

17 January 2019



**POLO RESOURCES LIMITED**

(“Polo” or the “Company”)

**GCM RESOURCES PLC – INVESTMENT UPDATE**

**Further agreements with POWERCHINA**

Polo Resources Limited (AIM: POL), the multi-sector investment company with interests in oil, gold, coal, copper, phosphate, lithium, iron and vanadium, notes that its 17.83% investee company GCM Resources Plc (“GCM”) (AIM: GCM), has announced that it has agreed a Joint Venture Agreement (“JV Agreement”) and a definitive Engineering, Procurement and Construction Contract (“EPC Contract”) with Power Construction Corporation of China, Ltd (“POWERCHINA”) for the development of 2×1,000MW Coal-Fired Power Plant Project (“Power Plant”) at the site of the company’s proposed coal mine in North-West Bangladesh. The Power Plant proposed with POWERCHINA is part of the company’s broader strategy to generate 6,000MW of low-cost electricity for the Bangladesh market utilising domestic coal, providing an estimated US\$12.5 billion in foreign investment.

POWERCHINA is a central government owned key enterprise of the People's Republic of China, and is a world-leading integrated engineering construction group. In 2018, POWERCHINA ranked 182nd among the Fortune Global 500, 2nd among the top 150 global engineering design companies, 41st among the Top 500 Enterprises of China and 6th among the world's 250 largest global contractors and according to Engineering News-Report. POWERCHINA has 373 overseas offices or branches in 116 countries and business operations in 125 countries and regions. POWERCHINA has completed power plants with 242.75GW of installed capacity and has majority ownership of power plants with 14,402.4MW around the world.

In Bangladesh, POWERCHINA is an investor in and contractor for three large projects, namely, two coal fired power plants with a combined capacity of 1,670MW and a joint venture for the Dhaka Elevated Expressway.

**Joint Venture Agreement**

Under the terms of the JV Agreement, GCM shall be the lead party on a newly created joint venture company (“JVC”) to own the Power Plant. Subject to a mutually agreed valuation of the Power Plant and investment appraisal, the company will be entitled to an 80% interest in the Power Plant, with POWERCHINA receiving the remaining 20%. The salient roles and responsibilities of each party are:

- GCM shall be responsible for obtaining the necessary approvals from the Government of Bangladesh and facilitate preparation of the Environmental Impact Assessment;
- POWERCHINA shall be responsible for conducting a Feasibility Study and facilitate the inclusion of the Project as a One Belt, One Road Initiative of the People's Republic of China; and
- Both parties shall assist in obtaining financing for the development of the Power Plant.

The JV Agreement has a term of 12 months, with the intention that it shall be superseded by a definitive shareholder agreement between the parties, but may be terminated earlier under prescribed conditions.

## **Definitive EPC Contract**

The EPC Contract awards POWERCHINA exclusive rights for engineering, procurement and construction of the Power Plant for an agreed initial cost of US\$3.5 billion, subject to any adjustments in accordance with the terms of the EPC Contract. Commencement is subject to a number of preconditions, not least obtaining necessary finance and approval.

The Executive Chairman of GCM, Datuk Michael Tang PJN, stated:

*"I am thrilled that POWERCHINA and GCM have been able to complete the JV Agreement and EPC Contract on a very aggressive timeframe, and would like to express my sincere thanks to the POWERCHINA team for the enthusiasm shown in finalising these agreements. The spirit in which both parties have worked together is a strong sign of a positive, long-term partnership."*

*The JV Agreement and EPC Contract are key milestones for the development of the 2nd proposed 2 x 1,000MW Power Plant Project at the mine site and aligns with GCM's strategy to present a holistic power solution to the Government of Bangladesh which can generate 6,000MW for the country. We are confident that the Phulbari Coal and Power Project will deliver substantial benefits for the Government, the people of Bangladesh and our shareholders."*

Mr. Ding Zheng Guo, Chairman of PowerChina International Group Limited, stated:

*"POWERCHINA is delighted to be a partner with GCM to deliver an integrated mine and power plant for the people of Bangladesh. Completing the JV Agreement and EPC Contract were very important steps in progressing the combined Project. As the Power Plant contractor, we are committed to a positive relationship with the community and to construct an environmentally friendly power plant for the benefit of the local people."*

*POWERCHINA has made a strong contribution to Bangladesh, having completed 10 infrastructure projects including five power plants totaling US\$750m and 12 current projects amounting to US\$4.6 billion including two coal fired power plants of 1,670MW. We look forward to working with Datuk Michael Tang PJN and his team to deliver a world class proposal that is beneficial and acceptable to the Government of Bangladesh."*

The full details of this announcement can be found at <http://www.gcmplc.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).