universal coal plc

ASX'S UPDATE TO TERRACOM'S WAIVER APPROVAL

Universal Coal Plc ("Universal" or "Company") (ASX: UNV) refers to the announcement released by ASX-listed Terracom Ltd (ASX: TER) ("TerraCom") on 13 February 2020 in respect of a waiver ("Waiver") granted by ASX Limited ("ASX") from ASX Listing Rule 7.1 ("TerraCom Announcement").

Reference is also made to the announcement issued by ASX today in respect of the Waiver, attached. The ASX announcement refers to an updated version of the Waiver (the "Updated Waiver").

Background

The Waiver and Updated Waiver impact on the unsolicited takeover offer for Universal by TerraCom's subsidiary, TCIG Resources Pte Ltd's ("Unsolicited Bid"). The effect of the Waiver and the Updated Waiver is to permit TerraCom to issue ordinary shares without shareholder approval in connection with the Unsolicited Bid.

After reviewing the terms of the Waiver, the committee of the Universal board constituted to consider the Unsolicited Bid ("Bid Committee") was concerned that the basis for the grant of the Wavier was flawed and that, accordingly, the validity of the Waiver was in doubt.

Engagement with ASX

As a consequence, the Company contacted ASX regarding the grounds on which the Waiver was granted. ASX responded by agreeing to undertake a review of those grounds. The consequence of ASX's review is the Updated Waiver.

Pause in trading

Universal has been in a trading pause since market open today. The trading pause was applied by ASX. Universal prepared a market release to explain its concerns about the Waiver and its engagement with ASX, but ASX declined to approve the form of the announcement. Later in the day, ASX released the Updated Waiver.

Reinstatement to trading

ASX intends to lift the trading pause it applied this morning.

The Bid Committee is in the process of considering the options available to the Company in respect of the TerraCom Announcement, the Waiver and the Updated Waiver. In this respect, the Bid Committee reserves Universal's rights in all respects.

The Bid Committee maintains its recommendation that shareholders and holders of CHESS Depositary Interests **DO NOT TAKE ANY ACTION OR MAKE ANY DECISION** in relation to the Unsolicited Bid.

The Bid Committee

For further information please contact:

Mark Eames
Interim Chairman
T: +61 400 586 747

Authorised by: Mark Eames, Interim Chairman

UK REGISTERED OFFICE	AUSTRALIAN REGISTERED OFFICE	OPERATIONAL OFFICE
6th floor, 60 Gracechurch St	Level 12, 680 George Street	467 Fehrsen Street
London EC 3V 0HR	Sydney NSW 2000	Brooklyn, 0181, Pretoria
United Kingdom	Australia	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 4.0Mpta 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

For personal use only

ASX

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*

For personal use only

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

Adrian Smythe
Manager, Listings Compliance (Sydney)