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Global Resources Investment Tst PLC  
03 December 2020

Market Abuse Regulation (MAR) disclosure

Certain statements in this announcement contain inside information for the purpose of Article 7 of EU Regulation 596/2014.

Global Resources Investment Trust Plc

("GRIT" or the "Company")

Notice of General Meeting

Company Voluntary Arrangement

£125,893 Placing of Ordinary Shares

Issue of £100,000 Convertible Unsecured Loan Notes

## 1. Introduction

On 30 June 2020 the Company announced the suspension of trading of its securities on the Main Market resulting from its failure to publish by that date an audited annual report and financial statements for the year ended 31 December 2019. At the same time the Company announced that, subject only to the resumption in trading of the Company's Ordinary Shares, it had conditionally raised £167,858 through the issue of 8,392,902 Shares at a price of 2p per share.

The Company's main remaining asset is its 25.4% shareholding in Anglo-African Minerals PLC ('AAM') and the loans made to AAM, which amount, with accumulated interest, to some \$2.1 million. As announced on 24 February 2020, TerraCom Limited, a mining company listed in Australia ('ASX:TER'), itself announced that it had executed what it described as a binding term sheet to acquire 100% of AAM, subject to due diligence and regulatory approvals.

In an announcement made on 30 October, TerraCom stated that *'due diligence on [AAM] has been significantly hampered...by international travel restrictions brought about by the impacts of COVID-19. However, as restrictions are now easing, members of TerraCom's management team will be visiting the site in Guinea in the coming weeks and will meet with potential contractors and government officials to progress the project'*. While this is encouraging, at the time of writing it nevertheless remains unclear whether the proposed sale of AAM to TerraCom will proceed and therefore when or whether the Company will be able to realise its investment in AAM or receive repayment of its loans to AAM.

The Board has therefore concluded that, in order to avoid the need for a formal insolvency process, it is in the best interests of the Company to renegotiate the terms of the conditional placing which was announced on 30 June 2020 and for the Company to enter into a Company Voluntary Arrangement ('CVA'). The Company's broker, Peterhouse Capital Limited, has negotiated with the Placees of the placing announced on 30 June 2020 a revised price of 1.5 pence per share (instead of the previously agreed 2 pence) to raise £125,893, subject only to approval by Creditors of the CVA ('CVA Approval') and the passing by shareholders of the Resolutions. In return, the Placees have waived their requirement for the current suspension of trading in the Company's Ordinary Shares to be lifted. Additionally, the Company will issue £100,000 Convertible Unsecured Loan Notes ('CULNs'), again subject only to CVA Approval and the passing of the Resolutions.

The proceeds of the Placing and the CULNs will allow the Company to implement the CVA.

In order to issue the Placing Shares and enable the conversion of the CULNs, the Company is seeking authority to issue and to disapply statutory pre-emption rights for 8,392,902 Shares (representing 20 per cent. of the issued share capital of the Company as at 27 November 2020 (the latest practicable date prior to the date of this document)) until the end of the Company's next annual general meeting (at which the Company will seek renewal of such authority).

A Circular has been posted to Shareholders and will shortly be available on the National Storage Mechanism ("NSM"). This Circular also seeks shareholders' approval for the CVA. A Notice convening the General Meeting to be held at 11.00 a.m. on 21 December 2020, at the offices of Peterhouse Capital Limited, 80 Cheapside, London EC2V 6EE, to consider the Resolutions as set out at the end of this Circular.

**Shareholders should be aware that the Placing and the issue of the CULNs are conditional upon CVA Approval and the passing of the Resolutions. If either of these conditions is not satisfied, then the Placing and the issuance of the CULNs will not proceed. In this case the Company would then have insufficient working capital to continue to trade as a going concern and, in the absence of any other source of funding, the Board may have no alternative but to place the Company into an insolvency process, probably administration.**

## **2. Background to and reasons for the CVA**

The Company has creditors of £828,928. Due to the continuing delay in completing a sale of its shares in AAM the Company has insufficient funds to settle these Creditors as and when they fall due.

The Board has concluded that, in order to preserve the Company and avoid it trading insolvently, it should invite an insolvency practitioner to propose to Creditors a CVA.

It is intended that, once a CVA has been agreed by Creditors and endorsed by Shareholders, the following steps will be taken:

- the Placing and the issue of CULNs are implemented;

- an initial payment to creditors of an estimated 20 pence in the £ is made;
- new directors are appointed;
- the existing directors resign;
- the new Board raises sufficient additional funds to enable the Company to carry on trading as a going concern;
- the audit of the annual report and financial statements for the year ended 31 December 2019 is completed and published;
- the results for the six months ended 30 June 2020 are published; and
- application is made to the FCA to lift the suspension of trading in the Company's Ordinary Shares.

It is then anticipated that, whether or not the Company's shares in AAM are sold and/or the loans repaid, the new Board will submit to shareholders a plan for the recapitalisation of the Company and its re-launch as an active investment trust. Whenever the sale of AAM occurs, the proceeds from the sale and/or repayment of loans will pass automatically under the terms of the CVA to the supervisor of the CVA (the "Supervisor") and be applied by the Supervisor to the payment of the remaining 80% of the amounts due to Creditors, with any balance remaining being returned to the Company.

### **3. Company Voluntary Arrangement**

It is proposed that, on CVA Approval and the passing of the Resolutions, the Company's Creditors will initially be paid an estimated sum of 20 pence for every £1 of debt, with the remaining balance, up to 100 pence, payable from the sale proceeds of the Company's shares in AAM and/or by repayment by AAM of the Company's loans to it.

The Directors have appointed Antony Batty of Antony Batty & Company LLP to act as nominee (the "Nominee") in respect of the proposal of the Directors for a CVA (the "CVA Proposal"). Mr Batty has provided his consent to act as Nominee and, if the CVA Proposal is approved, as Supervisor of the same, and his Nominee's Report has been filed at Court as required.

A CVA requires the approval of 75 per cent. or more by value of the creditors voting on the resolution in person or by proxy. It also requires the approval of 50% or more by value of creditors who are 'unconnected.' Once approved, the CVA binds all relevant creditors who were entitled to vote, whether or not they were present or represented at that meeting and so voted and whether or not they actually received notice of the meeting.

A CVA also requires shareholder approval. The CVA Resolution in the following Meeting Notice seeks that approval. It is being proposed as an ordinary resolution and therefore requires the approval of 50 per cent. by value of Shareholders present in person or by proxy and voting on the CVA Resolution.

Approval by Creditors of the proposed CVA Proposal will be put to a meeting of Creditors to be held at 10.30 a.m. on 21 December 2020 and, if approved by Creditors at that meeting, the CVA Resolution will be put to Shareholders at a meeting to be held at 11.00 a.m. the same day.

**For the avoidance of doubt, Shareholders will retain their existing Ordinary Shares in the Company; and the CVA will not result in any distribution being made to Shareholders of the Company in their capacity as Shareholders.**

A copy of the Directors' CVA Proposal incorporating the Nominee's Report is available for download from the following website: <http://www.antonybatty.net/client-login.php> access code 1976146269

Any Shareholder wishing to receive a paper copy of the proposal, should contact Antony Batty on 020 7831 1234 , or email [antonyb@antonybatty.com](mailto:antonyb@antonybatty.com), or in writing to Antony Batty, Antony Batty & Company LLP, 3 Field Court, London WC1R 5EF.

**The CVA Proposal is conditional upon the approval of the Resolutions, completion of the Placing and the issuance of the CULNs.**

#### **Directors' participation in the CVA**

The Directors, under the terms of their existing service contracts and other arrangements, are currently owed in aggregate £251,541. Under the terms of the CVA Proposal, the Directors are entitled to make a claim for these contractual amounts owing to them. **Assuming all Creditors make a valid claim under the CVA Proposal, the Directors will receive an initial payment of up to 20 pence in the £1 *pari passu* with all other creditors.** Should fewer of the Creditors make a valid claim under the CVA then the amount issued to the Directors may increase.

#### **The Placing and the CULNs**

Peterhouse has conditionally raised £125,893 before expenses through the Placing and £100,000 via the issue of the CULNs. The Placing and the issue of the CULNs are conditional on CVA Approval and approval of the Resolutions.

The proceeds of the Placing and the issuance of the CULNs will allow the Company to implement the CVA Proposal.

Following completion of the Placing, the Placees will, in aggregate, hold approximately 16.66 per cent. of the Enlarged Share Capital.

The CULNs are convertible at 1.5p and repayable within 18 months.

Gledhow Investments PLC ("Gledhow") has conditionally subscribed for 4,666,667 Placing Shares at the Placing Price, which will equate to 9.27 per cent of the Enlarged Share Capital. Gledhow has also conditionally subscribed for £80,000 of the CULNs. On conversion of these CULNs into Ordinary Shares, Gledhow will hold an aggregate 17.54 per cent of the Fully Enlarged Share Capital. Gledhow is an investment vehicle currently quoted on the AQSE Growth Market.

In addition, Phillip J Milton & Company Plc on behalf of its discretionary clients has conditionally subscribed for 2,666,667 Placing Shares. Phillip J Milton & Company Plc's total direct and indirect holding will increase to 25.28 per cent of the Enlarged Share Capital (before conversion of the CULNs). As Phillip J Milton & Company Plc is currently a 22.4% shareholder in the Company, it is a Related Party under the Listing Rules. This conditional placing is however deemed to be a smaller related party transaction within the definition of Listing Rule 11.1.10R because the percentage ratios are less than 5% but exceed the 0.25% threshold as set out in LR 11.1.10R(1).

It is the intention that there will be Board changes following the completion of the Placing and the issue of the CULNs.

**Shareholders should be aware that the Placing and the issuance of the CULNs are conditional upon the CVA Approval and the passing of the Resolutions. If these conditions are not met, then the Placing and issuance of the CULNs will not proceed, and the Company would then have insufficient capital to continue trading as a going concern; and, in the absence of any other source of funding, the Board may have no alternative but to place it into a formal insolvency process, probably administration.**

### **Use of Proceeds**

The proceeds of the Placing and the issue of the CULNs will be used to settle outstanding Creditors under the terms of the CVA Proposal. Following the full settlement of Creditors as part of the proposed CVA Proposal (that is to say the estimated initial payment of 20 pence in the £1 and subsequent settlement of the remaining 80 pence, assuming that the proceeds of sale of the Company's shares in AAM and/or the repayment of the Company's loans to AAM suffice), the Company will be free of debt.

### **General Meeting**

The Notice convening the General Meeting at which the Resolutions will be proposed is set out at the end of this Circular. A summary of the Resolutions is set out below.

## **The Resolutions**

**Resolution 1** , which will be proposed as an ordinary resolution, will, if passed, give the Directors the authority to allot up to a further 8,392,902 new Shares, equal to 16.66 per cent. of the Enlarged Share Capital.

**Resolution 2** , which will be proposed as an ordinary resolution, seeks approval for the CVA.

**Resolution 3** , which will be proposed as a special resolution, will, if passed, give the Directors the authority to allot all the Shares over which they are granted authority pursuant to Resolution 1 for cash on a non-pre-emptive basis.

## **Action to be taken**

**Given the current Covid-19 pandemic, the Company and the Board remind all Shareholders of the British Government's current restrictions on gatherings of persons from different households and the rules regarding social distancing. Unless and until the current restrictions are relaxed or lifted, the Directors are asking all Shareholders not to attend the General Meeting. Shareholders who intend to attend the General Meeting in person in breach of any stay at home measures, which are in place on the date of the General Meeting, will not be admitted. Instead, you are asked to vote by way of proxy in advance of the General Meeting and we encourage you to appoint the chairman of the General Meeting as your proxy with your voting instructions.**

Shareholders will find a Form of Proxy enclosed for use at the General Meeting. You are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible.

To be valid, completed Forms of Proxy must be received by the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not later than 11.00 a.m. on 17 December 2020, being 48 hours (two working days) before the time appointed for holding the General Meeting.

You are entitled to appoint a proxy to exercise all or any of your rights to vote at the General Meeting instead of you. Your attention is drawn to the notes to the Form of Proxy.

## **Recommendation**

**The Directors consider that the CVA Proposal, the Placing, and the issuance of the CULNs are in the best interests of the Company, its Creditors and the Shareholders as a whole.**

**In the absence of any other source of funding, the only alternative course of action, in the opinion of the Board, would be to place the Company into a formal insolvency process, probably administration; and, while this might result in a similar outcome for Shareholders as a CVA (in that an administrator would return surplus funds to the Company in the same way as a CVA Supervisor would), the Board is advised that the Company would very likely lose its public listing; and the opportunity to create future value for Shareholders would therefore be severely constrained.**

**The Directors therefore unanimously recommend that Shareholders vote in favour of all the Resolutions.**

Yours faithfully

**James Normand**

*Chairman*

The Directors accept responsibility for this announcement.

For further information, please contact:

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## DEFINITIONS

The following definitions apply throughout this document and the Form of Proxy, unless the context requires otherwise:

**AQSE Growth Market** the primary market for unlisted securities operated by the Aquis Stock Exchange

**Board** the board of Directors

**CULNs** the convertible unsecured loan note instrument for £100,000 between the Company and the Noteholders

**CULN Shares** the 6,666,667 Ordinary Shares issued to the CULN holders upon converting the CULNs

**Company** Global Resources Investment Trust plc

**CREST** the computerised settlement system operated by Euroclear which facilitates the transfer of title to shares in uncertificated form

**Creditors** the creditors of the Company

**Creditors' Meeting** the meetings of creditors to be convened at 10.30 a.m. on 21 December 2020 pursuant to the CVA

**CVA** a Company Voluntary Arrangement, pursuant to Part 1 of the Insolvency Act 1986, details of which are set out in this document and a proposal document available to Creditors and Shareholders dated 30 November 2020 (the "CVA Proposal").

**CVA Approval** approval of the terms of the CVA Proposal at the Creditors' Meeting and the General Meeting convened for such purposes

**CVA Resolution** the resolution to approve the terms of the CVA

**Directors** the directors of the Company or any duly constituted committee of the Board

**Enlarged Share Capital** the Issued Share Capital plus the Placing Shares

**Euroclear** Euroclear UK & Ireland Limited, being the operator of CREST

**Form of Proxy** the form of proxy provided with this document for use by Shareholders in connection with the General Meeting

**Fully Enlarged Share Capital** the Enlarged Share Capital plus the CULNs Shares

**General Meeting** the general meeting of the Company to consider the Resolutions, convened for 21 December 2020 at 11.00 a.m, notice of which is set out on page 10 of this document

**Issued Share Capital** 41,964,512 Ordinary Shares currently in issue

**London Stock Exchange** London Stock Exchange plc

**Nominee or Supervisor** Antony Batty of Antony Batty & Company LLP

**Noteholders** holders of the CULNs

**Notice of General Meeting** the notice of the General Meeting as set out on page 8 of this document

**Ordinary Shares** ordinary shares of 0.1p each in the capital of the Company

**Placees** a subscriber of the Placing Shares under the Placing

**Placing** the conditional placing of the Placing Shares

**Placing Shares** the 8,392,902 Ordinary Shares to be issued as part of the Placing

**Registrar** Computershare Investor Services PLC

**Resolutions** the resolutions being proposed at the General Meeting

**Shareholder** a holder of Shares

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