

ASX ANNOUNCEMENT

3 February 2020



Takeover offer Universal Coal Plc

TerraCom Limited (**TerraCom** or the **Company**) is pleased to announce a takeover offer (**Offer**), through its wholly owned subsidiary TCIG Resources Pte Ltd, for Universal Coal Plc (**Universal** or **UNV**) (**ASX: UNV**).

- Offer price of 33.5 cents per UNV security¹ consisting of 10 cents cash and approximately 0.6026 new TerraCom Shares
 - Offer price is a 42.6% premium to the UNV last closing price²
 - Cash consideration represents 42.6% of UNV last closing price²
 - Equity consideration represents 100% of the UNV last closing price² in TerraCom shares^{1,2}
- Overwhelming support from existing UNV institutional investors with 27.3% of UNV secured under irrevocable undertakings in addition to TerraCom's existing 19.995% holding (totalling approximately 47.3% of the UNV shares on issue).
- Minimum acceptance for binding offer is 47.3% (being the sum of the irrevocable undertakings and TerraCom's existing holding) – this provides UNV shareholders with the surety that TerraCom is committed to completing the transaction.
- Post offer combined market capitalisation of approximately \$294 million³, of similar scale to current ASX 300 index companies.
- Offer scheduled to formally open in February 2020, when the Offer Document is provided to UNV shareholders, and close in mid-March 2020.

This highly strategic transaction marks a transformational step for TerraCom and Universal shareholders with the merged group providing investors with scale and exposure to a portfolio of successful operating and geographically diverse coal production assets. The expanded production footprint and strong cash flow generation as a combined group is expected to provide an enhanced operating base to accelerate growth in the interests of all investors.

Commenting on the Offer, TerraCom said:

"TerraCom is delighted to make the Offer to UNV Shareholders and believes that combining the two businesses will provide additional value to both UNV and existing TerraCom shareholders. The Offer

¹ Based on a deemed issue price of 39 cents per TerraCom share being the 6-month volume weighted average trading price of TerraCom shares to 28 January 2020

² Based on closing price of UNV shares on 31 January 2020

³ Assuming 100% acceptance of UNV shareholders and based on a TerraCom issue price of 39 cents

will allow both companies to continue to run successful coal operations with the improved benefit of geographic diversity and an expanded production footprint and also provide a substantial platform for future growth and development of the wider business.

TerraCom understands that the UNV Board may not have had sufficient time to support the Offer, however, TerraCom has received overwhelming support from a number of highly credentialed institutional investors.”

On 30 October 2019, TerraCom announced the acquisition of approximately 104.5 million UNV securities⁴. Following the acquisition of this initial stake TerraCom formed the view that a combination of the two businesses would be best served by an accelerated acquisition process.

UNV has been subject to a number of failed takeover attempts throughout the last number of years that are likely to have frustrated UNV Shareholders. TerraCom believes that these failed takeover attempts have wasted significant UNV management time and shareholder funds. Consequently, TerraCom is making this announcement, with overwhelming support from UNV institutional investors, in order to give UNV Shareholders the surety that TerraCom is committed to completing the transaction.

For further information refer to the formal offer announcement released earlier today.

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

For further information, contact:

Megan Etccl
Company Secretary
P +61 7 4983 2038
E unvoffer@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.

⁴ Chess depositary interests (CDIs)