

ASX ANNOUNCEMENT

18 March 2020



Over 60% Acceptances Now Received

TerraCom Limited (**TerraCom** or **Company**) notes the announcement by Universal Coal Plc (**Universal** or **UNV**) of 17 March 2020 containing a response statement and independent expert report from Deloitte (the **Deloitte IER**).

TerraCom is surprised that the response statement and Deloitte IER have been released at this late stage in the offer process, effectively 7 days before the closing date.

TerraCom is concerned that significant confusion could arise from certain statements made in the Universal announcement, in particular, Universal states that TerraCom may make an increased offer following the close of the existing Offer. TerraCom will not be obliged and has no intention to make a further offer for UNV Shares once the Offer has closed. TerraCom is disappointed that UNV securityholders continue to be given inaccurate information (as was the case in Universal's announcement of 11 March 2020) and TerraCom apologises on behalf of the misguided information published by the UNV Bid Committee and its advisors.

As at today's date, TerraCom has received acceptances of its offer, through wholly owned subsidiary TCIG Resources Pte Limited (**TerraCom Bidco**), to acquire the entire issued and to be issued share capital of Universal not directly or indirectly owned by it (the **Offer**) such that the voting rights held in UNV are now above 60%.

As previously noted, TerraCom has highlighted to Universal on several occasions how it has serious reservations concerning the approach of the Bid Committee of the Board to the possible exercise of the sanctions under the UNV articles of association, particularly in light of the number of acceptances received for the TerraCom Offer. TerraCom believes that proceeding with the litigation is an unnecessary waste of Universal shareholders' funds and continues to question the Bid Committee's motives for continuing the action. TerraCom continues to believe that its Offer is in the best interests of UNV securityholders and reiterates its advice to UNV securityholders to **accept** the offer as a matter of urgency so as to meet the acceptance deadline. Further details of how to accept the offer and the relevant deadlines are set out below.

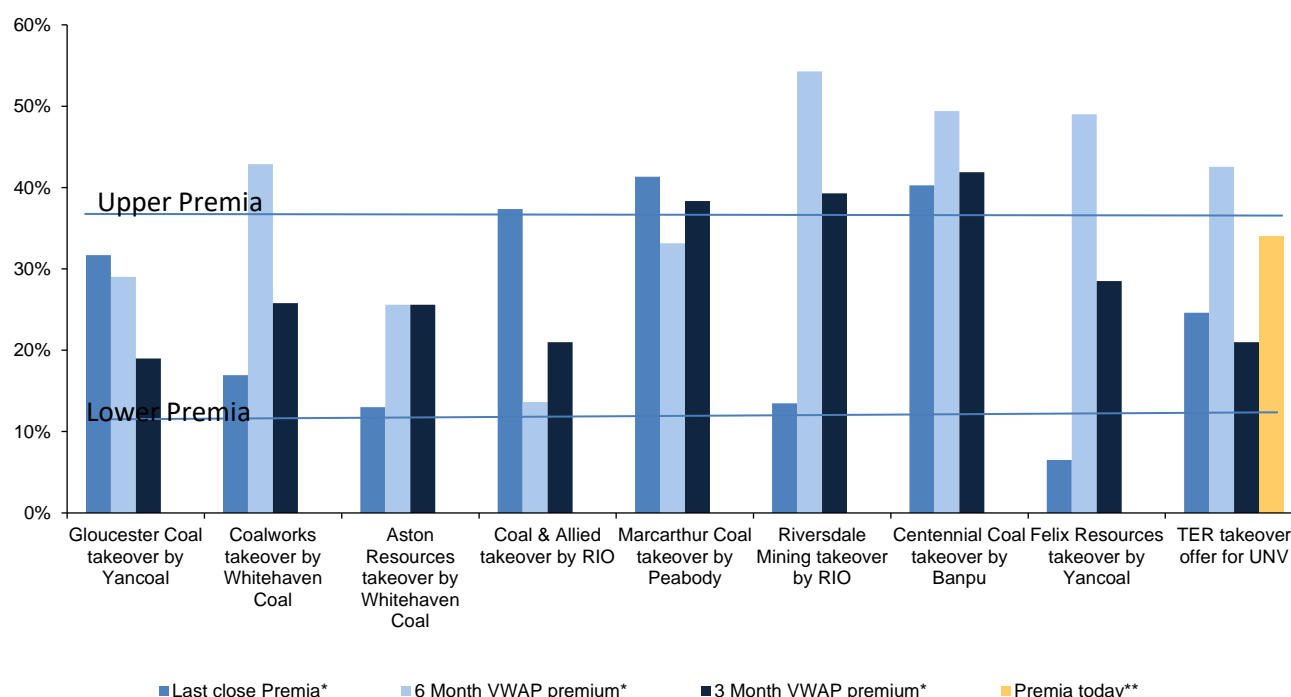
Whilst TerraCom has not had the opportunity to consider the Deloitte IER in detail, the following initial observations are noted:

- The cash flow forecasts used by Deloitte appear to include a similar capital expenditure in FY21 to that of FY20. Based on current circumstances for FY20 to date (dividend not declared), it is TerraCom's belief that UNV is unlikely to declare a dividend in FY21 and therefore the earliest dividend would not be until FY22.
- The basis to determine the value of Universal and TerraCom shares is misleading to securityholders. The Universal share price has been valued using a discounted cashflow method incorporating cashflows to be generated over the assets' useful life, up to 15 years of operating cashflow. In comparison, the deemed value of TerraCom shares has been valued by applying up to a 40% discount to the market price on the date of the Offer.

Applying the same methodology to value Universal shares as Deloitte has used to value TerraCom shares provides the following result (clearly shown below on a like for like basis):

	Low	High
TerraCom Limited (ASX: TER)	19 c	25 c
Universal Coal plc (ASX: UNV)	13.5 c	18.4 c

- Unjustified assertion that TerraCom has insufficient cash reserves to fund the Offer. As announced on numerous occasions, TerraCom can fund the offer and this has been confirmed by Petra Capital Pty Ltd.
- Insufficient production scheduling data used which is a fundamental driver for determining the valuation of Universal's operating assets (Kangala, New Clysedale Colliery, North Block Complex and Ubuntu) and exploration projects (Eloff). As an example as noted on page 27 and 43 of SRK's report: *"SRK has considered various production scenarios to determine the most appropriate for use in Deloitte's valuation under the income approach ... Due to the time constraints associated with this evaluation, mine physicals were derived through a combination of an Excel exercise and the LOMP physicals developed ... In the future, SRK recommends mine scheduling is conducted using appropriate mine planning software ..."*
- Continued incorrect use of market comparable transactions – both TerraCom and Universal operate in predominantly thermal coal mining, not mining and metals which includes gold, copper and mineral sands. Once again, the analysis provided by Universal is based on completely irrelevant transactions and is misleading to UNV securityholders. For ease, TerraCom provides a correct table outlining comparable transactions and associated premia.



* Calculated at the date of the Offer

** Calculated based on close prices as at 17 March 2020

Commenting on status, TerraCom Deputy Chairman, Craig Ransley said:

"We are delighted with the continued level of acceptances under the Offer. TerraCom has received substantial support from institutional and retail investors throughout the Offer period.

As a team we can't hide our disappointment with the approach taken by the UNV Bid Committee and its financial advisor in relation to the Offer. The TerraCom Board is made up of experienced coal investors with extensive ASX Board experience, and as such TerraCom has approached the Offer with a view to making a combined company with strong operating cash flows to continue to expand the combined group's geographical diversification.

The challenges faced during this Offer have been testing, however the TerraCom Board is determined to work in the best interests of TerraCom and UNV shareholders to see the Offer through to its successful completion.

We also reiterate that any attempt by Universal and its directors to suspend voting rights will be met with the appropriate injunctions and TerraCom reserves its rights to bring a legal claim against Universal and any of its Directors or advisors found to be in breach of their fiduciary duties with respect to the Offer process"

TerraCom reminds UNV securityholders that the Offer will close in **less than one week** (for CDI holders) and under the terms of the Offer, there can be no extension to the closing dates. As such, TerraCom strongly recommends that UNV Shareholders **accept** the Offer by TerraCom Bidco as a matter of urgency so as to meet the acceptance deadline as outlined below.

Event	Revised timetable	As of Today
CDI Acceptance Expiry	23 March 2020 at 7.00 p.m. (Sydney time)	Closes in 4 Business Days
Closing Date	25 March 2020 at 1.00 p.m. (London time)	Closes in 6 Business Days

TerraCom will continue to update the market on acceptances received. For the avoidance of doubt, the Offer is unconditional and there are no withdrawal rights once an acceptance has been submitted

If you are a *UNV CDI Holder* and have questions relating to this announcement or the completion and return of the CDI Acceptance Form, please contact the Australia Receiving Agent, Link Market Services, or the Company as detailed below:

1. Call Link Market Services on +61 1300 330 255 between 8.30 a.m. to 5.30 p.m. (Sydney time) Monday to Friday (excluding public holidays in Australia). Calls to the Australia Receiving Agent from within Australia are at a fixed rate comparable to a local call aside from any of your service provider's network extras. Calls to the Australia Receiving Agent from outside Australia are charged at applicable international rates. Different charges may apply to calls made from mobile phones.
2. E-mail unvoffer@terracomresources.com

If you are a *UNV Shareholder* and have questions relating to this announcement or the completion and return of the Form of Acceptance, please telephone the UK Receiving Agent on +44(0)371 664 0321 between 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday (excluding public holidays in England and Wales). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate.

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 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.

Important notice

Petra Capital Pty Limited is acting as financial advisor to TerraCom and TerraCom Bidco in connection with the Offer and for no one else and will not be responsible to any party for providing advice in relation to the Offer, the contents of this Announcement or any matters referred to herein.

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 Offer or otherwise, nor shall there be any sale, issuance or transfer of securities of UNV in any jurisdiction in contravention of applicable law.

*The Offer is made solely by means of the Offer Document, the Form of Acceptance and the CDI Acceptance Form (in respect of UNV CDIs), which contain the full terms and conditions of the Offer, including details of how to accept the Offer. The Offer Document comprises a disclosure document under Ch 6D of the Corporations Act (**Prospectus**) under which the offer of new shares to be issued by TerraCom (**Share Offer**), being the share component of the offer consideration, is being made. Any approval, decision or other response to the Offer and Share Offer should be made only on the basis of the information in the Offer Document, which includes the Prospectus, the Form of Acceptance and the CDI Acceptance Form (in respect of UNV CDIs). UNV Shareholders (including UNV CDI Holders) are strongly advised to read the Offer Document dated 11 February 2020 in relation to the Offer when deciding whether to accept the Offer (including the Share Offer). UNV security holders who wish to accept the Offer (including the Share Offer) will need to follow the instructions in the Offer Document, including completing a Form of Acceptance (in respect of UNV Shares) or a CDI Acceptance Form (in respect of UNV CDIs). The Offer Document was despatched to UNV security holders on 13 February 2020. UNV Shareholders may request a hard copy of the Offer Document and the Form of Acceptance by contacting Link Asset Services on +44(0)371 664 0321. UNV CDI Holders may request a hard copy of the Offer Document and the CDI Acceptance Form by contacting Link Market Services Australia on +61 1300 330 255.*

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, the Offer Document or any accompanying document to any jurisdiction outside Australia should refrain from doing so and seek appropriate professional advice before taking any action. Further details in relation to the Overseas Shareholders are contained in the Offer Document. 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 Offer 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 Offer 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 accept the Offer 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 Offer 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 Offer (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 Offer is for securities of a company incorporated in England and Wales and UNV Shareholders in the United States should be aware that this Announcement, the Offer Document, the Prospectus and any other documents relating to the Offer and the Share Offer 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 Offer 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. Subject to certain exceptions, UNV Shareholders in the United States will only be able to accept the offering in respect of the cash consideration. A person who receives securities pursuant to the Offer 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).

For purposes of the US Securities Exchange Act of 1934, as amended (**US Exchange Act**), it is intended that the Offer is made pursuant to Section 14(e) and Regulation 14E under the US Exchange Act benefitting from exemptions available to "Tier II" tender offers. Accordingly, the Offer is subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that may be different from those applicable under US domestic tender offer procedures and law, and certain rules applicable to tender offers made into the United States, including rules promulgated under Section 14(d) of the US Exchange Act, do not apply.

The receipt of consideration by a US holder for the transfer of its UNV Shares pursuant to the Offer 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 Offer 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 Offer, 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, the satisfaction of the Conditions to the Offer, as well as additional factors, such as 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.

Governing law and jurisdiction

The Offer complies with the applicable rules and regulations of the United Kingdom and Australia. The Offer is governed and constructed in accordance with the laws of England and Wales and is subject to the exclusive jurisdiction of the courts of the England and Wales and to the full terms and conditions set out in the Offer Document.

Publication of this Announcement on website

A copy of this Announcement and certain relevant documents relating to the Offer are available, free of charge, subject to certain restrictions relating to persons resident or located in Restricted Jurisdictions, on TerraCom's website at www.TerraComresources.com/UNVOffer.

For the avoidance of doubt, the contents of this website and any websites accessible from hyperlinks on this website are not incorporated into and do not form part of this Announcement.

Right to receive documents in hard copy form

Any person entitled to receive a copy of documents, announcements and information relating to the Offer is entitled to receive such documents in hard copy form free of charge. A person may also request that all future documents, announcements and information in relation to the Offer are sent to them in hard copy form. Hard copies of such documents, announcements (including this Announcement), and information will not be sent unless requested.

A hard copy of this Announcement may be requested by any person entitled to receive a copy by contacting TerraCom's Company Secretary, Megan Etccl, via phone +61 7 4983 2038 or via e-mail: unvoffer@terracomresources.com.

Rounding

Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.