

Market Announcement

14 February 2020

TerraCom Limited (ASX: TER) – Waiver from Listing Rule 7.1

Following TER's announcement on 13 February 2020 about the waiver granted to it from Listing Rule 7.1 by ASX Limited on 31 January 2020, it has come to ASX's attention that paragraph number 4 (setting out the facts/reasons for granting the waiver) does not accurately reflect the basis for ASX's decision. ASX has subsequently updated the basis for the decision to better capture its reasoning. The waiver decision itself remains unchanged.

For the benefit of the market, ASX's decision (with updated facts/reasons for granting the waiver) appears in its entirety below.

Decision

Waiver Decision

1. *Based solely on the information provided, ASX Limited ('ASX') grants TerraCom Limited (the 'Company') a waiver from Listing Rule 7.1 to the extent necessary to permit the Company, without obtaining the approval of holders of its ordinary securities in connection with an offer by the Company to acquire all of the issued share capital in Universal Coal Plc pursuant to an off market bid ("Takeover") to be conducted in accordance with the laws and regulations applicable to takeovers or schemes in the United Kingdom, including the Companies Act 2006 (UK).*
2. *ASX has considered Listing Rule 7.1 only and makes no statement as to the Company's compliance with other Listing Rules*

Basis for Waiver Decision

Listing Rule 7.1

3. *Listing Rule 7.1 protects a listed entity's security holders against dilution of their voting and economic interests in the listed entity by imposing a limit on the number of equity securities that may be issued by the entity without prior security holder approval. The actual number of equity securities that a listed entity may issue without prior ordinary security holder approval is calculated by reference to a formula in Listing Rule 7.1, and is approximately 15% of the number of fully paid ordinary securities. A number of exceptions from the requirement to limit the number of equity securities that may be issued without prior ordinary security holder approval are permitted under Listing Rule 7.2.*

Facts/Reasons for granting the waiver

4. *The Company (through a wholly-owned subsidiary) is proposing to acquire up to 100% of the issued share capital in a UK-incorporated company by way of a contractual takeover offer within the meaning given to that term in section 974 of the Companies Act 2006 (UK). This includes the requirement for the offer to be made for all the shares in the target company (except for those held by shareholders in certain restricted jurisdictions) and for the terms of the offer to be the same for all the shares to which the offer relates. The target company is not subject to the UK City Code on Takeovers and Mergers (the Code), but its Articles of Association do include certain provisions which apply in the absence of the application of the Code. The offer document will be a prospectus for the purposes of the Corporations Act and will be lodged with ASIC and subject to ASIC's powers.*
5. *Issues of securities made as consideration in a takeover bid under the Corporations Act are not required to be approved by shareholders under exception 6 of Listing Rule 7.2, unless the transaction constitutes a*



reverse takeover (which it doesn't, in the case of the acquisition of the target by the Company). Although the entire regime regulating the conduct of the offer is different to that provided by the Corporations Act, the alternative measures are acceptable to ASX for the purposes of satisfying the underlying principle of the rule. The rationale for the exception in Listing Rule 7.2 Exception 6 is equally applicable where the target is a foreign incorporated entity and the legislation and accompanying regulatory regime and circumstances of the target company are acceptable to ASX.

Issued by

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