

09 October 2018

# Polo Resources

## POLO RESOURCES LIMITED

("Polo" or the "Company")

### HIBISCUS PETROLEUM – INVESTMENT UPDATE

Polo Resources Limited (AIM: POL), the multi-sector investment company with interests in oil, gold, coal, copper, phosphate, lithium, iron and vanadium, is pleased to announce that its 8.75% investee company Hibiscus Petroleum Berhad (HIBI:MK) ("the Group") has reported that its indirect wholly-owned subsidiary, Anasuria Hibiscus UK ("AHUK") has entered into a conditional sale and purchase agreement ("SPA") with Caldera Petroleum (UK) Ltd ("CPL") to acquire to acquire a 50% interest in the UK Continental Shelf Petroleum Production Licence No. P.198 Block 15/13a and Block 15/13b in the UK Central North Sea ("Licence") for a total cash consideration of USD37.5 million.

The Blocks (Block 15/13a and Block 15/13b), within Licence P.198 in the United Kingdom Continental Shelf, are situated approximately 250km northeast of Aberdeen and 19km northeast of the Piper Field in the UK Central North Sea, in 140m water depth.

Hibiscus Petroleum's strategy since listing has been to invest in a balanced portfolio of assets, with an increasing focus on development and producing assets and expanding the Group's footprint in the UK.

Based on an independent report by AGR TRACS International Limited, the gross contingent oil resources ("**2C Oil Resources**") in the Blocks is estimated to be 60.0 million barrels of oil (30 million barrels of oil net to AHUK). Prior to this transaction, the Group's proved and probable oil reserves ("**2P Oil Reserves**") and 2C Oil Resources in its current portfolio are 46.0 million barrels and 38.5 million barrels, respectively.

A total of seven wells under the Licence have been drilled to-date exploring the Palaeocene interval and exploring/appraising the Upper Jurassic interval. A discovery within Block 15/13a, has significant contingent oil resources. A smaller field, within Block 15/13b, lies northeast of Block 15/13a. Oil bearing layers were tested in Palaeocene in Block 15/13a and in Upper Jurassic in Block 15/13b. In Block 15/13a, a 16-hour drill stem test resulted in a final flow rate of 1,937 barrels per day on a 40/64" choke in a conventional vertical well.

The range of contingent oil resources (gross, and net to AHUK at 50% participating interests) are given below.

	Contingent Oil Resources (MMstb)					
	1C		2C		3C	
	Gross*	Net	Gross*	Net	Gross*	Net
Block 15/13a	31.8	15.9	56.0	28.0	88.5	44.3
Block 15/13b	2.4	1.2	4.0	2.0	5.8	2.9
<b>Total</b>	<b>34.2</b>	<b>17.1</b>	<b>60.0</b>	<b>30.0</b>	<b>94.3</b>	<b>47.2</b>

\*Source: AGR's report of September 2018.

## Glossary:

- 1C *Low estimate scenario of contingent resources – with respect to resource categorisation, this is considered to be a conservative estimate of the quantity that will actually be recovered from the accumulation by a project. If probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate*
- 2C *Best estimate scenario of contingent resources – with respect to resource categorisation, this is considered to be the best estimate of the quantity that will actually be recovered from the accumulation by a project. It is the most realistic assessment of recoverable quantities if only a single result were reported. If probabilistic methods are used, there should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate*
- 3C *High estimate scenario of contingent resources – with respect to resource categorisation, this is considered to be an optimistic estimate of the quantity that will actually be recovered from an accumulation by a project. If probabilistic methods are used, there should be at least a 10% probability (P10) that the quantities actually recovered will equal or exceed the high estimate*

MMstb *Million stock tank barrels*

Subject to the completion of CPL's acquisition of the Licence, AHUK shall acquire the Interest from CPL and thereafter assume the role of project manager/operator of the Licence under a proposed joint operating agreement to be entered into between CPL and AHUK upon the completion of the SPA ("JOA"). At Completion Date, the JOA will provide the contractual basis for governing the joint operations for the business of exploration, development and production of oil and gas from the Blocks. The JOA will also document (i) the respective participating interest of AHUK and CPL in the Licence and detail their respective rights, benefits, obligations and liabilities (including for meeting cash calls by the operator) in accordance with their respective participating rights, and (ii) AHUK as the operator. This acquisition is expected to be completed by mid-October 2018 and is subject to, amongst others, regulatory approvals and third party consents, including approvals from the Oil & Gas Authority, UK. The Proposed Acquisition is not subject to Hibiscus Petroleum's shareholders' approval.

### **Financial effects of the Proposed Acquisition**

Subject to the approval of a field development plan by the relevant UK regulatory authorities, the Blocks are expected to contribute positively to the future earnings of the Hibiscus Petroleum Group within the next 5 financial years.

The Proposed Acquisition is not expected to have any material effect on the earnings of the Hibiscus Petroleum Group for the financial year ending 30 June 2019.

The full details of this announcement can be found at <http://www.hibiscuspetroleum.com/>.

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### **About the Company**

Polo Resources Limited is a multi-sector investment company focused on investing in undervalued companies and projects with strong fundamentals and attractive growth prospects. For complete details on Polo, please refer to: [www.poloresources.com](http://www.poloresources.com).