

ASX ANNOUNCEMENT

26 November 2019



Section 708A Cleansing Notice

TerraCom Limited (**TerraCom** or the **Company**) confirms that 362,138 fully paid ordinary shares at a deemed issue price of A\$0.414 per share were issued to Wallace King AO's nominee on 26 November 2019 pursuant to the share component of Mr. King's remuneration package with the Company. The share issue was approved by shareholders at the 2019 Annual General Meeting.

In accordance with the requirements of section 708A(6) of the *Corporations Act 2001* (Cth) (**Act**) the Company provides notice to the ASX that:

- (a) The shares were issued without disclosure to investors under Part 6D.2 of the Act.
- (b) This notice is being given under Section 708A(5)(e) of the Act.
- (c) As at the date of this notice, the Company has complied with:
 - (i) The provisions of Chapter 2M of the Act, as they apply to the Company; and
 - (ii) The provisions of Section 674 of the Act.
- (d) As at the date of this notice, there is no excluded information as defined in Section 708A(7) and 708A(8) of the Act.

An Appendix 3B, requesting quotation of the fully paid ordinary shares, accompanies this Cleansing Notice.

Regards,

Megan Etccl
Company Secretary

For further information, please contact +61 7 4983 2038 or info@terracomresources.com

About TerraCom Limited

TerraCom Limited (**ASX: TER**) is an emerging company originating as a resource explorer with a large portfolio of operating assets in Mongolia and Queensland, Australia. We are currently enacting a growth strategy towards delivering a Mid-Tier diversified operating and trading business and have a global focus on the development of a high yielding diversified asset portfolio for its investors. To learn more, please visit www.terracomresources.com.

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

TerraCom Limited

ABN

35 143 533 537

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | <div>1. 362,138 fully paid ordinary shares</div> <div>2. 1,447,777 unlisted ordinary share options</div> |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <div>1. The new shares will have the same terms as existing fully paid ordinary shares in TER.</div> <div>2. The terms of the unlisted ordinary share options are noted below:<div style="margin-left: 20px;"><div>i. 647,777 unlisted ordinary share options have a strike price equal to \$0.415 and an expiry date of 27 November 2023, being five years after the date of grant. The earliest date the options can be converted to shares is 2 July 2021.</div><div>ii. 400,000 unlisted ordinary share options have a strike price equal to \$0.415 and an expiry date of 20 March 2024, being five years after the date of grant. The earliest date the</div></div></div> |

+ See chapter 19 for defined terms.

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	options can be converted to shares is 2 July 2021. iii. 400,000 unlisted ordinary share options have a strike price equal to \$0.595 and an expiry date of 20 March 2024, being five years after the date of grant. The earliest date the options can be converted to shares is 2 July 2021.
4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	1. The new shares will rank equally with existing fully paid ordinary shares from the date of issue. 2. Unlisted ordinary share options are not quoted securities therefore do not rank equally with existing fully paid ordinary shares on issue. They will only rank equally once exercised and converted to fully paid ordinary shares.
5 Issue price or consideration	1. Pursuant to the Notice of Meeting dated 16 October 2019, the calculated issue price is \$150,000. This equates to \$0.414 per fully paid ordinary share. 2. N/A
6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	1. Shares to be issued to Wallace King AO (or nominee) pursuant to his remuneration package with the Company, and approved by shareholders at the 2019 Annual General Meeting. As outlined in the Notice of Meeting, dated 16 October 2019 – the shares relate to the period of 1 January 2020 to 31 December 2020. 2. Unlisted ordinary share options are to be issued to the Directors and Management of the Company (or their nominee) pursuant to resolutions passed by shareholders at the 2018 Annual General Meeting.
6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	Yes

+ See chapter 19 for defined terms.

6b	The date the security holder resolution under rule 7.1A was passed	19 November 2019
6c	Number of +securities issued without security holder approval under rule 7.1	34,203,104 fully paid ordinary shares
6d	Number of +securities issued with security holder approval under rule 7.1A	NIL
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	NIL
6f	Number of +securities issued under an exception in rule 7.2	60,933,436 fully paid ordinary shares
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Under LR 7.1 – 35,924,126 Under LR 7.1A – 46,751,487
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	26 November 2019

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the ⁺ securities in section 2 if applicable)	Number	⁺ Class
		501,717,977	Fully paid ordinary shares
9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the ⁺ securities in section 2 if applicable)	Number	⁺ Class
		12,630,833	Detachable warrants (exercisable for 5 years from 26 February 2016).
		1,500,000	Unlisted Ordinary Share Options (with a strike price equal to \$0.60 and an expiry date of 31 August 2020).
		647,777	Unlisted ordinary share options (with a strike price equal to \$0.415 and an expiry date of 27 November 2023). The earliest date the options can be converted to shares is 2 July 2021.
		400,000	Unlisted ordinary share options (with a strike price equal to \$0.415 and an expiry date of 20 March 2024). The earliest date the options can be converted to shares is 2 July 2021.
		400,000	Unlisted ordinary share options (with a strike price equal to \$0.595 and an expiry date of 20 March 2024). The earliest date the options can be converted to shares is 2 July 2021.
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	1. The Company's existing dividend policy applies to the new fully paid ordinary shares. 2. No dividend policy applies to the unlisted ordinary share options.	

⁺ See chapter 19 for defined terms.

Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the ⁺ securities will be offered	N/A
14	⁺ Class of ⁺ securities to which the offer relates	N/A
15	⁺ Record date to determine entitlements	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A

⁺ See chapter 19 for defined terms.

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29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements in full through a broker?	N/A
31	How do security holders sell part of their entitlements through a broker and accept for the balance?	N/A
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	+Issue date	N/A

+ See chapter 19 for defined terms.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ☒ ⁺Securities described in Part 1

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional ⁺securities

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought	N/A	
39	+Class of +securities for which quotation is sought	N/A	
40	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	N/A	
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another +security, clearly identify that other +security)	N/A	
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	Number N/A	+Class N/A

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:
(~~Director~~/Company secretary)

26 November 2019
Date:

Print name:
Megan Etccl

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	380,085,413
Add the following: - Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 - Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval - Number of partly paid +ordinary securities that became fully paid in that 12 month period Note: - Include only ordinary securities here – other classes of equity securities cannot be added - Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed - It may be useful to set out issues of securities on different dates as separate line items	60,933,436 (5 June 2019) 16,666,667 (21 December 2018) 236,450 (24 December 2018) 9,230,769 (29 January 2019) 362,138 (26 November 2019)
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	NIL
“A”	467,514,873

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	70,127,230
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of ⁺ equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 Note: • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i>	34,203,104
“C”	34,203,104
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	70,127,230
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	34,203,104
Total [“A” x 0.15] – “C”	35,924,126 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

⁺ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	467,514,873
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	46,751,487
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items	NIL
“E”	NIL

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	46,751,487
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	NIL
Total [“A” x 0.10] – “E”	46,751,487 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.