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Companies Announcement Platform
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ENFORCEMENT PROCEEDINGS IN RESPECT OF TERRACOM'S UNSOLICITED BID

Universal Coal Plc ("**Universal**" or the "**Company**") (ASX: UNV) refers to its announcement on 14 February 2020 (the "**Initial Announcement**") regarding the Company's initial response to the announcement made by ASX-listed TerraCom Ltd (ASX: TER) ("**TerraCom**") on 12 February 2020 (the "**TerraCom Announcement**") of an unsolicited offer for the shares it does not already own in the Company (the "**Unsolicited Bid**") through its wholly owned subsidiary, TCIG Resources Pte Ltd ("**TerraCom Bidco**").

As was outlined in the Initial Announcement, the committee of the board of directors of the Company (the "**Board**") constituted to oversee the Unsolicited Bid (the "**Bid Committee**") has carefully considered the application of certain provisions of the articles of association of Universal (the "**Articles**"), which apply whenever the Company is not subject to the UK City Code on Takeovers and Acquisitions (the "**City Code**") as is presently the case, and which therefore apply to the Unsolicited Bid.

For the reasons set out below, the Bid Committee has formed the view that the takeover protections contained in Article 18.1(b) of the Articles can be, and should be, enforced.

Accordingly, the Bid Committee has resolved that Universal will commence litigation with a view to imposing the sanctions on TerraCom Bidco that are permitted to be applied by Article 18.1(b)(iii) (each of which are summarised below) if, as a result of the Unsolicited Offer, TerraCom Bidco comes to hold more than 20 per cent. of the entire issued share capital of the Company and the Bid Committee forms the view that TerraCom BidCo has obtained (or will imminently obtain) effective control of the Company.

Background to Universal's takeover protection

Article 18.1(b) of the Articles provides that if:

- any person (together with any persons in the opinion of the Board acting with them) acquires any interest in shares in Universal and as a result they (whether or not with the other persons) would (in the opinion of the Board) have been obliged under the City Code (as adjusted for these purposes) to extend an offer to the holders of any other securities in the Company had the City

Code applied to it (as adjusted for these purposes) (the “**Mandatory Offer**” and such person or persons being a “**Mandatory Offeror**”) (the “**First Condition**”); and

- the Mandatory Offeror fails to make a Mandatory Offer on terms no less favourable (in the opinion of the Board) to the other holders of securities than he would have been obliged to offer under the provisions of the City Code, had it applied, within 21 days following the date on which the obligation would have arisen (the “**Second Condition**”),

the Board shall be entitled (but not obliged) under Article 18.1(b)(iii) to impose certain sanctions (the “**Sanctions**”).

The Sanctions are to:

- suspend with immediate effect all voting rights attributable to the shares in Universal in which the Bid Committee considers the Mandatory Offeror from time to time to have an interest; and/or
- direct and require the Mandatory Offeror (or, if different, the registered holders of the shares in Universal) to divest of their interest in the acquired shares.

To apply these Sanctions, the Company is first required to obtain a ruling from a competent court, being a court of England and Wales, that TerraCom Bidco is a person to whom the Second Condition applies (a “**Court Declaration**”), pursuant to the terms of the ASX waiver granted on 5 November 2015 (the “**ASX Waiver**”).¹

Bid Committee’s decision

The Bid Committee has determined that the First Condition will be satisfied upon the acceptance by any one of the four shareholders that have given irrevocable undertakings (an “**Irrevocable**”) in respect of the Unsolicited Offer. The offer document published by TerraCom Bidco on 12 February 2020 (the “**Offer Document**”) states that each shareholder who has given an Irrevocable is required to accept the offer within two business days of the Offer Document being posted to the shareholders of the Company. Given that the Offer Document refers to a dispatch date of 13 February 2020, the Bid Committee expects that acceptances (if any) will occur imminently.

The Bid Committee, having received and considered legal advice, has formed the view that the Unsolicited Bid is materially less favourable for shareholders than an offer made in compliance with the City Code such that the Second Condition is presently satisfied and the Bid Committee infers will remain satisfied until the end of the 21-day period referred to in the Second Condition.

Accordingly the Bid Committee has resolved that, in the event that TerraCom Bidco comes to hold more than 20 per cent. of the entire issued share capital of the Company (as a result of and upon which the First Condition will be satisfied) and the Bid Committee forms the view that TerraCom has obtained (or will imminently obtain) effective control of the Company, Universal will commence litigation in England and seek a Court Declaration in accordance with the ASX Waiver, with a view to imposing the Sanctions on TerraCom Bidco (the “**Litigation**”).

¹ Refer to Universal announcement dated 6 November 2015: <https://www.asx.com.au/asxpdf/20151106/pdf/432sd5hs71gcf7.pdf>

The Bid Committee will keep Universal shareholders and holders of CDIs informed of all material developments relating to the Unsolicited Bid, including with respect to the Litigation, if commenced.

The Bid Committee

17 February 2020

For further information, please contact:

Mark Eames

Non-executive Interim Chairman

T: +61 400 586 747

Authorised by: Mark Eames, Interim Chairman

UK REGISTERED OFFICE

6th floor, 60 Gracechurch St
London EC 3V 0HR
United Kingdom

AUSTRALIAN REGISTERED OFFICE

Level 12, 680 George Street
Sydney NSW 2000
Australia

OPERATIONAL OFFICE

467 Fehrsen Street
Brooklyn, 0181, Pretoria
South Africa

About the Company:

Universal Coal Plc (incorporated and domiciled in the United Kingdom) is an ASX listed mid-tier +10Mtpa coal mining company (ASX:UNV) which operates three thermal coal mines in South Africa; the 4.0Mtpa opencut Kangala Colliery, the 3.7Mtpa opencut and underground New Clydesdale Colliery and the 3.4Mtpa opencut North Block Complex. Universal's fourth colliery is currently under construction and is set to deliver coal product at the rate of 1.2Mtpa from November 2019.

Universal's mines include both opencut and bord and pillar underground operations that are delivering product into the South African and international coal markets. They have an executive team possessing a proven track record of developing and managing profitable operations with experienced in-house technical and commercial competencies and good relationships with service providers, traders and end users.

Universal is delivering strong positive cash flow from its operations and is committed to building a sustainable mid-tier coal mining company providing investors with exposure to profitable coal mines.

Further information on Universal can be found at www.universalcoal.com

Important information

This announcement (including information incorporated by reference in this announcement), and other information published by Universal 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 Universal group of companies or its operations; and (iii) the effects of government regulation on the Universal group of companies 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, and 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 any member of the Universal group of companies or any of their respective directors, officers or employees or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. Universal disclaims any obligation to update any forward-looking or other statements contained in this announcement, except as required by applicable law.

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 Universal for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Universal.

Certain figures in this announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different places may vary slightly.

Universal has relied on publicly available information and statements issued by TerraCom in this announcement for which TerraCom is responsible.