

26 April 2018



POLO RESOURCES LIMITED

(“Polo” or the “Company”)

WEATHERLY INTERNATIONAL PLC – INVESTMENT UPDATE

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 investee company, Weatherly International Plc (“Weatherly”) (AIM: WTI) has announced its update for the quarter ended 31 March 2018 and the Berg Aukas and Kitumba acquisitions. Weatherly also announced that it has retained advisers to evaluate strategic options with respect to the potential sale of the entire issued, and to be issued, share capital of Weatherly; the restructuring of Weatherly’s debt; the disposal of certain company asset(s); or the raising of capital via equity issuance.

Quarterly Operations and Production Update

Summary

- Tschudi copper cathode production of 4,161 tonnes, bringing year to date production to 13,005 tonnes Cu, being 2% ahead of nameplate.
- Tschudi C1 costs increased to US\$5,608 per tonne for the quarter, due largely to strengthening of the Namibia dollar.
- Dewatering in the open pit mine continues to be managed and work is ongoing to assess the life of mine beyond 2020.

Tschudi Production Performance

Production results for the quarter ended 31 March 2018:

	Quarter ended Jun-17	Quarter ended Sept-17	Quarter ended Dec-17	Quarter ended Mar-18
Total (Ore + Waste) Mined (000 tonnes)	6,051	6,314	5,869	4,395
Ore Tonnes stacked (000 tonnes)	726	666	733	775
Ore Stacked grade (per cent)	0.99	0.78	0.65	0.73
Copper Cathode Produced (tonnes)	3,386	4,105	4,739	4,161
C1 Cost* (US\$/t)	6,344	5,402	4,551	5,608

*C1 costs means direct operating cash costs including costs incurred in mining and processing (labour, power, reagents, materials) plus local G&A, and distribution costs. Excluded from C1 costs are Group overheads, care and maintenance costs at Otjihase, deductions from gross sales price (offtake fees and government royalties), depreciation and interest.

Tschudi production for the March 2018 quarter was 4,161 tonnes of copper cathode, or 98% of nameplate. This brings year to date production to 13,005 tonnes Cu or 2% ahead of nameplate after three quarters of the financial year. Mining and stacking of slower leaching mixed ore resumed as planned, with mining volumes being reduced due to seasonal rains, as expected. Stacking was largely unaffected by the rains due to stacking on new leach pads rather than upon previously leached ore and because healthy levels of stockpiled ore had been placed on the ROM pad in preparation for the wet season.

Tschudi C1 unit costs for the quarter increased to US\$5,608 per tonne as a result of the expected lower quarterly cathode production plus the stronger Namibia dollar compared to the previous quarter. Tschudi C1 unit costs stand at US\$5,145 per tonne for the financial year to date.

Forced aeration of some panels has commenced, as part of ongoing testing of how leach rates for mixed and sulphide ore may be improved under modified operating conditions, designed to increase bacterial activity in the heap. However, it is expected to take to the end of the financial year until any conclusions can be drawn.

Dewatering Update

As described in Weatherly's Interim Results announced on 19 March 2018, open pit groundwater inflows in the Tschudi open pit, and the costs of dealing with them, continue to increase as pit mining proceeds to greater depths. However, the flow rates are currently being managed adequately, to ensure a reliable supply of ore for stacking.

Updated estimates of likely water inflow rates for the Pit 5 stage, which is currently being mined, have been produced by independent consultants from Strategic Water Management WA and RPS Group plc. Weatherly is continuing to work on quantifying the impact of the costs of dealing with these inflows upon Tschudi's economic reserve and life of mine. At this stage, it is expected that the costs of dealing with the escalating volumes of water may have a significant impact upon the economic life of mine.

At current copper prices, the bulk of the remaining economic value of the Tschudi project is contained within Pit 5 due to relatively high strip ratios and generally lower grades in the pit pushbacks that make up the rest of the current reserve. Mining and stacking of the current Pit 5 will be largely complete by the middle of calendar year 2020. A modified design for Pit 5 is being examined which may extend this to the end of 2020.

As more information is gained on the additional groundwater inflow rates into the expanded pit, it may prove to be the case that the cost of pumping the increasing volumes of groundwater increases to such a degree that much, or possibly even all, of the ore beyond Pit 5 cannot be economically mined and processed at current copper prices.

Additional studies will be conducted to determine how water management costs may be reduced and how inflow rates for mining beyond Pit 5 can be best predicted in order to assess what portion of the balance of the current reserves can be economically mined. These studies will be completed ahead of any decisions being made.

Update on Berg Aukas and Kitumba Acquisitions

Summary

- The 2014 Berg Aukas Pre-Feasibility Study ("PFS") has been updated for improved metal prices and for revised operating and capital cost estimates.
- Updated financial metrics include post-tax NPV of US\$74 million, post-tax IRR of 35% and total capital cost of US\$54.1 million.

- An application has been submitted for approval by the Namibian Competition Commission of Weatherly's purchase of 65% of China Africa Resources Namibia Limited ("CARN"), and applications have been submitted for renewal of the two Berg Aukas mining licenses which expire in March 2019.
- Orion has not granted permission for Weatherly to extend the Backstop Date (being 4 April 2018) in respect of the acquisition of Kitumba, but will allow Weatherly to seek alternative funding to pursue the transaction.

Berg Aukas Update

On 5 February 2018, Weatherly announced that it had entered into a binding agreement to increase its ownership of CARN from 25% to 90% by purchasing shares from Hong Kong East China Non-Ferrous Mineral Resources Co Ltd ("ECE").

CARN is a private Namibian company which owns 100% of the high-grade Berg Aukas underground zinc-lead-vanadium project ("Berg Aukas"). Berg Aukas is located approximately 19km east of the town of Grootfontein in northern Namibia. The Berg Aukas mine operated as a low tonnage, high grade producer of zinc, lead and vanadium between 1958 and 1978, and hosted an estimated 2.3Mt at an average grade of 15% Zn, 3.9% Pb and 0.85% V₂O₅ over this period. The mine ceased operations in 1978 due to depressed zinc prices and significant resources remain in situ. The majority of the remaining resource is located between the 14 and 19 levels (approximately 400m to 590m below surface) where extensive development is already in place providing good access to the orebodies.

Weatherly and ECE entered into a binding agreement whereby Weatherly will purchase all of ECE's shares in CARN for cash consideration of US\$600,000, increasing Weatherly's ownership of CARN from 25% to 90%.

The transaction is subject to regulatory approval in Namibia from the Namibian Competition Commission. The application for that approval was submitted in March 2018. If that approval is not received by 22 June 2018, the share purchase agreement can be terminated by ECE. Weatherly currently expects that the approval will be received before 22 June 2018, but cannot offer any assurance that this will occur.

Pre-Feasibility Study Update

In 2014, the previous owners of Berg Aukas published a PFS which was based on the following resources and reserves:

- JORC-compliant Mineral Resource Estimate of 1.23Mt @ 15.47% Zn, 3.84% Pb and 0.33% V₂O₅ (Indicated classification) using a cut-off grade of 3.0% Zn.
- JORC-compliant Ore Reserve Estimate of 1.7Mt @ 11.16% Zn, 2.76% Pb and 0.23% V₂O₅ (Probable classification) at a 5% Zn equivalent cut-off.

On 5 February 2018, Weatherly announced that it had initiated an update of the PFS for Berg Aukas, which has now been completed by independent South African consultants, Minxcon (Pty) Ltd ("Minxcon"), being the same consulting firm which prepared the original PFS report, in 2014. This update examined the impact of improved metal prices and an update of capital and operating costs for the project. The mining, processing and product marketing assumptions were not revised for this update, and the resource and reserve estimates also remain unchanged.

The updated study estimates that the overall project NPV (for 100% of Berg Aukas and using a discount rate of 10%) has increased to US\$74 million post-tax and that the post-tax IRR has increased to 35%. These outcomes were estimated using a zinc price of US\$3260 per tonne, a lead price of US\$2,490 per tonne and an exchange rate of 12.9 NAD/USD, which were prevailing six month average spot values in mid-March 2018. No value was attributed to the vanadium content. The total capital cost estimated by Minxcon is US\$54.1 million.

The PFS published in 2014 assumed prices of US\$2,000 per tonne for zinc and lead and also assumed no credit was received for the vanadium content. Detailed results from the 2014 PFS were announced by the previous owners on 27 May 2014 and can be found at the following link.

https://polaris.brighterir.com/public/china_africa_resources/news/rns/story/rdm708r

CARN holds two mining licenses covering the Berg Aukas project, which are due to expire on 31 March 2019. CARN has duly applied for renewal of those licenses one year prior to their expiry, as is required under Namibian mining legislation.

Kitumba Update

On 3 April 2018, Weatherly announced that it had entered into an amendment and restatement agreement (the "Amendment and Restatement Agreement") in relation to its existing debt facility with Orion Mine Finance (Master) Fund I LP ("Orion"), which included certain changes resulting in Weatherly having reduced flexibility on the use of cash generated from the mine and provided Orion with certain approval rights on Weatherly's expenditure. These amendments include explicit requirements for Orion's approval of any actions taken or not taken in relation to the agreements for the acquisition of the Kitumba project in Zambia ("Kitumba") announced on 12 December 2017 and the acquisition of Berg Aukas.

On 12 December 2017, Weatherly announced that it had entered into a binding agreement to purchase 100% of Kitumba from ASX-listed Intrepid Mines Limited ("Intrepid"). As Intrepid had not received the requisite Zambian regulatory approvals for the transaction to proceed by the backstop date for the transaction, being the next working day after 31 March 2018 (the "Backstop Date"), on 4 April 2018, Weatherly announced that the Backstop Date in the binding agreement for the acquisition of Kitumba had passed and that Intrepid had requested an extension from Weatherly.

Discussions continued with Intrepid regarding the extension of the loan whilst, in line with the Amendment and Restatement Agreement, Weatherly duly requested approval from Orion to extend the Backstop Date. Orion subsequently informed Weatherly that it will not grant such approval and, on 24 April 2018, both Weatherly and Intrepid announced that the agreement for the acquisition of Kitumba had lapsed because Weatherly was unable to agree to an extension to the Backstop Date.

However, Orion have agreed to allow Weatherly to seek alternative financing for the Kitumba transaction and Weatherly is engaged in discussions with Intrepid in this regard. Further announcements will be made as and when appropriate.

Intrepid has notified Weatherly that the requisite consents for the transfer of Kitumba's shares to Weatherly have now been received from the Ministry of Mines and Minerals Development in Zambia and from the Zambian Competition and Consumer Protection Commission. The consent from the Ministry of Mines and Minerals Development remains conditional upon payment by Intrepid of Property Transfer Tax on the transaction.

Orion Loan Repayments

Further to Weatherly's confirmation on 3 April 2018 that it had rescheduled debt repayments that were due on 31 March 2018, Weatherly confirms that remains unlikely to generate sufficient surplus cash to meet all loan repayments when due, particularly in the near term, and continues to be involved in negotiations with Orion to agree a long-term restructuring of Weatherly's secured debt facilities, which includes instigating the strategic review announced by Weatherly today.

Strategic Review and Formal Sale Process

Weatherly reports that it has engaged Numis Securities Limited (“Numis”) and Treadstone Resource Partners (“Treadstone”) as its financial advisers to lead a review of strategic alternatives for Weatherly and its assets where all opportunities for maximising shareholder value will be considered (the “Strategic Review”), alongside Strand Hanson, its existing nominated adviser and if required, independent financial adviser for the purposes of Rule 3 of the City Code on Takeovers and Mergers (the “Code”).

The scope of the options being considered under the Strategic Review include, but are not limited to, the sale of the entire issued, and to be issued, share capital of Weatherly; the restructuring of Weatherly's debt; the disposal of certain company asset(s); or the raising of capital via equity issuance.

As part of the investigation into the potential sale of the entire issued, and to be issued, share capital of Weatherly, Numis has consulted with the Takeover Panel (“the Panel”) and the Panel has agreed that any discussions with third parties may be conducted within the context of a “formal sale process” (as referred to in the Code). Accordingly, the Panel has granted a dispensation from the requirements of Rules 2.4(a), 2.4(b) and 2.6(a) of the Code, such that any potential offeror which agrees with the company to participate in the process will not be required to be publicly identified under Rule 2.4(a) or (b) and will not be subject to the 28 day deadline referred to in Rule 2.6(a), for so long as it is participating in the process. Weatherly confirms that it is not in discussions with, or in receipt of an approach from, any potential offeror at the date of the announcement. Following this announcement, Weatherly is now considered to be in an “offer period” as defined in the Code, and the dealing disclosure requirements set out below will apply.

Parties with an interest in making a proposal should contact Numis or Treadstone through the contact details set out at the end of this announcement. It is currently expected that any party interested in participating in the formal sale process will, at the appropriate time, enter into a non-disclosure agreement and standstill arrangement with Weatherly on terms satisfactory to the Board of Weatherly. Weatherly then intends to provide such interested parties with certain information on the business, following which interested parties shall be invited to submit their proposals. It is expected that the formal sale process will conclude within six months of the date of this announcement. However, further updates in relation to the timetable of the process will be communicated in due course.

There can be no certainty that an offer will be made, nor as to the terms on which any offer will be made. The Board of Weatherly reserves the right to alter or terminate the process at any time and, in such cases, will make an announcement as appropriate. The Board of Weatherly also reserves the right to reject any approach or terminate discussions with any interested party at any time.

The appointment of Numis and Treadstone and the commencement of the strategic review process is required pursuant to the Amendment and Restatement Agreement in relation to its existing debt facility, entered into between Weatherly and Orion as announced on 3 April 2018.

The full details of these announcements can be found at <http://weatherlyplc.com/>.

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.

For further information, please contact:

Polo Resources Limited	+27 (0) 787 312 919
- Kudzayi Denenga, Investor Relations	
Allenby Capital Limited (<i>Nominated adviser & joint broker</i>)	+44 (0)20 3328 5657
- John Depasquale	
Liberum Capital (<i>Broker</i>)	+44 (0) 20 3100 2000
- Henry Freeman	
Blytheweigh (<i>Public relations</i>)	+44 (0) 207 138 3204
- Tim Blythe, Nick Elwes, Camilla Horsfall	

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.