

ASX ANNOUNCEMENT

18 May 2020



Compulsory Acquisition of outstanding UNV Shares

On 3 February 2020, TerraCom Limited (**TerraCom** or the **Company**) announced an offer by its wholly owned subsidiary, TCIG Resources Pte Ltd (**TerraCom Bidco**), to acquire the entire issued and to be issued share capital of Universal Coal plc (**Universal** or **UNV**) (ASX: UNV) not directly or indirectly owned by it (the **Offer**).

The Offer closed on 25 March 2020 and TerraCom achieved just over 90% of the voting rights attached to UNV shares. At this level of acceptance, TerraCom announced on 31 March 2020 that it would proceed to a mandatory sell-out process in accordance with the UK Companies Act 2006 (the **Act**) and that UNV shareholders (other than restricted UNV shareholders and US UNV shareholders) who had not accepted the Offer would be entitled to require TerraCom Bidco to acquire their UNV shares (including UNV CDIs) on the same terms as the Offer, being \$0.10 cash and 0.6026 new TerraCom shares per UNV share (including UNV CDIs) held (**Sell-out Right**).

On 23 April 2020, TerraCom announced that it had reached over 92% of the voting rights attached to UNV shares and that at this level of acceptance, TerraCom is entitled to proceed to compulsory acquisition in accordance with Chapter 3 of Part 28 of the Act.

TerraCom is now pleased to announce that it will shortly be implementing the compulsory acquisition procedure under the Act to 'squeeze out' all of the outstanding UNV shares (including UNV CDIs) which it does not already hold or has not already acquired, contracted to acquire or in respect of which it has not already received valid acceptances.

The requisite statutory notices and an explanatory letter will be posted starting tomorrow to UNV shareholders and UNV CDI holders who have not accepted the Offer or exercised their Sell-out Right. The date of the statutory notices marks the commencement of the six-week compulsory acquisition period. ASX will automatically suspend quotation of the UNV CDIs five business days after the date of the statutory notices and delisting of the UNV CDIs is expected to occur at the end of the compulsory acquisition period.

Eligible UNV security holders may continue to exercise their Sell-out Right until 30 June 2020, rather than wait until TerraCom Bidco acquires the outstanding UNV shares compulsorily. Eligible UNV security holders should refer to the Company's announcement of 31 March 2020 regarding their ability to exercise, and the process of exercising, their Sell-out Right.

If you exercise your Sell-out Right before 30 June 2020, it should enable you to receive your consideration more promptly than under the compulsory acquisition procedure. If you wish to exercise your Sell-out Right it is recommended that you do so as soon as possible, especially in light of postal delays due to the impact of Covid-19, to ensure that such exercise is processed before 30 June 2020. If the exercise of your Sell-out Right cannot be processed prior to 30 June 2020, your shares will be compulsorily acquired for the same consideration.

If any UNV shareholder or UNV CDI holder wishes to obtain a copy of the explanatory letter and the statutory notice, please contact the Company directly at unvoffer@terracomresources.com.

This announcement has been approved by the Company's Disclosure Committee for release.

For further information, contact:

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About TerraCom Limited

TerraCom Limited (ASX: TER) is an emerging company originating as a resource explorer with a large portfolio of operating assets in Australia, South Africa and Mongolia. 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 about TerraCom visit terracomresources.com.

Important notice

This Announcement is for information purposes only and is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Sell-out Right, squeeze-out or otherwise, nor shall there be any sale, issuance or transfer of securities of UNV in any jurisdiction in contravention of applicable law.

For the purposes of these notices, "Restricted Jurisdiction" means any jurisdiction where local laws or regulation may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Sell-out Right is sent or made available in that jurisdiction.

Overseas jurisdictions

This Announcement has been prepared in accordance with the laws of England and Wales and Australia and the information disclosed may not be the same as that which would have been disclosed in accordance with the laws of jurisdictions outside England and Wales and Australia. The statements contained in this Announcement are made as at the date of this Announcement, unless some other time is specified in relation to them, and there shall be no implication that there has been no change in the facts set forth in this Announcement since such date.

The release, publication or distribution of this Announcement in jurisdictions other than Australia may be restricted by the laws of those jurisdictions. Persons who are not resident in Australia, or who are subject to the laws of any jurisdiction other than Australia, should inform themselves about and observe any applicable requirements. Any person (including, without limitation, nominees, trustees and custodians) who would, or otherwise intends to, forward this Announcement or any accompanying document to any jurisdiction outside Australia should refrain from doing so and seek appropriate professional advice before taking any action. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Sell-out Right or squeeze-out process disclaim any responsibility or liability for the violation of such restrictions by any person.

Unless otherwise determined by TerraCom Bidco and permitted by applicable law and regulation, the Sell-out Right is not available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may exercise the Sell-out Right by any such use, means, instrumentality or facility or from within a Restricted Jurisdiction. Accordingly, copies of this Announcement and all documents relating to the Sell-out Right are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this Announcement and all documents relating to the Sell-out Right (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions where to do so would violate the laws in that jurisdiction.

Additional information for US investors

The Sell-out Right and squeeze-out is for securities of a company incorporated in England and Wales and UNV Shareholders in the United States should be aware that this Announcement and any other documents relating to the Sell-out Right and squeeze-out have been prepared in accordance with the laws of England and Wales and Australia (as the context requires) and applicable disclosure requirements, format and style thereunder, all of which differ from those in the United States.

This Announcement is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration with the United States Securities and Exchange Commission or an exemption from registration. There will be no public offering of these securities in the United States.

*Securities to be issued pursuant to the Sell-out Right and squeeze-out have not been, and will not be, registered under the US Securities Act of 1933, as amended (**Securities Act**), or under the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold or resold except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. Shareholders of UNV with a registered address in, or who are located in, the United States are unable to exercise the Sell-out Right.*

A person who receives securities pursuant to the squeeze-out may not resell such securities without registration under the Securities Act or without an applicable exemption from registration or in a transaction not subject to registration (including a transaction that satisfies the applicable requirements of Regulation S under the Securities Act).

The receipt of consideration by a US holder for the transfer of its UNV Shares pursuant to the squeeze-out may be a taxable transaction for United States federal income tax purposes and under applicable United States state and local, as well as non-US and other, tax laws. Each UNV Shareholder is urged to consult their independent professional adviser immediately regarding the tax consequences of the squeeze-out applicable to them, including under applicable United States federal, state and local, as well as non-US and other, tax laws.

Forward-looking statements

This Announcement (including information incorporated by reference in this Announcement), oral statements made regarding the Sell-out Right, the squeeze-out and other information published by TerraCom or TerraCom Bidco may contain statements that are or may be deemed to be forward looking statements. All statements other than statements of historical facts included in this Announcement may be forward-looking statements. Without limitation, any statements preceded or followed by or that include the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "estimates", "projects" or words or terms of similar substance or the negative thereof, are forward looking statements. For the avoidance of doubt, forward-looking statements include, but are not limited to, statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of the TerraCom Group or its operations; and (iii) the effects of government regulation on the TerraCom Group or its business.

The forward-looking statements are not guarantees of future performance. Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward-looking statements. These factors include, but are not limited to changes in political and economic conditions, changes in the level of capital investment, retention of key employees, changes in customer preferences, success of business and operating initiatives and restructuring objectives, impact of any acquisitions or similar transactions, changes in customers' strategies and stability, competitive product and pricing measures, changes in the regulatory environment, fluctuations of interest and exchange rates, the outcome of any litigation.

Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date of this Announcement. All subsequent oral or written forward-looking statements attributable to TerraCom or TerraCom Bidco or any of their respective members, directors, officers or employees or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. TerraCom and TerraCom Bidco disclaim any obligation to update any forward-looking or other statements contained in this Announcement, except as required by applicable law.

No profit forecasts or estimates

No statement in this Announcement is intended as a profit forecast or estimate for any period and no statement in this Announcement should be interpreted to mean that earnings or earnings per share for UNV for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for UNV.