

*This announcement contains inside information as defined in Article 7 of the EU Market Abuse Regulation No 596/2014 and has been announced in accordance with the Company's obligations under Article 17 of that Regulation.*

21 February 2020

# Polo Resources

## POLO RESOURCES LIMITED

("Polo" or the "Company")

### Adjourned AGM, Phronimos Capital LLC and other matters

Polo Resources Limited (AIM: POL), the multi-sector investment company with interests in oil, gold, coal, copper, phosphate, lithium, iron and vanadium, provides the following update to shareholders regarding the Annual General Meeting which was held on 21 January 2020 (the "AGM") and adjourned before consideration of the last resolution on the agenda, as well as other matters.

#### Update on the Adjourned AGM and Voting Rights

As stated in the Result of AGM announcement on 21 January 2020, resolutions one and two were passed on a poll. The resolutions were initially unanimously passed by way of a show of hands. However, the poll was requested by a shareholder representative, Mr. Sam John, who inexplicably withheld his votes.

The results of the poll for resolutions one and two were as follows:

| RESOLUTIONS   | PERCENTAGE OF VOTES FOR | PERCENTAGE OF VOTES AGAINST |
|---|-------------------------|-----------------------------|
| 1. To receive the Company's annual accounts for the financial year ended 30 June 2019 | 97.26                   | 2.74                        |
| 2. To reappoint Chapman Davis LLP as auditors of the Company                          | 94.20                   | 5.80                        |

As the AGM progressed, queries were raised on the eligibility of certain shareholders to vote on the resolutions. These queries were as follows: (1) the eligibility of Perfectus Management Ltd, a 98 per cent. subsidiary of the Company, to exercise the voting rights on shares which it owns in the Company; and (2) the eligibility of a shareholder representative, Mr. Sam John, to vote the shares he purported to represent. In order to maintain order and decorum, as well as to allow the matters raised above to be reviewed, the Chairman, with the requisite consent, adjourned the AGM before resolution three was voted on, thereby deferring the resolution.

At no point either before, during or after the AGM were any shareholders prevented from exercising their voting rights, to the extent they were entitled to do so under the Company's Articles of Association. The Company has subsequently obtained legal advice stating that, pursuant to the Company's Articles of Association, Mr. Sam John was ineligible to exercise the voting rights of a significant portion of the shares he purported to represent on the grounds that the proxies were not submitted in accordance with the Company's Articles of Association (as specified in the Notice of 2019 Annual General Meeting of Shareholders, dated 31 December 2019 ("Notice of AGM")).

### **Perfectus Management Ltd ("Perfectus")**

Perfectus is 98% owned by Polo Investments Limited, a wholly owned subsidiary of Polo, and 2% by Mettiz Capital Limited, a company controlled by the Chairman. Perfectus holds 10.37% of the issued share capital of the Company.

The Company obtained two legal opinions in relation to the entitlement of Perfectus to vote. The legal advice states, *inter alia*, that there are specific provisions in the shareholders agreement relating to Perfectus which deal with the entitlement and powers of each specific shareholder (originally three shareholders but currently two, namely, the Company and Mettiz Capital Limited) to nominate (and require the removal of) directors of Perfectus. The advice concluded that the Company has neither the initiative nor the power to elect (or, conversely, to prevent the election or for the removal) of any director of Perfectus (other than its own appointee) and that the intended "mischief" (that is, that the Company may in some way control the election of directors of Perfectus) which Article 3.7 of the Company's Article of Association intends to regulate, is not realisable or supportable by virtue of the shareholders agreement. The advice concluded that the Company is not entitled to exercise voting power in excess of 50% in order for it to control who will be elected (or not elected) as a director of Perfectus; it has the power over exactly 50%, no more and no less, and thus under the terms of the Company's Articles of Association, the Polo shares held by Perfectus can be voted. Both shareholders have each appointed a corporate director and they are likely to remain unchanged, even if there are underlying changes in personnel at the shareholders. The Perfectus Board must approve the way that the Polo shares it holds may be voted, and as there are two directors and no director has a casting vote, this must be a unanimous decision. The foregoing cannot be varied for as long as the shareholders agreement remains in place.

However, in the interest of good governance, an independent Board committee of Polo will be formed to give careful consideration as to the manner in which Perfectus' vote is to be cast. The Chairman will not sit on this committee.

### **Board's beneficial holding**

The Board clarifies that contrary to the Notice of AGM, the Board did not have any beneficial holdings of ordinary shares in the Company at the date of the Notice of AGM. Instead, the Board held voting rights in respect of 10.37 per cent. of the issued ordinary shares of the Company (being the shares owned by Perfectus) and the Chairman held voting rights in respect of 12.58% of the issued ordinary shares of the Company via Mettiz Capital Limited.

### **Notice of AGM**

Having sought legal advice on the aforementioned eligibility of both Perfectus and Mr. Sam John to exercise their voting rights, the Company confirms that the adjourned AGM will be reconvened to allow shareholders to vote on resolution three. The Notice of the adjourned AGM will be issued once

the details of the meeting have been finalised. The Board apologises to shareholders for any inconvenience caused.

Notwithstanding the legal advice of the ineligibility of Mr. Sam John to vote a significant portion of the shares he purported to represent and possible objections from shareholders, the Board, on the advice of the Company's Nominated Adviser, has determined to allow Mr. Sam John to exercise his vote in respect of all the shares he purported to represent on resolution three.

Further, the Board advises that all shareholders may avail themselves to their right to vote as enshrined in the Company's Articles of Association. All existing proxy votes will remain valid and shareholders will not be able to amend their original proxy. However, as the proxy form states, shareholders are allowed to attend the meeting and vote in person. A standard form letter of representation will be provided at the time the meeting is announced that any corporate shareholders should transcribe on their letterhead and original produced by the appointed representative, along with photo identification, on the day.

The independent Board committee of Polo referred to above will consider the manner in which Perfectus' vote should be cast in relation to resolution three at the reconvened AGM.

#### **Allegations by Phronimos Capital LLC and its principal, Mr. Sam John**

The Board advises that false information has been disseminated by Phronimos Capital LLC ("Phronimos") and its principal, Mr. Sam John. In particular, the Company categorically refutes all allegations of impropriety or wrongdoing implied by Phronimos and its principal relating to the transaction announced on 6 February 2020 involving the Company's subsidiary, Polo Investments Limited, and Dyani Corporation Limited, and reserve all rights in regard to this matter. The Board is seeking legal redress against Phronimos and Mr. Sam John to protect the interests of the Company.

#### **Additional Independent Non-Executive Director**

On the advice of the Company's Nominated Adviser, the Board will, in the near future, be appointing an additional Independent Non-Executive Director to further enhance the governance of the Company.

#### **Investing Policy**

The Board reiterates that it is committed to delivering shareholder value following the Investing Policy ("Strategy") that was unanimously approved at the AGM held on 25 January 2017. A copy of the Strategy is available on the Company's website. The Company remains a long-term supporter and active investor in companies held within its portfolio. Several of these companies are leveraged to provide high returns and there are no plans to dispose of any significant investment stake at this time. The Strategy stipulates the objective will be to achieve returns to shareholders through the appreciation in the value of the Company's shares rather than by means of a distribution.

#### **For further information, please contact:**

**Polo Resources Limited**

+27 (0) 787 312 919

- Kudzayi Denenga, Investor Relations

**Allenby Capital Limited** (*Nominated adviser & broker*) +44 (0)20 3328 5657

- John Depasquale

### **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).