) on which that exchange is open for trading, a general moratorium on commercial banking activities in Australia, Hong Kong, the United States or the United Kingdom is declared, hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs involving any one or more of Australia, the United States of America, United Kingdom, any member state of the European Union, Japan, Hong Kong, or the People's Republic of China, or Mongolia.

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 has reasonable grounds to believe that the event: (1) could give rise to the Underwriter or its Affiliates having liability under, contravening, or being considered to be in contravention of 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 TerraCom's shares. In addition Certain of these termination triggers are qualified such that TerraCom will have 5 business days to find a replacement underwriter before the Underwriter has the right to terminate the Underwriting Agreement.

The Underwriter will receive a fee for acting and that fee comprises (in the case of the Underwriter only) an underwriting fee calculated as 1% of the total Entitlement Offer amount and a distribution fee of 3.5% of the total Entitlement Offer amount committed by the parties introduced by the Underwriter (for the avoidance of doubt, this excludes the Sub-Underwriters). The Sub-Underwriters will receive a fee for acting and that fee comprises (in the case of the Sub-Underwriter only) a sub-underwriting fee calculated as a percentage of the amount they have committed to sub-underwrite.

Bonython Coal No 1 Pty Ltd will be paid 5% of the amount they have committed to sub-underwrite (being $20m). Mistlake Pty Ltd will be paid 5% of the amount they have committed to sub-underwrite (being $5m). Noble Resources International Pte Ltd will be paid 5% of the amount they have committed to sub-underwrite (being $10m).

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REFERENCES

1 – Refer to ASX Announcement on 20 March 2019 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 to ASX Announcement on 12 October 2018 for further information and clarification on the BNU production forecast. The material assumptions underpinning the BNU production target in this ASX Announcement continues to apply and has not materially changed. A proportion of the production target is classified as inferred mineral resource. There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.

3 – Refer to ASX Announcement on 6 December 2018 for further information and clarification on the Blair Athol JORC Resource increase in confidence. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcement; and that all material assumptions and technical parameters in the announcement made in the original announcement continue to apply and have not materially changed.

4 – Refer to ASX Announcement on 20 March 2019 for further information and clarification on the Blair Athol JORC Reserve. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcement; and that all material assumptions and technical parameters in the announcement made in the original announcement continue to apply and have not materially changed.

5 – Refer to ASX Announcement on 28 September 2018 for further information and clarification on the Queensland JORC Resource. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcement; and that all material assumptions and technical parameters in the announcement made in the original announcement continue to apply and have not materially changed.

6 – Refer to ASX Announcement on 28 September 2018 for further information and clarification on the Mongolia JORC Resource. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcement; and that all material assumptions and technical parameters in the announcement made in the original announcement continue to apply and have not materially changed.

TERRACOM

THANK YOU

3.2 ASX launch announcement

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

terracomresources.com

10th May 2019

ASX Announcement

TerraCom Limited A$63 million Restructuring

TerraCom Limited (**TER** or the **Company**) is an ASX listed coal miner with two operating mines in Queensland and Mongolia.

Restructuring

In accordance with its forward strategy, the Company is pleased to announce the launch of a fully underwritten, pro-rata non-renounceable entitlement offer at $0.58 per share (10% discount to the 30 day VWAP) to raise approximately A$35 million (**Entitlement Offer**). Eligible Shareholders will be entitled to apply for 3 shares for every 20 shares (**New Shares**) held on the record date (15 May 2019).

Petra Capital Pty Ltd is acting as lead manager, bookrunner and underwriter to the Entitlement Offer (**Underwriter**).

The Entitlement Offer is fully sub-underwritten by existing shareholders Bonython Coal No 1 Pty Ltd, Noble Resources International Pte. Ltd and, as well as Mistlake Pty Ltd (**Sub-Underwriters**).

The Company has also entered into a US$20 million convertible bond (**Convertible Bond**) with shareholder, OCP Asia. The Convertible Bond has an exercise price of A$0.696, term of 3 years and a coupon of 9.95% per annum.

Funds raised from the Entitlement Offer and Convertible Bond will be used to reduce debt and provide expected condition precedent funding in order to finalise the Company's refinancing of its balance sheet. Following completion of the Entitlement Offer and upon the conversion of the Convertible Bond, the cash interest costs of the Company will reduce by approximately A$8 million per annum.

Following the completion of the refinancing of the Company's Euroclear listed bond, the Company expects the cash interest costs to reduce by approximately A$16 million per annum.

Wal King, Chairman said "The funds raised will significantly reduce the Company's cost of debt and provide vital leverage in the final negotiation of refinancing existing debt.

It will provide the Company with expansion and business development opportunities with its new restructured Balance Sheet ... as well as providing the opportunity for the Board in due course to deliver on its short term goal of paying a maiden dividend to shareholders."

Further information is included in the Company's investor presentation lodged with the ASX today.

Entitlement Offer Timetable

Event	Date
Announcement Date Company to announce Entitlement Offer and release Offer Announcement, Investor Presentation Materials, Cleansing Notice and Appendix 3B to ASX (by 10.00am)	Friday, 10 May 2019
Record date (7.00pm) Company releases Offer Booklet to ASX (by 10.00am)	Wednesday, 15 May 2019
Opening Date Entitlement Offer opens (10.00am) **Despatch Date** Company to complete despatch of Offer Booklet and Entitlement and Acceptance Forms. Entity announces that offer documents have been sent to holders.	Monday, 20 May 2019
Closing Date Entitlement Offer closes (5.00pm)	Wednesday, 29 May 2019
Results of Entitlement Offer Date	Monday, 3 June 2019
Allotment of New Shares issued under Entitlement Offer	Wednesday, 5 June 2019
Normal ASX trading for New Shares commences	Thursday, 6 June 2019
Company to despatch holding statements	Thursday, 6 June 2019

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

TerraCom, with the consent of the Underwriter and Sub-Underwriters, 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 Entitlement Offer (either generally or in particular cases) and to withdraw the Entitlement Offer 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 Entitlement Offer opens.

Shareholder Enquiries

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

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

For further information, contact:

Wal King AO

Chairman

P +61 7 4983 2038

E info@terracomresources.com

Nathan Boom

Chief Financial Officer and Company Secretary

P +61 7 4983 2038

E info@terracomresources.com

Wal King AO
Chairman

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 Monday, 20 May 2019 (other than the ASX Offer Announcements, which were published on the ASX website on Friday, 10 May 2019).

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 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 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 Shareholders in Australia and New Zealand 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 (AEST) on Monday to Friday during the 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.

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 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 Entitlement Offer is compatible with applicable foreign laws. Eligible 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 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 be 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 Queensland, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of Queensland, 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 that is not a resident of 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 Entitlement Offer, the Entitlements or the New Shares, or otherwise to permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

Where an Eligible Shareholder holds Shares on behalf of a person in a jurisdiction outside Australia and New Zealand, that person is not precluded from participating in the Entitlement Offer provided that they are eligible under all applicable securities laws to receive an offer for and be issued New Shares.

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 the Company 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 Investor Presentation, the ASX Announcement 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 Investor Presentation, the ASX Announcement or the Entitlement and Acceptance Form may be distributed or released in the United States.

The 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 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 and sub-underwritten by the Sub-Underwriters pursuant to the Underwriting Agreement and Sub-Underwriting Agreements, respectively, dated on or about 10 May 2019.

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 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 Entitlement Offer may not proceed in its entirety. The Underwriter has appointed Bonython Coal No 1 Pty Ltd, Noble Resources International Pte Ltd and Mistlake Pty Ltd as the sub-underwriters 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-Underwriters are entitled to be paid fees and expenses under the Sub-Underwriting Agreement.

A summary of certain key terms of the Underwriting Agreement is provided on slides 49 and 50 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, the Underwriter 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

AEST means Australian Eastern Standard Time.

Application Monies means the amount specified in the personalised Entitlement and Acceptance Form, being the consideration for New Shares under the 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 this Information Booklet, being the announcement to ASX on Friday, 10 May 2019 of the launch of the Entitlement Offer and the Investor Presentation.

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

Eligible Shareholders means Shareholders on the Record Date with a registered address in Australia or New Zealand.

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 20 Shares held by the Record Date.

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 Offer means the pro-rata non-renounceable entitlement offer of 3 New Shares for every 20 Shares held at the Record Date at an Offer Price of $0.58 per New Share.

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

Investor Presentation means the TerraCom Investor Presentation released to ASX on Friday, 10 May 2019, a copy of which is included in section 3.1 of this Information Booklet.

Key Dates means the dates outlined on page 7 of this Information Booklet.

Listing Rules means the official listing rules of ASX.

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

Offer Price means $0.58 being the price payable per New Share under the Entitlement Offer.

Record Date means 7.00pm (AEST) on Wednesday, 15 May 2019.

Registry means Link Market Services Limited.

Share means a fully paid ordinary share in TerraCom.

Shareholder means a holder of a Share.

Sub-Underwriters means Bonython Coal No 1 Pty Ltd, Noble Resources International Pte Ltd and Mistlake Pty Ltd.

Sub-Underwriting Agreements means the sub-underwriting agreement between Underwriter and each of the Sub-Underwriters under which the Sub-Underwriters have agreed to sub-underwrite the Entitlement Offer.

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

TerraCom Entitlement Offer Account means the account in which Application Monies from Eligible Shareholders will be held.

Underwriter means Petra Capital Pty Limited ACN 110 952 782.

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 4721
Australia

SHARE REGISTRY

Link Market Services Limited
680 George Street
Sydney NSW 2000
Australia

WEBSITE
terracomresources.com