



# The experience to maximise value from natural resources

**Annual Report and Accounts**  
For the period ending 30 June 2011

**AIM and TSX: POL**

# Corporate Directory

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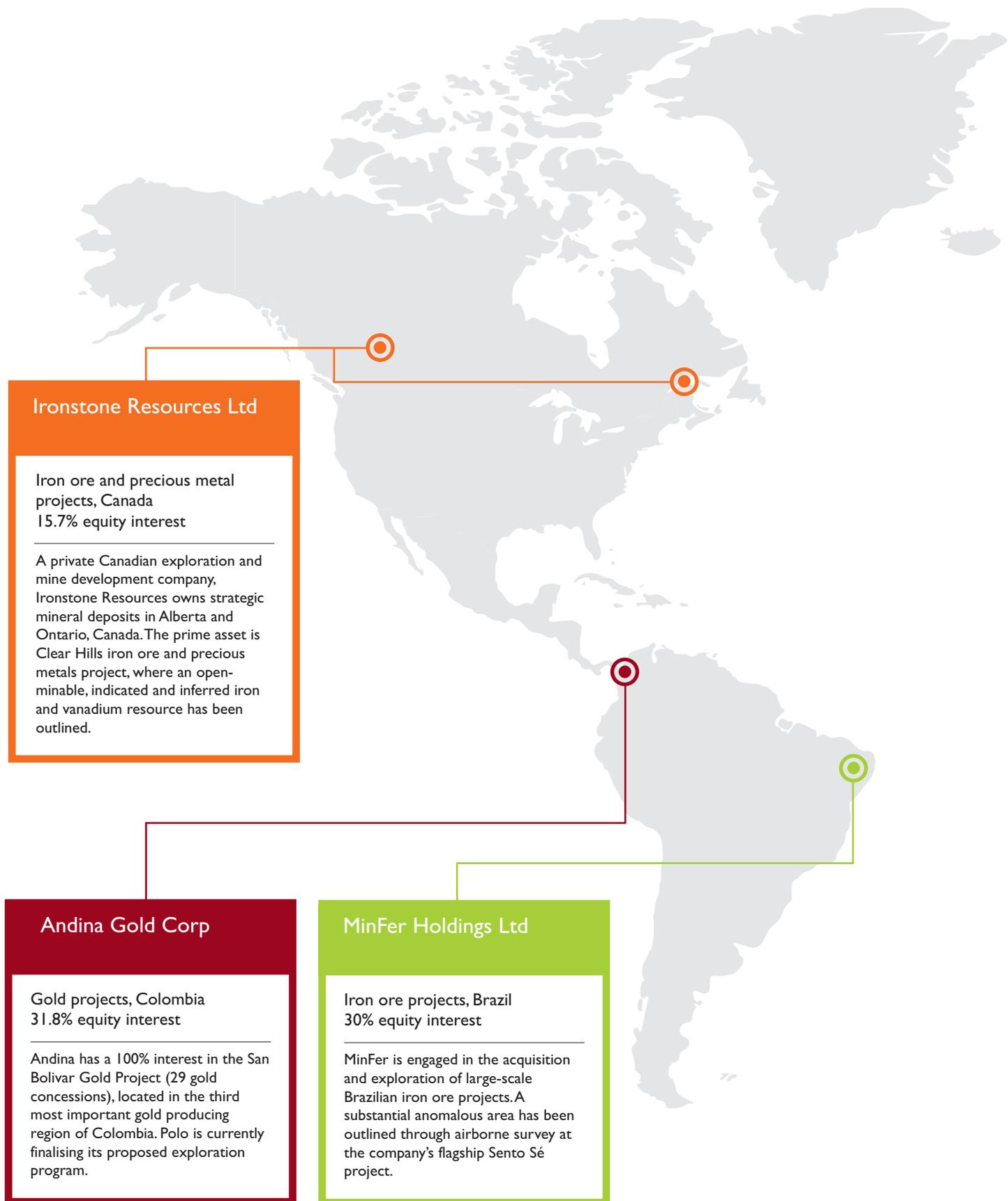
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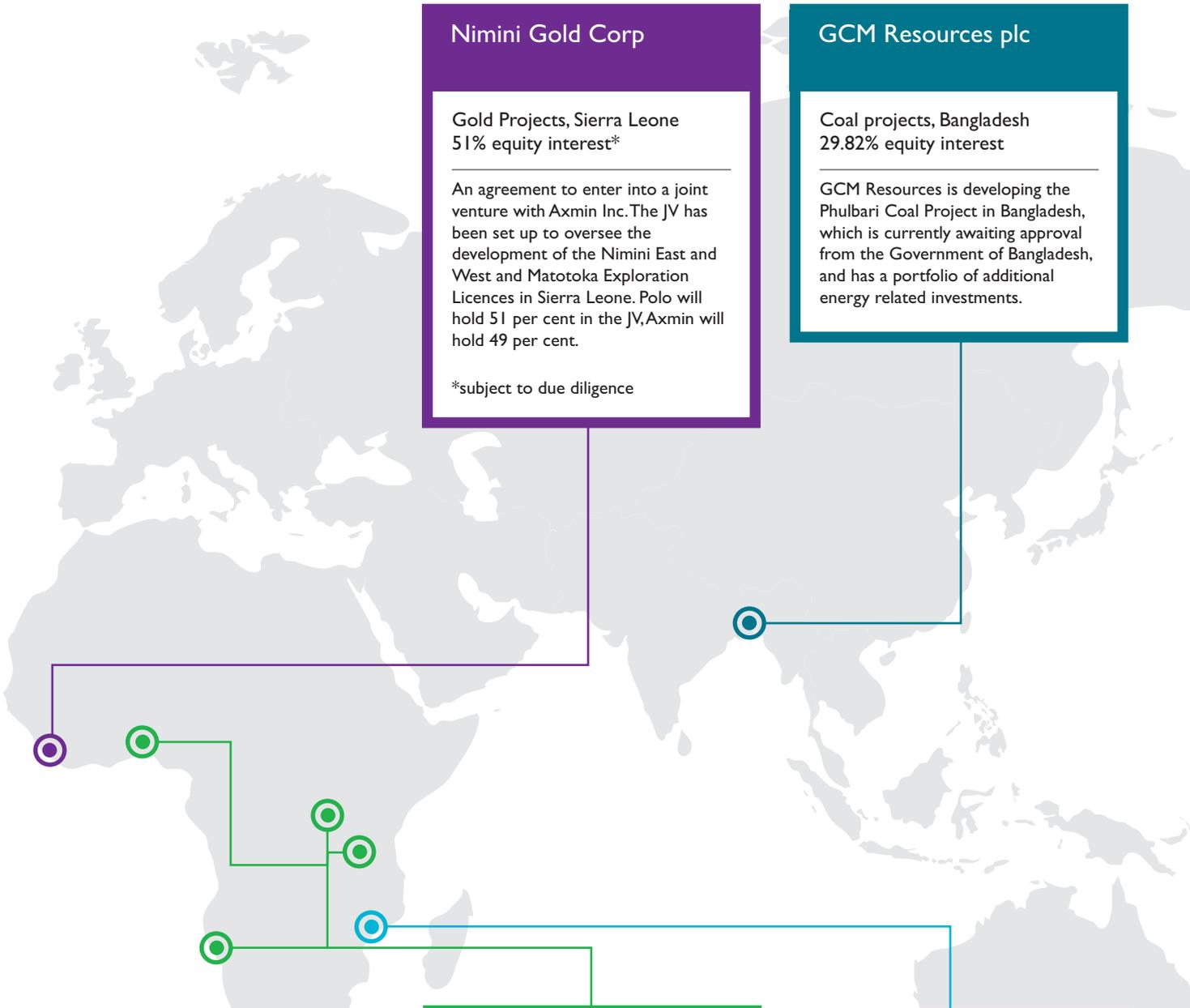
Polo Resources is a natural resources investment company focused on investing in undervalued companies and projects with strong fundamentals and attractive growth prospects.

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# Portfolio





### Nimini Gold Corp

Gold Projects, Sierra Leone  
51% equity interest\*

An agreement to enter into a joint venture with Axmin Inc. The JV has been set up to oversee the development of the Nimini East and West and Matotoka Exploration Licences in Sierra Leone. Polo will hold 51 per cent in the JV, Axmin will hold 49 per cent.

\*subject to due diligence

### GCM Resources plc

Coal projects, Bangladesh  
29.82% equity interest

GCM Resources is developing the Phulbari Coal Project in Bangladesh, which is currently awaiting approval from the Government of Bangladesh, and has a portfolio of additional energy related investments.

### Signet Petroleum Ltd

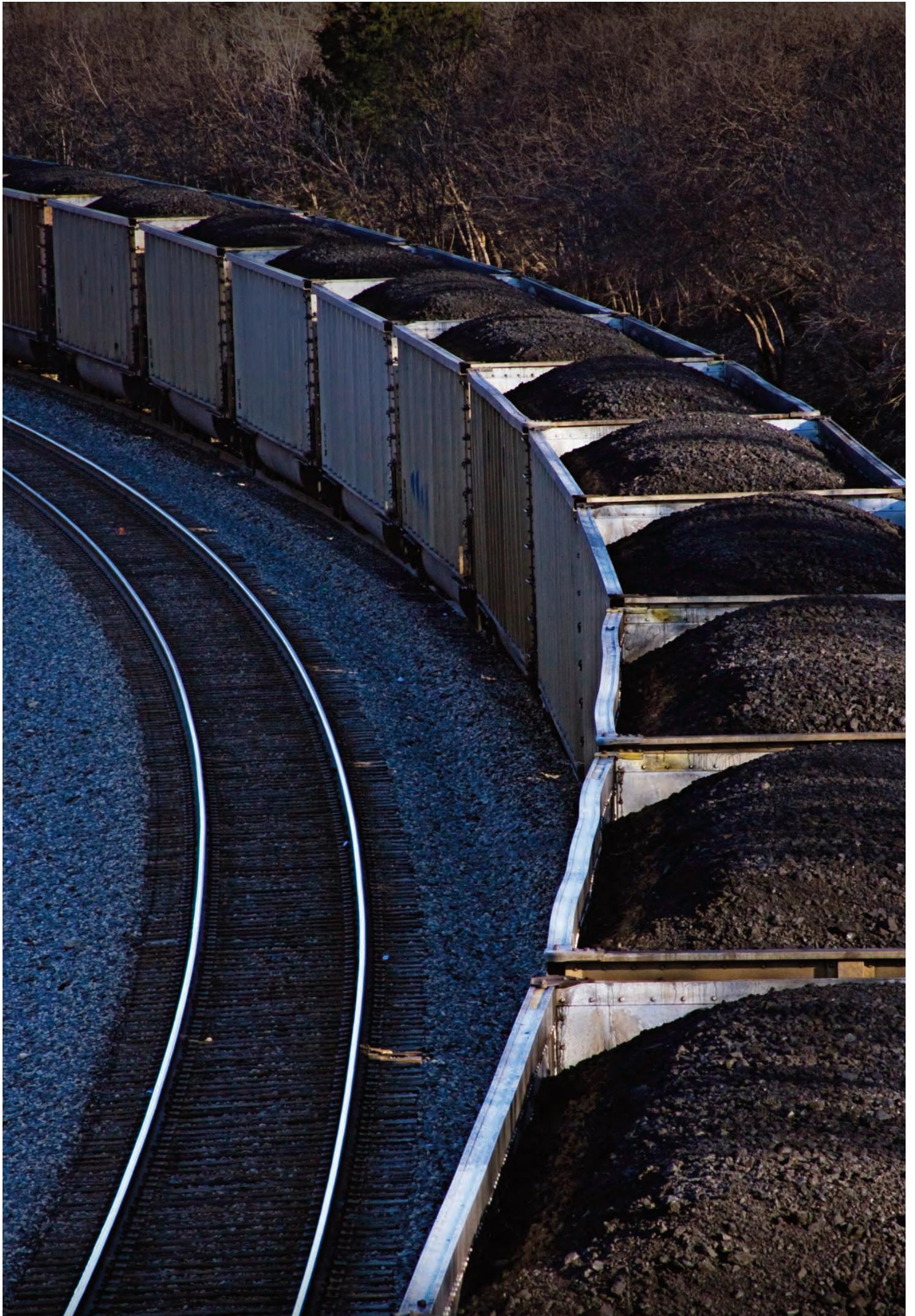
Oil projects, Africa  
7% equity interest

Signet Petroleum is an independent oil exploration company registered in the British Virgin Islands. Signet focuses on acquiring and developing high impact exploration assets in Africa and currently has projects in Benin, Burundi, Namibia and Tanzania.

### Mozambi Coal Ltd

Coal Projects, Mozambique  
18.08% equity interest

An ASX-listed coal exploration company with a focus on the exploration and development of its tenements in the Zambeze Coal Basin, Mozambique. These tenements include the Tete West and Maturara projects, and cover 609 square kilometres.



# Executive Co-Chairmen's Statement

The primary objective for Polo has always been to invest in companies and projects with significant opportunities to achieve growth and shareholder return and to make timely disposals.

In line with this goal, we have been engaged in a programme of disposing of our uranium investments and refocusing our strategy on a broader set of value-adding commodities.

The disposal programme was well advanced by the beginning of the financial year, and was concluded with the sale of our largest uranium interest, Extract Resources Limited, in August 2010.

Since that time, Polo has utilised its strong cash position to acquire substantial interests in the iron ore, coking coal and gold sectors. In the meantime, we have completed a share buy-back programme and, through a special dividend, released value to shareholders.

As at 16 September 2011, the Company had a cash balance of US\$169.6 million (30 June 2010: US\$37.8 million) and a net asset value per share of GBP 6.53 pence. Net profit after tax for the year ended 30 June 2011 was US\$65.2 million (30 June 2010: US\$28.8 million).

In August 2010 Polo completed the disposal of its uranium interests, including Extract Resources Limited, for US\$142 million and realised a net gain on disposal of US\$62.7 million. The Board utilised part of the proceeds of the disposal to fund a special dividend to shareholders of three pence per share for a total of US\$113.9 million.

On 12 October 2010, Polo received the US\$20 million deferred cash consideration from Winsway Coking Coal Holdings Ltd to conclude the disposal of Polo's 50 per cent interest in the Peabody-Polo Resources Mongolian coal Joint Venture. US\$7.8 million was devoted to the share buy-back programme and a total of 168.4 million shares were cancelled from the Company's share capital during the period.

In the year under review, Polo made substantial investments in the iron ore project developers MinFer Holdings (in Brazil) and Ironstone Resources (in Canada), and in Andina Gold Corp., which is developing the San Bolívar Gold Project in Colombia, as well as in Mozambi Coal in Mozambique.

Subsequent to the financial year-end, Polo agreed to acquire 51 per cent of Axmin Inc.'s Sierra Leone gold assets on receipt of a satisfactory due diligence report.

The Company's largest single investment remains its interest in GCM Resources plc, which was valued at US\$24.31 million at 16 September 2011. Polo holds 29.82 per cent of the company.

The Company's interest in Caledon Resources plc has now realised gross proceeds of £99.75 million. Guangdong Rising (Australia) Pty Ltd ("GRAM") confirmed the acquisition of Caledon in an all cash offer of £1.12 per share. Polo held an interest of approximately 26.64 per cent in the issued share capital of Caledon at date of disposal in addition to £2.5 million of Caledon's 8.5 per cent unsecured Convertible Loan Notes issued in 2010.

The Board of Polo has announced its decision to utilise part of the proceeds to fund a special dividend to shareholders of two pence per share.

On 15 September 2011, the Company announced the posting to company shareholders of a circular to consider and if thought fit approve further investment of up to US\$20 million in Signet Petroleum Ltd. The Company currently owns approximately 7 per cent in Signet. The meeting will be held on 6 October 2011.

On a personal note, we would like to thank Paul Ingram, Polo's former Chief Executive Officer, Australia, for the valued contribution made during his time with the Company and wish him well for the future.

The ability to take timely investment action is critical to our on-going development. Our ethos is to invest in projects that have the potential to add value, irrespective of geographic location and commodity focus. We believe that the investments made in the previous financial year offer excellent growth and value release potential in the current financial year and beyond.

We look forward to updating shareholders of our progress at the appropriate time.



**Stephen R. Dattels**  
Executive Co-Chairman



**Neil L. Herbert**  
Executive Co-Chairman

# Financial Review

Following on from the previous financial year that was characterised by the value-adding disposals of six investment stocks, the Board completed the sale of its largest uranium asset, Extract Resources Limited, in August 2010 and subsequently pressed ahead with the sourcing and acquisition of new investment opportunities in the year under review. Utilising our strong cash position and proven ability to make timely acquisitions and disposals, Polo is developing an investment portfolio with sector-leading potential to add value and realise financial gains for our shareholders.

## Transactions

Several major transactions were completed in the year under review. In August 2010, Polo Resources completed the sale of its entire holding in Extract, which manages the development of the Husab/Rossing South uranium project in Namibia. Polo's interest was valued at AU\$142 million. The purchaser, Nippon Uranium, paid Polo AU\$7.00 per Extract share, realising a net gain on disposal of US\$62.7 million.

During the period, Polo acquired 30 per cent of the issued share capital in MinFer Holdings Limited, which is engaged in the acquisition and exploration of large-scale iron ore projects in Brazil. MinFer granted Polo warrants to subscribe for 25,865,600 shares in MinFer at US\$0.14498 expiring 10 February 2013. The objective is for MinFer to use funds from the placement to establish a compliant mineral resource in early 2012.

In December 2010, Polo also invested in Ironstone Resources Limited through a private placement facilitated by Chrystal Capital. Polo was granted warrants to subscribe for 3,036,305 shares at CA\$1.9759 expiring 15 March 2012. Ironstone is a private Canadian company whose portfolio includes the Clear Hills Iron Ore/Vanadium Project in Alberta. Polo increased its investment through a direct offer to investors in March 2011 and currently has a 15.7 per cent interest in Ironstone.

In April 2011, Polo increased its interest in Mozambi Coal Limited, a coal exploration company listed on the Australian Stock Exchange, and currently holds 12,145,000 ordinary shares, equivalent to 18.08 per cent of Mozambi's issued share capital.

Subsequently, on 24 May 2011, Polo invested US\$4 million in the gold exploration company Andina Gold Corporation. These proceeds, coupled with funds raised in a concurrent placement, facilitated a 31.8 per cent interest in a Joint Venture for the purchase of 29 gold concessions in the San Bolivar Gold Project, a prospective green-field project in a proven gold production region.

The last significant corporate action that commenced in the reporting year resulted from the offer by Guangdong Rising (Australia) Pty Ltd to acquire 100 per cent of the issued shares of Caledon Resources plc at £1.12 per share. Polo realised gross proceeds of £99.75 million on completion of the sale of its entire holding in this investment.

Subsequent to the year under review, Polo has acquired (subject to due diligence) a 51 per cent interest in Axmin Inc.'s gold projects in Sierra Leone for a cash consideration of US\$7.5 million. In addition, Polo has agreed solely to fund the first US\$2 million of the project exploration expenditures, after which both parties will fund exploration on a pro rata basis.

On 15 September 2011, Polo announced the posting of a circular to shareholders in relation to a meeting of the Company's shareholders to consider and if thought fit approve a further investment of up to US\$20 million in Signet Petroleum Ltd. ("Signet"). Signet has acquired interests in exploration rights for hydrocarbons in four countries in Africa, namely, Tanzania, Burundi, Benin and Namibia (the "Signet Licences"). Polo has already invested US\$7 million into Signet and this further investment may increase Polo's interest currently from approximately 7 per cent of the issued share capital to between 18.6 per cent or 21.9 per cent of the enlarged share capital. This further investment is conditional on the Company being satisfied with its legal and technical due diligence in relation to Signet (and its subsidiaries) and the Signet Licences.

## Value Release

Realising financial gains for shareholders is a key focus area for Polo Resources. Following on from the disposal of our interest in Extract Resources and in the Joint Venture with Peabody Energy Corporation (completed on 30 June 2010), Polo was able to return US\$113.9 million to its shareholders by way of a special 3 pence per share held cash dividend. This dividend was distributed on 27 August 2010.

The Board announced on 16 August 2011 that its proposed dividend of 1 pence per share was to be doubled, to 2 pence per share held, upon completion of the disposal of its interest in Caledon Resources plc and a payment date has subsequently been announced for 5 October 2011.

Polo announced its decision to undertake a Share Buyback Programme in 2010. The Independent Investment Committee was given the discretion, subject to the relevant legal and regulatory requirements, to buy back up to 10 per cent of the Company's issued shares over the 12 months from the announcement of the buyback programme, where the price at which the Company's shares are traded is at a significant discount to its net asset value. US\$7.8 million was expended and a total of 168.4 million shares were cancelled from the Company's share capital during the period with accretive benefit to shareholder value.

As set out on page 28 of the Consolidated Financial Statements, Polo reported a profit after tax of US\$65.2 million (2010: US\$28.8 million)

At the date of this report, Polo Resources had a strong net cash position of US\$169.6 million and listed short term equity investments of US\$6.44 million. The combined value of cash, receivables, and listed equity investments was US\$208.54 million as of 16 September 2011, equivalent to 5.75 pence per Polo share. The combined value of cash, receivables, unlisted equity investments at cost and listed equity investments was US\$236.85 million as of 16 September 2011, equivalent to 6.53 pence per Polo share.

# Investment Update

## Caledon Resources plc (AIM: CDN)

Polo held an interest of approximately 26.64 per cent in the issued share capital of Caledon. In addition to the aforesaid interest, Polo held £2,500,000 of Caledon's 8.5 per cent unsecured convertible loan notes issued in 2010.

Guangdon Rising (Australia) Pty Limited ("GRAM") made an offer to Caledon to acquire 100 per cent of the share capital of Caledon to be effected by a scheme of arrangement under the UK Companies Act 2006. The scheme of arrangement has been sanctioned by the High Court of Justice in England and Wales and an announcement in relation to the same was released by Caledon on 15 August 2011.

Caledon has now announced completion of the acquisition by GRAM, which at the announced price of £1.12 per share has resulted in the Company receiving approximately £90.15 million gross (equivalent to approximately 3.93 pence per issued Polo share). Polo had previously sold 8.8 million shares on announcement of the bid for £9.75 million and has also received payment of an amount in cash for the Loan Notes it held, at their see through value at the acquisition price.

### Dividend of two pence per share

The Company announced on 16 August 2011 that the Board has proposed a dividend of two pence per Ordinary Share (gross). The ex dividend date has now been set for 21 September 2011, the dividend record date has been set for 23 September 2011, and the payment date has been set for 5 October 2011.

## GCM Resources plc (AIM: GCM)

GCM has identified a world-class coal resource of 572 million tonnes (JORC compliant) near the town of Phulbari in North West Bangladesh. GCM remains ready to move the Phulbari Project forward when the Bangladesh Government approves the project's Scheme of Development.

The mine will produce a mix of high quality thermal coal, low ash metallurgical coal (also known as semi-soft coking coal) and a good quality thermal coal suitable for the domestic industrial market. The coal will be extracted by the open cut mining method using trucks and hydraulic excavators. Substantial initial investment relating to equipment costs, site preparation, box cut development and initial resettlement and other community programmes will take place over a three year period leading to the first commercial coal production. Ramp up to saleable coal production of 15 million tonnes per annum will take a further

five years. The mine will have a life of over 30 years. The combination of high quality coal, a large resource, thick seams and low operating costs make Phulbari a world-class deposit.

GCM's activities continue to be focused on ensuring the key decision makers have a thorough understanding of modern large-scale coal mining and the benefits of the project. GCM management accompanied the Bangladesh Parliamentary Standing Committee on Power, Energy and Mineral Resources on a visit to existing open pit coal mines and coal fired power stations in Germany. The Committee then recommended that the country moves to extraction of its coal reserves using open cut mining methods. GCM and the Government of Bangladesh are continuing discussions in relation to the detail of the Project and its implementation, including the effective management of social and environmental issues. While there is uncertainty as to the timing of approval, GCM is ready to move the Project forward once approval is received.

Polo holds 15,220,985 shares in GCM representing a 29.82 per cent equity interest. On 2 September 2011, Polo announced that following a review by its Independent Investment Committee, the Company has retained advisors to evaluate strategic options with respect to its holding in GCM Resources plc.

## Mozambi Coal Limited (ASX: MOZ)

Mozambi Coal Limited ("Mozambi"), a coal exploration company focused on the exploration and development of its tenements in the Zambeze Coal Basin in Mozambique has three high value mineral exploration projects spanning 609 square kilometres in the Zambeze Coal Basin in the Tete Province of Mozambique. The Zambeze Coal Basin is an emerging and highly prospective coal region that is within economic reach of the East African coast. Globally significant resource companies have undertaken coal exploration and development projects directly adjacent and nearby to Mozambi Coal's licenses, including Rio Tinto, Vale, Jindal Steel and ENRC.

In April 2011, the company signed a drilling contract with Aguaterra Lda to conduct the initial drilling programme on the Tete West and Maturara licences. The initial programme is expected to comprise 3000 metres of HQ diamond core drilling (double shift), including 2000 metres at Tete West and 1000 metres at Maturara. Aguaterra Lda is the Mozambican subsidiary of the South African company Geosearch Inc, Africa's largest independent drilling contractor (part of the Sentula Mining Group of Companies).

The company commenced the initial drilling programme at the Tete West licence in early May 2011 after completion of ground preparation of the licence that included roadwork, drill pad preparation, establishment of a temporary campsite and securing the appropriate environmental permits.

The Tete West drilling programme is focused on an area of approximately three square kilometres in the north east corner of the licence, where geological mapping has indicated potential for the coal-bearing Lower Karoo sedimentary package that hosts most of the expanding coal reserves in Mozambique.

By the end of June 2011, the company had completed three drillholes on the Tete West licence for a total of 1026 metres and selected samples have been sent to ALS Witlab laboratories for appropriate test work. Results are pending.

#### **New projects**

On 14 July the company announced that it had entered into a Memorandum of Understanding ("MOU") with Xiluva Mineral Resources Limitada ("Xiluva") to acquire 80 per cent of exploration licence 2738L in the Tete Province, Mozambique.

Exploration licence 2738L is situated approximately 115 km to the west of the city of Tete within the Songo district and covers 224 square kilometres. The licence has potential for 25.8 square kilometres of coal-bearing Lower Karoo sediments, and a Target Mineralisation of between 1.86 to 2.32 billion tonnes with a calorific value in the range from 4,500 to 5,500 kcal/kg.\*

Polo holds an approximate 18.08 per cent interest in Mozambi Coal Limited.

\* This exploration target is conceptual in nature. There has been insufficient exploration to define a mineral resource under JORC guidelines and it is uncertain whether further exploration will result in the determination of a mineral resource. This conceptual target may or may not be outlined with future work, either in whole or in part.

#### **Ironstone Resources Limited**

During December 2010 the Company made a C\$8 million investment in Ironstone Resources Limited ("Ironstone"), a private Canadian company which owns the Clear Hills Iron Ore/Vanadium Project ("Clear Hills") in Alberta, Canada.

The Clear Hills Project currently has a resource of 203 million tonnes of iron ore at a grade of 33 per cent iron designated under Canadian National Instrument 43-101 (NI 43-101). This resource estimate prepared by SRK Consultants (Vancouver, Cardiff) ("SRK"), was reported on 28 October 2010, and was based upon Ironstone's 2008 drilling programme on the Rambling Creek block of the Clear Hills deposit. Rambling Creek reported 140 million tonnes of indicated resource (33 per cent Iron, 0.21 per cent Vanadium Pentoxide) and 63 million tonnes of inferred resource (33 per cent Fe). SRK notes that the oolitic ironstone at Rambling Creek is laterally very extensive and that the mineral resources presented in the report only represent a small portion of the deposit.

Historic work (pre NI 43-101) in the 1950s estimated a resource of over one billion tonnes of iron ore at Clear Hills, providing a good opportunity for Ironstone to increase its NI 43-101 resource significantly through targeted drilling programmes. To that end, a winter drilling programme on the North Whitemud River block immediately south of Rambling Creek resulted in completion of 144 diamond core holes (12,000 metres total drilling). Close to 4,500 core samples were gathered and underwent analysis at an independent laboratory in Ontario, Canada from June-August 2011. The results of the laboratory analysis have subsequently been provided to SRK Consultants, and a second NI 43-101 report incorporating the information is anticipated in October 2011.

In addition to drilling, Ironstone opened a bulk sample pit in the southeast part of the Rambling Creek block and removed 10,000 tonnes of ore. This ore will be used for process pilot development that is presently ongoing in partnership with Hatch Engineering, a global consultancy with significant experience in pyro-technology. This work will continue into winter 2012 in advance of a pre-feasibility or feasibility study on the Clear Hills project. The project has a significant vanadium by-product component, and laboratory work to evaluate positive gold assays is ongoing, suggesting the potential for additional revenues from those commodities.

Polo holds an approximate 15.7 per cent interest in Ironstone.

## MinFer Holdings Limited

The exploration for iron ore on MinFer Holding Limited's ("MinFer") Sento Sé Project in Bahia State is in progress with diamond drilling at the Dinossauro and Pedrão iron ore targets aiming to generate the required information to produce a final exploration report to be presented in November 2011 to the Departamento Nacional de Produção Mineral ("DNPM"), as well as to delineate its overall tonnage potential. The DNPM has already granted a three year extension to explore the leases where the Melancias iron ore targets are located. Six iron ore targets have been mapped and a drilling programme is under way to delineate the iron ore resource on each of the six targets. Assay results for the drilling at Melancias and Pedrão supports the preliminary surface sampling which indicated an average ore grade of 35 per cent iron ore, even though iron ore at higher grade is present on all targets. All core and rock samples were sent to the SGS/Lakefield lab in Belo Horizonte-MG. A 15,000 metre drill programme is currently underway.

The follow up exploration work on MinFer's Sento Sé Project in Bahia State, was conducted on a magnetic gravity anomaly coincident south of the Melancias iron ore target and discovered all the ingredients (regional sericitic alteration and tectonic breccia) usual in an iron oxide copper-gold ("IOCG") deposit environment (Olympic Dam style) including exposed copper mineralisation in late quartz veins at the Cumbre Copper target.

Two shallow bore holes conducted in the Coroa de Frade target intersected only highly hydrothermally altered rocks in the position where iron ore was expected. A refinement interpretation of the geophysical data on the large gravity/mag anomaly, south of the Melancias iron ore target, delineated four zones with stronger gravity and coincident magnetic anomalies. These large gravity and magnetic anomalies were defined by a detailed airborne survey (150metre space lines) conducted by Fugro on behalf of MinFer and those anomalies might be reflecting a major concentration of iron oxide at depth. A detailed ground geophysical survey and deep exploratory drill holes on Cumbre and Coroa de Frade IOCG targets are planned over the next six months.

MinFer's Sento Sé Project is located in an underdeveloped mineral province where limited modern exploration had been conducted; there are a few exploration companies working in the region, exploring for iron ore and base metals.

Preliminary Metallurgical test works have been conducted at SGS/Lakefield in Canada on the high grade iron ore (50 per cent to 59 per cent Fe) from the Rio dos Bois iron ore project in the Tocantins State. The SEM and X-Ray Data showed that the iron oxides are approximately 60 per cent Hematite and 40 per cent Goethite and almost all of the phosphorous is partitioned in the Goethite from where it could be extracted by acid leaching. The next recommended step is to concentrate each type of ore into its most achievable iron content through flotation and then determine any market deficiencies prior to delineating the paths to solve them. The iron ore at Rio dos Bois is of a Clinton style with large areal distribution and high to medium phosphorous content with potential for more than two billion tonnes at a very low mining cost and favourable transport and mining logistics.

The first exploration work on MinFer's Iron Tower Project in Para State led to the conclusion that this project has limited potential for iron ore but a significant potential for Nickel sulfides deposits hosted in the pyritic horizon within the Rio Fresco formation like the Nickel deposit in Canada. Additional regional exploration is planned prior to defining the adequate systematic exploration technique to be used in this project to delineate a drill target.

Polo holds an approximate 30 per cent interest in MinFer.

### Competent Person's Statement

The information in this section relates to Exploration Results and is based on information compiled by Mr. Antonio E.M. de Castro who is a Member of the Australasian Institute of Mining and Metallurgy and of CREA (Conselho Regional de Engenharia e Agronomia). Mr. Castro is an Independent Consultant and has sufficient experience which is relevant to the style of mineralisation and the type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Castro consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

### Nimini Gold Corporation

On 1 August 2011 Polo announced that it has entered into an agreement with TSX listed Axmin Inc. (“Axmin”) whereby Polo will acquire a 51 per cent interest in a new company which will own Axmin’s Sierra Leone gold assets (Nimini East and West and Matotoka Exploration Licences), for US\$7.5 million. Axmin will retain a 49 per cent interest in the new company. Completion of the investment is subject to technical and legal due diligence which is currently being undertaken by Polo.

The prospect area is situated in the central-west Kono region of Sierra Leone, some 330 km east of the capital, Freetown. The principal asset is the Komahun Gold Prospect (“Komahun”) which is located within the Nimini Hills West Licence. Komahun has an Indicated Mineral Resource of 370,000 tonnes grading 9.1 g/t Au (110,000 ounces) and an Inferred Mineral Resource of 3.1 million tonnes grading 4.3 g/t Au (435,000 ounces).

The in-situ mineral resource, estimated at a plus 1.8 g/t gold cut off, was undertaken by SRK using robust three dimensional interpretations with grade interpolation carried out using Ordinary Kriging. The cut-off grade reflects modelling parameters suitable for underground mining. The remaining licences in Sierra Leone, being Nimini Hills East and Matotoka are both at an early stage of exploration.

In March 2009, Axmin announced the results of a Preliminary Economic Assessment and Scoping Study (the “Scoping Study”) for Komahun. The Scoping Study demonstrated that Komahun has potential for development as an underground gold mine with target production levels of about 50,000 ounces per annum, with a present estimated six year mine life. In addition, economics for the prospect could be substantially enhanced by future exploration success that is targeting the immediate vertical extensions to the ore body and which remain open beyond the currently investigated depth of 350 metres beneath surface.

In December 2010, the Matotoka Exploration Licence was renewed for a period of two years, until December 2012. Additionally, in April 2011, the Nimini Hills East and West Exploration Licences were granted for a two year period, until March 2013.

### Andina Gold Corporation

In May 2011, the Company completed an investment of approximately US\$4 million in the gold exploration company Andina Gold Corporation (“Andina”). Polo subscribed for 15,898,784 new ordinary shares in Andina at a price of US\$0.244. Andina is interested in applications for 29 gold concessions in the San Bolivar area of Columbia that make up the San Bolivar Gold Project.

The Southern Bolívar area of Colombia is the third most important gold producing region in the country, after Antioquia and Choco. The Southern Bolivar region is known as a traditional mining district. Colombia produced approximately 47.8 tonnes of gold during 2009, a figure that is expected to rise in future years.

Polo holds an approximate 31.8 per cent interest in Andina.



## Signet Petroleum Limited

As a result of two prior investments, undertaken in July and August 2011 respectively, Polo Resources currently holds 2,095,237 shares in Signet Petroleum, comprising approximately 7 per cent of Signet's issued share capital.

On 15 September 2011, the Company announced that a circular would be posted to Company shareholders to consider, and if thought fit approve, a further investment of up to US\$20 million in Signet. The meeting will be held on 6 October 2011.

Signet Petroleum is an independent oil exploration company focused on acquiring and developing high impact exploration assets in Africa. Four highly prospective assets have already been acquired, in Benin, Burundi, Namibia and Tanzania, and the Company is actively pursuing additional assets in other African focus countries.

### Benin

Signet has acquired a 90 per cent shareholding interest in Signet Petroleum Benin, a company that entered into a petroleum contract with the Republic of Benin for the exploration and exploitation of hydrocarbons in offshore Block No. 3 on 15 July 2011. Block No. 3 covers an area of 2,863 square kilometres in the hydrocarbon bearing Dahomey Embayment. Within Block No. 3, there are three major sandstone reservoirs all of which have been penetrated in the Seme field in neighbouring Block No. 1 located to the east.

In February 2011, the Brazilian state oil company Petrobras acquired a 50 per cent interest in Block No. 4 located to the south adjacent to Block No. 3 offshore Benin.

### Burundi

Signet has acquired rights to an 87.5 per cent shareholding interest in Minergy RE (Rare Earths) Limited, which entered into a petroleum contract with the Republic of Burundi for the exploration of hydrocarbons in Block C in Lake Tanganyika on 21 May 2011.

Block C covers an area of 658.1 square kilometres. Lake Tanganyika lies on the western branch of the East African Rift System. The exploration area in Burundi includes the Rusizi and Lake Tanganyika basins and has been divided into four blocks, of which Block C is one. Block A located in the Rusizi basin was awarded in May 2011 to A-Z Petroleum Ltd. The other two blocks, Block B and D, are owned by Surestream Petroleum Limited.

In August 2011, Total SA was granted the Lake Tanganyika North Area license following a competitive bid process in which nine companies applied.

### Namibia

On 17 June 2011, Signet entered into a petroleum agreement with the Government of the Republic of Namibia in relation to Block 2914B which gave Signet a 75 per cent interest in the block. On 19 August 2011, petroleum exploration licence no. 0039 was issued to Signet and its partners in relation to Block 2914B, which comprises an area of 12,299 square kilometres.

Block 2914B is located in the highly prospective Orange Basin to the southwest of the Kudu gas field (estimated proved and prospective reserves of over 6 trillion cubic feet) operated by Tullow Oil plc. Block 2914B is also adjacent to blocks operated by HRT Participações em Petróleo S.A.

### Tanzania

Signet holds an 80 per cent shareholding interest in Hydrotanz Ltd ("Hydrotanz"), a company incorporated in Tanzania. Hydrotanz entered into a production sharing agreement with the United Republic of Tanzania and the Tanzania Petroleum Development Corporation pertaining to the North Mnazi Bay on 29 May 2008. North Mnazi Bay is located offshore and covers an area of 252.27 square kilometres. Hydrotanz has recently completed the acquisition of 375 km of 2D seismic and these results will be interpreted with existing data to design a work programme for the block.

A joint venture between BG International Limited and Ophir Energy plc has interests in Blocks 1, 3 and 4 offshore southern Tanzania. These blocks cover 20,853 square kilometres in the Ruvuma and Mafia Deep Basins area, located in water depths ranging from approximately 100 metres to 3,000 metres. The results of the recent drilling activity in Blocks 1 and 4 have confirmed the presence of both Tertiary and Cretaceous reservoir systems. All three of the recent wells drilled in Blocks 1 and 4 have encountered gas within Tertiary reservoirs. According to a report prepared by RPS Energy Limited in July 2011, Blocks 1, 3 and 4 had 2,454 bscf of gross mean contingent resources and 5,643 bscf of gross mean risked prospective resources. Block 1 is located to the north adjacent to the North Mnazi Bay block.

In the Company's opinion, the potential further investment in Signet provides a good investment opportunity for Polo. Based on comparable companies in the region, Signet's diverse portfolio of assets has the potential to create significant shareholder value.

# Management and Leadership

## **Stephen R. Dattels**

### **(aged 64): Executive Co-Chairman**

Mr. Dattels has founded and/or financed a number of mining ventures, including UraMin Inc., which was sold in July 2007 for US\$2.5 billion to Areva. Mr. Dattels was an executive at Barrick Gold Corporation during its formative years, when it grew from a capital base of US\$10 million to a market capitalisation of US\$2 billion when he left in early 1987. In the past decade, he has completed several financings in the natural resources sector, either directly or through his merchant bank, Regent Mercantile Bancorp Inc. This has included exploration, development or production projects in minerals, base metals and precious metals, with the main areas of focus being Africa and Asia. Mr. Dattels was the Chairman and founder of Caledon Resources plc, an AIM- and ASX-listed Australian coking coal producer, and was the co-founder and Managing Director of AIM-listed Oriel Resources plc, a developer of nickel and chrome assets in Kazakhstan. Mr. Dattels is Non-executive Co-Chairman of Regent Pacific Group Limited, a Hong Kong listed copper/gold and coal company. He is also the AIM-listed Co-Chairman of Emerging Metals Limited, a Non-executive Director of GCM Resources plc and MinFer Holdings Limited, and Executive Chairman and Director of Signet Petroleum Limited. Mr. Dattels has a Bachelor of Arts degree from McGill University, a law degree (cum laude) from the University of Western Ontario and has completed the program for Management Development at Harvard University.

## **Neil L. Herbert**

### **(aged 45): Executive Co-Chairman**

Mr. Herbert has worked in the management of mining and exploration companies in Africa, Asia and the Americas since 1998 when he joined Antofagasta plc, having previously worked in finance with Price Waterhouse. Mr. Herbert is also Chairman of the uranium exploration company UrAmerica Limited and a Non-Executive Director of Ironstone Resources Limited, MinFer Holdings Limited, Ferrum Resources Limited, European Nickel plc and Sunrise Resources plc. Finance Director of UraMin Inc from its formation in 2005, he took the company through listing on both AIM and TSX, raising over US\$400 million and managed its acquisition by Areva for US\$2.5 billion in 2007. Mr. Herbert has previously been Executive Director of a number of resource companies, taking these through project acquisitions and disposals together with stock market listings and fund raisings and has been Non-Executive Director of a number of other companies. He was Chief Financial Officer of gold explorer Brancote Holdings plc until its acquisition by Meridian Gold Inc in 2002 for US\$368 million. Mr. Herbert is a fellow of the Association of Chartered Certified Accountants.

## **Ian Burns**

### **(aged 51): Finance Director**

Mr. Burns is a fellow of both the Institute of Chartered Accountants in England and Wales and the Chartered Institute for Securities and Investment. He is the founder and Senior Executive Director of Via Executive Limited, a specialist management consulting company and the Managing Director of Regent Mercantile Holdings Limited, a privately owned investment company. For over twenty years Mr. Burns has specialised in corporate governance, risk management, accounting and administration for companies in a number of industry sectors and is currently a Non-Executive Director of Phaunos Timber Fund Limited, a US\$700 million company listed on the London Stock Exchange, as well as several fund management companies engaged in the property, emerging markets and alternative energy sectors. He is licensed as a personal fiduciary by the Guernsey Financial Services Commission. Previously Mr. Burns was an Executive Director at Anson Fund Management Limited and, prior to that, Group Managing Director of Investec Trust. He is the former Chairman of the Guernsey Association of Trustees and a current member of the Society of Trust and Estate Planners Guernsey committee.

## Guy Elliott

### **(age 52): Senior Non-Executive Director**

Mr. Elliott is a co-founder of F3 Capital Management, LLC, an independent alternative asset management firm specialising in early stage financings in the natural resources field. Prior thereto, Mr. Elliott was president and co-founder of Croesus Capital Management, a specialist emerging markets hedge fund from 1993 until 2001, President of Rothschild Emerging Markets and manager of the Rothschild Emerging Markets Natural Resources Fund. Mr. Elliott is Vice Chairman of AIM listed Top Level Domain Holdings. Past Directorships include Aurelian Oil & Gas an AIM listed E&P company and Direct Petroleum Exploration Inc, a private Denver based E&P company.

## Ian Stalker

### **(age 59): Non-Executive Director**

Mr. Stalker is a chemical engineer, with an outstanding history in developing and managing a number of mining projects in Europe, Africa and Australia over the past 35 years. He has worked his way up from operational roles in base and precious metals companies to senior project development and director positions with some of the largest mining companies in the world and has successfully managed eight mining projects throughout the world through feasibility study, development and construction phases. He is currently Chief Executive Officer of Brazilian Gold Corporation, Non Executive Director (formerly Managing Director) of Berkeley Resources Limited and was formerly Chief Executive Officer of Niger Uranium Limited from 2008 until April 2010. Prior to that, he was Chief Executive Officer of UraMin Inc. from late 2005 until Areva acquired the company for US\$2.5 billion in July 2007. He has worked in senior executive roles at Gold Fields Limited, Zambia Consolidated Copper Mines Limited, Ashanti Goldfields Company Limited and Caledonia Mining Corporation. He has also been a senior metallurgical consultant for Lycopodium, the Australian-based engineering company.

## Jim Mellon

### **(age 54): Non-Executive Director**

Mr. Mellon has been a fund and asset manager for nearly thirty years. He is an avid participant in a number of markets, in particular the stock markets of emerging nations. Mr. Mellon started his career with GT Management plc in 1978. In July 1984, he moved to the Thornton Group where he was Managing Director of the Asian operation. From 1988 to 1990, he was an Executive Director of Tyndall Holdings plc, responsible for business expansion and corporate development. Mr. Mellon is the founder, principal shareholder and co-Chairman of the Regent Pacific Group, quoted on the Hong Kong Stock Exchange. He is also founder, principal shareholder and a Non-Executive Director of Charlemagne Capital and Non-Executive co-Chairman of Emerging Metals Limited, both listed on the AIM market.

## Bryan Smith

### **(age 71): Non-Executive Director**

Mr. Smith has more than 30 years of experience in the securities industry and is a recognised leader in the Canadian financial industry. Mr. Smith began his career in 1967 with Nesbitt Thomson. In 1973 he joined Draper Dobie Limited, holding subsequently senior roles, including Vice President and Director. Mr. Smith has also held the role of Senior Vice President of Gardner Watson Limited, now Dean Witter, and Senior Vice President and Director of Walwyn Stodgell Limited. Mr. Smith was a cofounder and former Director of Burgundy Asset Management. He was pivotal in the firm's growth to its position as top Canadian equity performer in 2000 and ranking in the number two position for the past five years. Burgundy has significant assets under management for clients that range from pension funds, charitable foundations, public and private corporations as well as wealthy private clients. Mr. Smith has been a Director of a number of public and private companies, including Northbridge Financial Corporation and Bioscrypt Inc.

# Forward-looking Statements

Certain statements in this report are “Forward Looking statements”. These statements are not based on historical facts, but rather on the management’s expectations regarding the Company’s future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, planned exploration and development drilling activity and the results of such drilling activity, business prospects and opportunities. Such Forward Looking statements reflect management’s current beliefs and assumptions and are based on information currently available to management.

Forward-looking statements involve significant known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including risks associated with vulnerability to general economic market and business conditions, competition, environmental and other regulatory changes, the results of exploration and development drilling and related activities, actions by governmental authorities, the availability of capital markets, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond the control of the Company. Although the forward-looking statements contained in this Document are based upon what management believes to be reasonable assumptions the Company cannot assure investors that actual results will be consistent with these forward-looking statements.

# Consolidated Annual Financial Statements

## For the period ending 30 June 2011

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# Directors' Report

The Directors are pleased to present this year's Annual Report together with the consolidated financial statements for the period ended 30 June 2011.

## **Principal Activities**

The principal activities of the Group is that of a natural resources investment company focused on investing in undervalued companies and projects with strong fundamentals and attractive growth prospects. Polo will primarily invest in companies with producing assets and/or resources and reserves that have been verified under internationally recognised reporting standards. Polo aims to build a diversified portfolio of mineral assets which the Board of Directors consider as offering substantial growth potential, pursuing both short and long-term value - enhancing investments.

## **Business Review and future developments**

A review of the current and future development of the Group's business is given in the Highlights, Executive Co-Chairmen's Statement, and Finance Review on pages 7 to 9.

## **Results and Dividends**

Profit on ordinary activities of the Group after taxation amounted to US\$65.21million (2010: US\$28.84million). The Directors do not recommend payment of a dividend in respect of the financial period under review, however a special dividend of 2 pence per share was declared on 12 September 2011.

## **Key Performance Indicators**

Given the nature of the business the Directors are of the opinion that analysis using KPIs is not appropriate for an understanding of the development, performance or position of our business at this time.

## **Post Balance Sheet events**

At the date these financial statements were approved, being 19 September 2011, the Directors were not aware of any significant post balance sheet events other than those set out in the notes to the financial statements.

## Directors' Report (continued)

### Directors

The names of the Directors who served during the year are set out below:

Director	Date of Appointment	Date of Resignation
<b>Executive Directors</b>		
Stephen Dattels Neil Herbert Paul Ingram Ian Burns	26 May 2011	5 January 2011

### Non-Executive Directors

Guy Elliott Bryan Smith James Mellon Ian Stalker	18 October 2010
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### Directors' Remuneration

The Company remunerates the Directors at a level commensurate with the size of the Company and the experience of its Directors. The Remuneration Committee has reviewed the Directors' remuneration and believes it upholds the objectives of the Company with regard to this issue. Details of the Directors' emoluments and payments made for professional services rendered are set out in Note 8 to the financial statements.

### Directors' Interests

The total beneficial interests of the serving Directors in the shares and options of the Company during the period to 30 June 2011 were as follows:

Director	30 June 2011 or Date of Resignation		30 June 2010 or Date of Resignation	
	Shares	Options*	Shares	Options*
Stephen Dattels	224,040,835	20,000,000	111,676,007	5,000,000
Neil Herbert	81,385,625	20,000,000	53,132,954	12,000,000
Paul Ingram	24,114,286	-	9,114,286	15,000,000
Guy Elliott	10,000,000	5,000,000	31,199,999	5,000,000
Bryan Smith	10,581,240	5,000,000	4,287,240	5,000,000
James Mellon	24,500,000	5,000,000	16,500,000	5,000,000
Ian Stalker	5,895,000	5,000,000	-	-
Ian Burns	-	-	-	-

\* The option details have been fully disclosed in Note 20 to the financial statements.

### Corporate Governance

A statement on Corporate Governance is set out on pages 24 to 26.

### Environmental Responsibility

The Company is aware of the potential impact that activities conducted by it and some of its subsidiary companies may have on the environment. The Company ensures that it, and its subsidiaries at a minimum, comply with the local regulatory requirements and the revised Equator Principles with regard to the environment.

### Employment Policies

The Group will be committed to promoting policies which ensure that high calibre employees are attracted, retained and motivated, to ensure the ongoing success for the business. Employees and those who seek to work within the Group are treated equally regardless of sex, marital status, creed, colour, race or ethnic origin.

## **Directors' Report (continued)**

### **Health and Safety**

The Group aims to achieve and maintain a high standard of workplace safety. In order to achieve this objective the Group will provide training and support to employees and set demanding standards for workplace safety.

### **Payment to Suppliers**

The Group's policy is to agree terms and conditions with suppliers in advance; payment is then made in accordance with the agreement provided the supplier has met the terms and conditions. Suppliers are typically paid within 30 days of issue of invoice.

### **Political Contributions and Charitable Donations**

During the period the Group did not make any political contributions or charitable donations.

### **Annual General Meeting ("AGM")**

This report and financial statements will be presented to shareholders for their approval at the AGM. The Notice of the AGM will be distributed to shareholders together with the Annual Report.

### **Statement of disclosure of information to auditors**

As at the date of this report the serving Directors confirm that:

- So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as Directors' in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

### **Auditors**

A resolution to re-appoint Chapman Davis LLP and to authorise the Directors to fix their remuneration will be proposed at the next Annual General Meeting.

### **Going Concern**

Notwithstanding the profit incurred during the period under review, the Directors are of the opinion that ongoing evaluations of the Company's interests indicate that preparation of the Group's accounts on a going concern basis is appropriate.

## Directors' Report (continued)

### Statement of Directors' Responsibilities

The Directors prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are also responsible for ensuring that the Annual Report includes information required by the Alternative Investment Market.

### Electronic communication

The maintenance and integrity of the Company's website is the responsibility of the Directors: the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The Company's website is maintained in accordance with AIM Rule 26.

Legislation in the British Virgin Islands governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

By order of Board:



**Ian Burns**  
Finance Director  
19 September 2011

# Corporate Governance Statement

The Board is committed to maintaining high standards of corporate governance. The Listing Rules of the Financial Services Authority incorporate the Combined Code, which sets out the principles of Good Governance, and the Code of Best Practice for listed companies. Whilst the Company is not required to comply with the Combined Code, the Company's corporate governance procedures take due regard of the principles of Good Governance set out in the Combined Code in relation to the size and the stage of development of the Company.

## **Board of Directors**

The Board of Directors currently comprises three Executive Directors two of whom are Co-Chairmen and four Non-Executive Directors. The Directors are of the opinion that the Board comprises a suitable balance and that the recommendations of the Combined Code have been implemented to an appropriate level. The Board, through the Co- Executive Chairmen in particular, maintains regular contact with its advisers and public relations consultants in order to ensure that the Board develops an understanding of the views of major shareholders about the Company.

## **Board Meetings**

The Board meets regularly throughout the year. For the period ending 30 June 2011 the Board met 30 times in relation to normal operational matters. The Board is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operating performance. Day to day management is devolved to the Executive Directors who are charged with consulting the Board on all significant financial and operational matters.

All Directors have access to the advice of the Company's solicitors and other professional advisers as necessary and information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively. All Directors have access to independent professional advice, at the Company's expense, as and when required.

## **Board Committees**

The Board has established the following committees, each of which has its own terms of reference:

### *Audit Committee*

The Audit Committee considers the Group's financial reporting (including accounting policies) and internal financial controls. The Audit Committee comprises one Executive Director, and two Non-Executive Directors, Guy Elliott (Chairman) Neil Herbert and James Mellon, and is responsible for ensuring that the financial performance of the Group is properly monitored and reported on.

### *Remuneration Committee*

The Remuneration Committee is responsible for making recommendations to the Board on Directors' and senior executives' remuneration. It comprises one Executive Director and three Non-Executive Directors, Stephen Dattels (Chairman), Guy Elliott, James Mellon and Bryan Smith. Non-Executive Directors' remuneration and conditions are considered and agreed by the Board. Financial packages for Executive Directors are established by reference to those prevailing in the employment market for executives of equivalent status both in terms of level of responsibility of the position and their achievement of recognized job qualifications and skills. The Committee will also have regard to the terms which may be required to attract an equivalent experienced executive to join the Board from another company.

### *Investment Committee*

The Investment Committee has been created as a sub-committee of the Board of Directors to oversee the significant investments Polo has maintained in Caledon Resources plc, GCM Resources plc, and other short term investments. The committee has been set up to monitor the performance of these investments and reports to the Board of Directors accordingly, making recommendations on both potential investments and divestments. The committee is chaired by Guy Elliott (Senior Non-Executive Director) and has two further Directors, Neil Herbert (Co-Executive Chairman) and Bryan Smith (Non-Executive Director).

## **Internal controls**

The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Company and to ensure the reliability of financial information for both internal use and external publication. The Directors are aware that no system can provide absolute assurance against material misstatement or loss. However, in the interest of the further development of the Company, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

# Corporate Governance Statement (continued)

## Risk Management

The Board considers risk assessment to be important in achieving its strategic objectives. There is a process of evaluation of performance targets through regular reviews by senior management to forecasts. Project milestones and timelines are regularly reviewed.

## Risks and uncertainties

The principal risks facing the Company are set out below. Risk assessment and evaluation is an essential part of the Group's planning and an important aspect of the Group's internal control system.

### General and economic risks

- contractions in the world's major economies or increases in the rate of inflation resulting from international conditions;
- movements in the equity and share markets in the United Kingdom and throughout the world;
- weakness in global equity and share markets in particular, in the United Kingdom, and adverse changes in market sentiment towards the natural resource industry;
- currency exchange rate fluctuations and, in particular, the relative prices of US Dollar, Australian Dollar, Canadian Dollar, and the UK Pound;
- exposure to interest rate fluctuations; and
- adverse changes in factors affecting the success of exploration and development operations, such as increases in expenses, changes in government policy and further regulation of the industry; unforeseen major failure, breakdowns or repairs required to key items of plant and equipment resulting in significant delays, notwithstanding regular programmes of repair, maintenance and upkeep; variations in grades and unforeseen adverse geological factors or prolonged weather conditions.

### Funding risk

- The Group or the companies in which it has invested may not be able to raise, either by debt or further equity, sufficient funds to enable completion of planned exploration, investment and/or development projects.

### Commodity risk

- Commodities are subject to high levels of volatility in price and demand. The price of commodities depends on a wide range of factors, most of which are outside the control of the Company. Mining, processing and transportation costs also depend on many factors, including commodity prices, capital and operating costs in relation to any operational site.

### Exploration and development risks (relating to investments)

- Exploration and development activity is subject to numerous risks, including failure to achieve estimated mineral resource, recovery and production rates and capital and operating costs.
- Success in identifying economically recoverable reserves can never be guaranteed. The Company also cannot guarantee that the companies in which it has invested will be able to obtain the necessary permits and approvals required for development of their projects.
- Some of the countries in which the Company operates have native title laws which could affect exploration and development activities. The companies in which the Company has an interest may be required to undertake clean-up programmes on any contamination from their operations or to participate in site rehabilitation programmes which may vary from country to country. The Group's policy is to follow all applicable laws and regulations and the Company is not currently aware of any material issues in this regard.
- Timely approval of mining permits and operating plans through the respective regulatory agencies cannot be guaranteed.
- Availability of skilled workers is an ongoing challenge.
- Geology is always a potential risk in mining activities.

### Market risk

- The ability of the Group (and the companies it invests in) to continue to secure sufficient and profitable sales contracts to support its operations is a key business risk.

## Corporate Governance Statement (continued)

### **Insurance**

The Group maintains insurance in respect of its Directors and Officers against liabilities in relation to the Company.

### **Treasury Policy**

The Group finances its operations through equity and holds its cash as a liquid resource to fund the obligations of the Group and take advantage of opportunities as they arise. Decisions regarding the management of these assets are approved by the Board. Refer Note 22.

### **Securities Trading**

The Board has adopted a Share Dealing Code that applies to Directors, senior management and any employee who is in possession of 'inside information'. All such persons are prohibited from trading in the Company's securities if they are in possession of 'inside information'. Subject to this condition and trading prohibitions applying to certain periods, trading can occur provided the relevant individual has received the appropriate prescribed clearance.

### **Relations with Shareholders**

The Board is committed to providing effective communication with the shareholders of the Company. Significant developments are disseminated through stock exchange announcements and regular updates of the Company website. The Board views the AGM as a forum for communication between the Company and its shareholders and encourages their participation in its agenda.

# Independent Auditors Report to the Shareholders of Polo Resources Ltd

We have audited the group and parent company financial statements of Polo Resources Ltd for the period ended 30 June 2011, which comprise the Group and Parent Statements of Comprehensive Income, the Group and Parent Balance Sheets, Group and Parent Cash Flow Statement, Group and Parent Statement of Changes in Equity, and the related notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out in the Directors' Report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

## Opinion on financial statements

In our opinion:

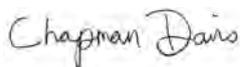
- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2011 and of the Group's and the Parent Company's profit or loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with Article 4 of the IAS Regulation.
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following:

We are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Chapman Davis LLP**  
Registered Auditors  
London, United Kingdom  
19 September 2011

## Group Statement of Comprehensive Income for the year ended 30 June 2011

	Notes	Year ended 30 June 2011 \$ 000's	Year ended 30 June 2010 \$ 000's
Gains on sale of investments		70,381	20,130
Gains on sale of associates		2,569	-
Investment income	5	2,723	774
Administrative expenses		(7,298)	(7,919)
Share options expensed	8, 20	(430)	(2,199)
Currency exchange (losses)		(4,919)	(1,415)
Reversal of Impairment of investment in subsidiaries	13	-	7,567
Convertible Loan written off		(841)	-
<b>Group operating profit/(loss)</b>	<b>3</b>	<b>62,185</b>	<b>(16,938)</b>
Share of Joint Venture results		-	(3,554)
Share of associates results	15	(2,054)	(3,983)
Other income	6	4,193	2,945
Finance revenue	7	2,600	130
Gain on Joint Venture disposal	14	-	19,049
Loan to Joint venture written-off		-	(2,682)
<b>Profit before taxation</b>	<b>2</b>	<b>66,924</b>	<b>28,843</b>
Income tax expense	9	(1,719)	-
<b>Retained profit for the period attributable to members of the parent Company</b>		<b>65,205</b>	<b>28,843</b>
<b>Other comprehensive income</b>			
(Loss)/gain on revaluation of available for sale investments		(1,689)	2,628
Transfer to income statement of available for sale investments		(61,226)	-
Currency translation differences		45,144	(31,057)
<b>Other comprehensive income for the year net of taxation</b>		<b>(17,771)</b>	<b>(28,429)</b>
<b>Total comprehensive income for the year attributable to members of the parent company</b>		<b>47,434</b>	<b>414</b>
<b>Earnings per share (US cents)</b>			
<b>Basic</b>	<b>11</b>	<b>2.75</b>	<b>1.23</b>
<b>Diluted</b>	<b>11</b>	<b>2.71</b>	<b>1.16</b>

## Company Statement of Comprehensive Income for the year ended 30 June 2011

	Notes	Year ended 30 June 2011 \$ 000's	Year ended 30 June 2010 \$ 000's
Administrative expenses		(7,298)	(7,916)
Share options expensed	8, 20	(430)	(2,199)
Currency exchange (losses)		(3,684)	(72)
Reversal of Impairment of investment in Subsidiaries	13	-	7,567
Convertible Loan written off		(841)	-
Investment income	5	2,362	3,656
<b>Operating (loss)/profit</b>	<b>3</b>	<b>(9,891)</b>	<b>1,036</b>
Other income	6	4,193	1,895
Finance revenue	7	2,600	130
Loan to Joint Venture written-off		-	(2,682)
<b>(Loss)/profit before taxation</b>		<b>(3,098)</b>	<b>379</b>
Income tax expense	9	-	-
<b>Retained (loss)/profit after taxation</b>		<b>(3,098)</b>	<b>379</b>
<b>Other comprehensive income</b>			
Currency translation differences		21,609	(19,739)
<b>Other comprehensive income for the year net of taxation</b>		<b>21,609</b>	<b>(19,739)</b>
<b>Total comprehensive income for the year</b>		<b>18,511</b>	<b>(19,360)</b>

# Group Balance Sheet as at 30 June 2011

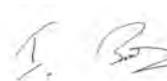
	Note	30 June 2011		30 June 2010	
		\$ 000's	\$ 000's	\$ 000's	\$ 000's
<b>ASSETS</b>					
<b>Non-current assets</b>					
Tangible assets	12	7		4	
Interest in Joint Venture	14	3,936		-	
Interest in associates	15	37,172		120,934	
Available for sale investments	16	16,202		-	
<b>Total non-current assets</b>			<b>57,317</b>		120,938
<b>Current assets</b>					
Interest in associates	15	124,727		-	
Trade and other receivables	17	428		22,686	
Available for sale investments	16	5,538		125,491	
Cash and cash equivalents		45,796		37,795	
<b>Total current assets</b>			<b>176,489</b>		185,972
<b>TOTAL ASSETS</b>			<b>233,806</b>		306,910
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	18	(2,410)		(2,517)	
<b>TOTAL LIABILITIES</b>			<b>(2,410)</b>		(2,517)
<b>NET ASSETS</b>			<b>231,396</b>		304,393
<b>EQUITY</b>					
Equity contribution		285,491		275,109	
Retained earnings		(82,423)		(40,629)	
Available for sale investment reserve		(1,833)		53,012	
Foreign exchange reserve		29,561		10,226	
Share based payments reserve	20	600		6,675	
<b>TOTAL EQUITY</b>			<b>231,396</b>		304,393

These financial statements were approved by the Board of Directors on 19 September 2011 and signed on its behalf by:

Stephen Dattels  
Director



Ian Burns  
Director



# Company Balance Sheet as at 30 June 2011

	Notes	30 June 2011		30 June 2010	
		\$ 000's	\$ 000's	\$ 000's	\$ 000's
<b>ASSETS</b>					
<b>Non-current assets</b>					
Tangible assets	12	7		4	
Investment in subsidiaries	13	21,328		30,881	
Investment in joint venture	14	3,936		-	
Trade and other receivables	17	64,508		168,768	
<b>Total non-current assets</b>			<b>89,779</b>		199,653
<b>Current assets</b>					
Cash and cash equivalents		45,796		37,795	
Trade and other receivables	17	261		2,252	
<b>Total Current Assets</b>			<b>46,057</b>		40,047
<b>TOTAL ASSETS</b>			<b>135,836</b>		239,700
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade and other payables	18	(570)		(2,514)	
<b>TOTAL LIABILITIES</b>			<b>(570)</b>		(2,514)
<b>NET ASSETS</b>			<b>135,266</b>		237,186
<b>EQUITY</b>					
Equity contribution		285,491		275,109	
Retained earnings		(159,684)		(50,046)	
Foreign exchange reserve		8,859		5,448	
Share based payments reserve	20	600		6,675	
<b>TOTAL EQUITY</b>			<b>135,266</b>		237,186

These financial statements were approved by the Board of Directors on 19 September 2011 and signed on its behalf by:

Stephen Dattels  
Director



Ian Burns  
Director



# Group Cash Flow Statement for the year ended 30 June 2011

	Notes	Year ended 30 June 2011 \$ 000's	Year ended 30 June 2010 \$ 000's
<b>Cash flows from operating activities</b>			
Operating profit		62,185	16,938
Decrease in trade and other receivables		2,258	1,874
(Decrease) in trade and other payables		(1,947)	(6,304)
Decrease in available for sale investments		50,234	5,071
Foreign exchange loss		4,919	1,415
Share options expensed		430	2,199
Convertible Loan written off		841	-
Reversal of impairment of investment in Mongolia		-	(7,567)
Gains on sale of associates		(2,569)	-
Depreciation & impairment		7	4
<b>Net cash inflow from operating activities</b>		<b>116,359</b>	<b>13,630</b>
<b>Cash flows from investing activities</b>			
Finance revenue		2,600	130
Net payments for investments in associates		(15,727)	(3,767)
Payments to acquire tangible assets		(9)	(2)
Convertible loan advanced		(841)	-
<b>Net cash outflow from investing activities</b>		<b>(13,977)</b>	<b>(3,639)</b>
<b>Acquisitions and disposals</b>			
Payments to acquire joint venture		(3,936)	-
Payments to acquire subsidiaries		-	(2)
Receipts on sale of joint venture		20,000	15,000
<b>Net cash inflow from acquisitions and disposals</b>		<b>16,064</b>	<b>14,998</b>
<b>Cash flows from financing activities</b>			
Issue of ordinary share capital		6,830	-
Share issue costs		-	(234)
Cost of buy back of shares/warrants		(7,837)	(1,485)
Dividend paid to company shareholders		(113,928)	-
<b>Net cash outflow from financing activities</b>		<b>(114,935)</b>	<b>(1,719)</b>
<b>Net increase in cash and cash equivalents</b>		<b>3,511</b>	<b>23,270</b>
Cash and cash equivalents at beginning of period		37,795	12,288
Exchange gain on cash and cash equivalents		4,490	2,237
<b>Cash and cash equivalents at end of period</b>	<b>21</b>	<b>45,796</b>	<b>37,795</b>

# Company Cash Flow Statement for the year ended 30 June 2011

	Notes	Year ended 30 June 2011 \$ 000's	Year ended 30 June 2010 \$ 000's
<b>Cash flows from operating activities</b>			
Operating (loss)/profit		(9,981)	1,036
Decrease in trade and other receivables		1,991	1,984
(Decrease) in trade and other payables		(1,944)	(6,307)
Share options expensed		430	2,199
Convertible Loan written off		841	-
Foreign exchange loss		3,684	72
Reversal of impairment of investment in subsidiaries		-	(7,567)
Depreciation		7	4
<b>Net cash outflow from operating activities</b>		<b>(4,972)</b>	<b>(8,579)</b>
<b>Cash flows from investing activities</b>			
Finance Revenue		2,600	130
Purchase of tangible assets		(9)	(2)
Loans repaid from subsidiaries		113,065	32,676
Convertible loan advanced		(841)	-
<b>Net cash inflow from investing activities</b>		<b>114,815</b>	<b>32,804</b>
<b>Acquisitions and disposals</b>			
Payments to acquire subsidiaries		-	(2)
Capital redemption from subsidiaries		12,496	675
Payments to acquire joint venture		(3,936)	-
<b>Net cash inflow from acquisitions and disposals</b>		<b>8,560</b>	<b>673</b>
<b>Cash flows from financing activities</b>			
Issue of ordinary share capital		6,830	-
Share issue costs		-	(234)
Cost of buy back of share/warrants		(7,837)	(1,485)
Dividend paid to company shareholders		(113,928)	-
<b>Net cash outflow from financing activities</b>		<b>(114,935)</b>	<b>(1,719)</b>
<b>Net increase in cash and cash equivalents</b>		<b>3,468</b>	<b>23,179</b>
Cash and cash equivalents at beginning of period		37,795	12,288
Exchange gain on cash and cash equivalents		4,533	2,328
<b>Cash and cash equivalents at end of period</b>	<b>21</b>	<b>45,796</b>	<b>37,795</b>

## Group Statement of Changes in Equity For the year ended 30 June 2011

	Called up share capital	Share premium reserve	Available for sale investment reserve	Foreign currency translation reserve	Share based payment reserve	Retained earnings	Total equity
Group	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's
<b>As at 1 July 2009</b>	-	305,359	56,553	8,037	3,129	(69,472)	303,606
Profit for the year						28,843	28,843
Gain on revaluation of available for sale investments	-	-	2,628	-	-	-	2,628
Currency translation differences	-	(26,625)	(6,169)	2,189	(452)	-	(31,057)
<b>Total comprehensive income</b>	-	<b>(26,625)</b>	<b>(3,541)</b>	<b>2,189</b>	<b>(452)</b>	<b>28,843</b>	<b>414</b>
Share capital issued	-	-	-	-	-	-	-
Cost of share issue	-	(3,625)	-	-	-	-	(3,625)
Share based payments					3,998		3,998
<b>As at 30 June 2010</b>	-	<b>275,109</b>	<b>53,012</b>	<b>10,226</b>	<b>6,675</b>	<b>(40,629)</b>	<b>304,393</b>
Profit for the year	-	-	-	-	-	65,205	65,205
(Loss) on revaluation of available for sale investments	-	-	(1,689)	-	-	-	(1,689)
Transfer to income statement	-	-	(61,226)	-	-	-	(61,226)
Currency translation differences	-	17,315	8,070	19,335	378	46	45,144
<b>Total comprehensive income</b>	-	<b>17,315</b>	<b>(54,845)</b>	<b>19,335</b>	<b>378</b>	<b>65,251</b>	<b>47,434</b>
Share capital issued	-	-	-	-	-	-	-
Purchase & cancellation of own shares	-	(13,763)	-	-	-	-	(13,763)
Share options exercised	-	6,830	-	-	(3,901)	3,901	6,830
Share based payments	-	-	-	-	430	-	430
Share options cancelled	-	-	-	-	(2,982)	2,982	-
Dividend paid	-	-	-	-	-	(113,928)	(113,928)
<b>As at 30 June 2011</b>	-	<b>285,491</b>	<b>(1,833)</b>	<b>29,561</b>	<b>600</b>	<b>(82,423)</b>	<b>231,396</b>

## Company Statement of Changes in Equity continued For the period ended 30 June 2011

	Called up share capital	Share premium reserve	Foreign exchange reserve	Share based payment reserve	Retained earnings	Total equity
Company	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's
<b>As at 1 July 2009</b>	-	305,359	(1,890)	3,129	(50,425)	256,173
Profit for the period	-	-	-	-	379	379
Currency translation differences	-	(26,625)	7,338	(452)	-	(19,739)
<b>Total comprehensive income</b>	-	<b>(26,625)</b>	<b>7,338</b>	<b>(452)</b>	<b>379</b>	<b>(19,360)</b>
Share capital issued	-					
Cost of share issue	-	(3,625)				(3,625)
Share based payments	-			3,998		3,998
<b>As at 30 June 2010</b>	-	<b>275,109</b>	<b>5,448</b>	<b>6,675</b>	<b>(50,046)</b>	<b>237,186</b>
(Loss) for the period	-	-	-	-	(3,098)	(3,098)
Currency translation differences	-	17,315	3,411	378	505	21,609
<b>Total comprehensive income</b>	-	<b>17,315</b>	<b>3,411</b>	<b>378</b>	<b>(2,593)</b>	<b>18,511</b>
Share capital issued	-	-	-	-	-	-
Purchase & cancellation of own shares	-	(13,763)	-	-	-	(13,763)
Cost of share issue	-	-	-	-	-	-
Share options exercised	-	6,830	-	(3,901)	3,901	6,830
Share based payments	-	-	-	430	-	430
Share options cancelled	-	-	-	(2,982)	2,982	-
Dividend paid	-	-	-	-	(113,928)	(113,928)
<b>As at 30 June 2011</b>	-	<b>285,491</b>	<b>8,859</b>	<b>600</b>	<b>(159,684)</b>	<b>135,266</b>

# Notes to the Financial Statements for the year ended 30 June 2011

## 1 Summary of Significant Accounting Policies

### (a) Authorisation of financial statements

The Group financial statements of Polo Resources Ltd for the year ended 30 June 2011 were authorised for issue by the Board on 19 September 2011 and the balance sheets signed on the Board's behalf by Stephen Dattels and Ian Burns. The Company is registered in British Virgin Islands under the BVI Business Companies Act 2004 with registered number 1406187. The Company's Ordinary Shares are traded on the AIM Market operated by the London Stock Exchange and also the TSX in Canada operated by the Toronto Stock Exchange.

### (b) Statement of compliance with IFRS

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Company's and Subsidiaries' financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB).

#### Future changes in accounting policies

IASB (International Accounting Standards Board) and IFRIC (International Financial Reporting Interpretations Committee) have issued the following standards and interpretations with an effective date after the date of these financial statements:

New/Revised International Financial Reporting Standards (IAS/IFRS)	Effective date (accounting periods commencing on or after)
IAS 1 Presentation of Financial Statements*	1 January 2011
IAS 12 Income Taxes – Limited scope amendment (recovery of underlying assets) (December 2010)	1 January 2012
IAS 24 Related Party Disclosures - Revised definition of related parties	1 January 2011
IAS 27 Consolidated and Separate Financial Statements*	1 July 2010
IAS 27 Consolidated and Separate Financial Statements – Reissued as IAS 27 <i>Separate Financial Statements</i> (as amended in May 2011)	1 January 2013
IAS 28 Investments in Associates – Reissued as IAS 28 <i>Investments in Associates and Joint Ventures</i> (as amended in May 2011)	1 January 2013
IAS 34 Interim Financial Reporting*	1 January 2011
IFRS 3 Business Combinations*	1 July 2010
IFRS 7 Financial Instruments: Disclosures*	1 January 2011
IFRS 7 Financial Instruments: Disclosures – Amendments enhancing disclosures about transfers of financial assets (October 2010)	1 July 2011
IFRS 9 Financial Instruments - Classification and Measurement	1 January 2013
IFRS 10 Consolidated Financial Statements**	1 January 2013
IFRS 11 Joint Arrangements**	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities**	1 January 2013
IFRS 13 Fair Value Measurement**	1 January 2013
<b>IFRIC Interpretation</b>	
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

\*Amendments resulting from May 2010 Annual Improvements to IFRSs

\*\* Original issue May 2011

## Notes to Financial Statements for the year ended 30 June 2011, continued

### (c) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for the measurement to fair value of assets and financial instruments as described in the accounting policies below, and on a going concern basis.

The financial report is presented in US Dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

### (d) Basis of consolidation

The consolidated financial information incorporates the results of the Company and its subsidiaries (the "Group") using the purchase method. In the consolidated balance sheet, the acquiree's identifiable assets and liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained. Inter-company transactions and balances between Group companies are eliminated in full.

### (e) Business combinations

The acquisition of subsidiaries in a business combination is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *'Non Current Assets Held for Sale and Discontinued Operations'*, which are recognised and measured at fair value less costs to sell.

Where there is a difference between the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities and the cost of the business combination, any excess cost is recognised in the balance sheet as goodwill and any excess net fair value is recognised immediately in the income statement as negative goodwill on acquisition of subsidiary.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

### (f) Interest in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associates, less any impairment in the value of individual investments. Losses of the associates in excess of the Group's interest in those associates are not recognised unless the Group has an obligation to fund such losses.

Where a Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

## Notes to Financial Statements for the year ended 30 June 2011, continued

### (g) Interest in joint ventures

A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity that is subject to joint control; that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

These consolidated financial statements include the Group's share of the total recognised gains and losses of joint ventures using the equity method, from the date that significant influence or joint control commences to the date that it ceases, based on present ownership interests and excluding the possible exercise of potential voting rights, less any impairment losses. When the Group's interest in a joint venture has been reduced to nil because the Group's share of losses exceeds its interest in the joint venture, the Group only provides for additional losses to the extent that it has incurred legal or constructive obligations to fund such losses, or where the Group has made payments on behalf of the joint venture. Where the disposal of an investment in a joint venture is considered to be highly probable, the investment ceases to be equity accounted and, instead, is classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell.

### (h) Revenue

The Groups' principal income was derived from investment activities during the year ending 30 June 2011.

### (i) Foreign currencies

The Company's functional currency is Sterling (£). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. As at the reporting date the assets and liabilities of these subsidiaries are translated into the presentation currency of Polo Resources Ltd, which is US Dollar (\$), at the rate of exchange ruling at the balance sheet date and their income statements are translated at the average exchange rate for the year. The exchange differences arising on the translation are taken directly to a separate component of equity.

All other differences are taken to the income statement with the exception of differences on foreign currency borrowings, which, to the extent that they are used to finance or provide a hedge against foreign equity investments, are taken directly to reserves to the extent of the exchange difference arising on the net investment in these enterprises. Tax charges or credits that are directly and solely attributable to such exchange differences are also taken to reserves.

### (k) Significant accounting judgments, estimates and assumptions

#### *(i) Significant accounting estimates and assumptions*

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

#### *(ii) Impairment of goodwill and intangibles with indefinite useful lives*

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated.

#### *(iii) Share-based payment transactions*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model.

### (l) Finance costs/revenue

Borrowing costs are recognised as an expense when incurred.

Finance revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

## Notes to Financial Statements for the year ended 30 June 2011, continued

### (m) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

### (n) Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

### (o) Available for sale Investments

Equity investments intended to be held for an indefinite period of time are classified as available-for-sale investments. They are carried at fair value, where this can be reliably measured, with movements in fair value recognised directly in the available-for-sale reserve. Where the fair value cannot be reliably measured, the investment is carried at cost.

Any impairment losses in equity investments classified as available-for-sale investments are recognised in the income statement and are not reversible through the income statement, and are determined with reference to the closing market share price at the balance sheet date. Any subsequent increase in the fair value of the available-for-sale investment above the impaired value will be recognised within the available-for-sale reserve.

Available-for-sale investments are included within non-current assets unless the carrying value is expected to be recovered principally through sale rather than continuing use, in which case they are included within current assets. On disposal, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had previously been recognised directly in reserves is recognised in the income statement.

Income from available for sale investments is accounted for in the income statement on an accruals basis.

### (p) Financial instruments

The Group's financial instruments, other than its investments, comprise cash and items arising directly from its operation such as trade debtors and trade creditors. The Group has held overseas subsidiaries in BVI, and Dutch Antilles whose expenses are denominated in US Dollars, AU Dollars, IDR Rupiah and Sterling (£). Market price risk is inherent in the Group's activities and is accepted as such.

There is no material difference between the book value and fair value of the Group's cash.

### (q) Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the tax computations, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case it is also dealt with in equity.

## Notes to Financial Statements for the year ended 30 June 2011, continued

**(r) Equity contribution**

This reserve is used to record the valuation of shares issued, less any attributable costs of these issues, and other specific capital related costs.

**(s) Available for sale investment Reserve**

This reserve is used to record the post-tax fair value movements in available-for-sale investments.

**(t) Share Based payments Reserve**

This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration and provided to consultants and advisers hired by the Group from time to time as part of the consideration paid.

**(u) Foreign Currency Translation Reserve**

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

**(v) Property, plant and equipment**

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Land is measured at fair value less any impairment losses recognised after the date of revaluation. Depreciation is provided on all tangible assets to write off the cost less estimated residual value of each asset over its expected useful economic life on a straight-line basis at the following annual rates:

- Land (including option costs) – Nil
- Plant and Equipment – between 5 per cent and 25 per cent

All assets are subject to annual impairment reviews.

**(w) Impairment of assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Income Statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

## Notes to Financial Statements for the year ended 30 June 2011, continued

### (x) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

### (y) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

### (z) Share-based payment transactions

#### (i) Equity settled transactions:

The Group provides benefits to employees (including senior executives) and consultants of the Group in the form of share-based payments, whereby employees and consultants render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Polo Resources Ltd (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees and consultants become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The Income Statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 11).

### (aa) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

## Notes to Financial Statements for the year ended 30 June 2011, continued

### 2 Segmental analysis - Group

Segment information is presented in respect of the Group's management and internal reporting structure. As currently the Group is not in producing or exploring directly, there is no revenue being generated, and the main business segment is that of an investment group and corporate administrative entity.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

#### By geographical area

2011	BVI/Parent \$ 000's	Americas \$ 000's	Australasia \$ 000's	Europe \$ 000's	Total \$ 000's
<b>Result</b>					
Operating profit	(9,891)	2,362	69,656	58	<b>62,185</b>
Share of associates results	-	-	(2,075)	21	<b>(2,054)</b>
Other income	4,193	-	-	-	<b>4,193</b>
Finance revenue	2,600	-	-	-	<b>2,600</b>
Profit before taxation	(3,098)	2,362	67,581	79	<b>66,924</b>
<b>Other information</b>					
Depreciation and amortization	7	-	-	-	<b>7</b>
Capital additions	9	-	-	-	<b>9</b>
<b>Assets</b>					
Segment assets	7	26,616	128,209	32,750	<b>187,582</b>
Financial assets	261	-	167	-	<b>428</b>
Cash	45,796	-	-	-	<b>45,796</b>
Consolidated total assets	46,064	26,616	128,376	32,750	<b>233,806</b>
<b>Liabilities</b>					
Segment liabilities	-	-	-	-	<b>-</b>
Financial liabilities	(570)	-	(1,840)	-	<b>(2,410)</b>
Consolidated total liabilities	(570)	-	(1,840)	-	<b>(2,410)</b>

## Notes to Financial Statements for the year ended 30 June 2011, continued

### 2 Segmental analysis – Group (continued)

#### By geographical area

2010	BVI/Parent \$ 000's	Mongolia \$ 000's	Other \$ 000's	Total \$ 000's
<b>Result</b>				
Operating profit	16,938	-	-	16,938
Share of Joint Venture results	-	(3,554)	-	(3,554)
Share of associates results	(3,983)	-	-	(3,983)
Other income	2,945	-	-	2,945
Finance revenue	130	-	-	130
Gain on disposal of Joint Venture	19,049	-	-	19,049
Loan to Joint Venture written-off	(2,682)	-	-	(2,682)
Profit before & after tax				28,843
<b>Other information</b>				
Depreciation and amortization	4	-	-	4
Capital additions	2	-	-	2
<b>Assets</b>				
Segment assets	246,429	-	-	246,429
Financial assets	22,686	-	-	22,686
Cash				37,795
Consolidated total assets				306,910
<b>Liabilities</b>				
Segment liabilities	-	-	-	-
Financial liabilities	(2,517)	-	-	(2,517)
Consolidated total liabilities				(2,517)

### 3 Operating loss

	2011 Group \$ 000's	2011 Company \$ 000's	2010 Group \$ 000's	2010 Company \$ 000's
Operating loss is arrived at after charging:				
Auditors' remuneration – audit	73	73	83	83
Auditors' remuneration – non audit services	-	-	-	-
Directors' emoluments – fees and salaries	3,254	3,254	2,106	2,106
Directors' emoluments – share based payments	388	388	1,298	1,298
Foreign exchange (gain)/loss	(4,919)	(3,684)	(1,415)	(72)
Depreciation	7	7	4	4

**Notes to Financial Statements  
for the year ended 30 June 2011, continued**

<b>4</b>	<b>Employee information – Group</b>		<b>2011</b>	<b>2010</b>
	<b>Staff Costs comprised:</b>		<b>\$ 000's</b>	<b>\$ 000's</b>
	Wages and salaries		-	-
	<b>Average Number of employees (excluding Directors)</b>		<b>Number</b>	<b>Number</b>
	Exploration		-	-
	Administration		-	-
			-	-
<b>5</b>	<b>Investment income</b>	<b>2011 Group</b>	<b>2011 Company</b>	<b>2010 Group</b>
		<b>\$ 000's</b>	<b>\$ 000's</b>	<b>\$ 000's</b>
	Dividend income on investments	51	-	-
	Dividend income from group companies	-	-	-
	Loan facility fees	2,362	2,362	-
	Interest income on convertible loan notes	310	-	774
		<b>2,723</b>	<b>2,362</b>	<b>774</b>
				<b>3,656</b>
<b>6</b>	<b>Other income</b>	<b>2011 Group</b>	<b>2011 Company</b>	<b>2010 Group</b>
		<b>\$ 000's</b>	<b>\$ 000's</b>	<b>\$ 000's</b>
	Gain on returned shares	4,193	4,193	1,721
	Surplus on capital redemption	-	-	1,050
	Sundry income	-	-	174
		<b>4,193</b>	<b>4,193</b>	<b>2,945</b>
				<b>1,895</b>
<b>7</b>	<b>Finance revenue</b>	<b>2011 Group</b>	<b>2011 Company</b>	<b>2010 Group</b>
		<b>\$ 000's</b>	<b>\$ 000's</b>	<b>\$ 000's</b>
	Loan interest receivable	1,600	1,600	-
	Bank interest receivable	1,000	1,000	130
		<b>2,600</b>	<b>2,600</b>	<b>130</b>
				<b>130</b>

**Notes to Financial Statements  
for the year ended 30 June 2011, continued**

**8 Directors' emoluments**

<b>Group</b>	<b>2011</b>	2010
	<b>\$ 000's</b>	\$ 000's
Directors' remuneration	<b>3,642</b>	3,404

<b>2011</b>	<b>Directors Fees \$ 000's</b>	<b>Consultancy Fees \$ 000's</b>	<b>Share Options Issued \$ 000's</b>	<b>Total \$ 000's</b>
<b>Executive Directors</b>				
Stephen Dattels	1,474	-	130	<b>1,604</b>
Neil Herbert	1,474	-	130	<b>1,604</b>
Paul Ingram (#)	78	-	-	<b>78</b>
Ian Burns (#)	6	-	-	<b>6</b>
<b>Non-Executive Directors</b>				
Guy Elliott	94	-	32	<b>126</b>
Bryan Smith	44	-	32	<b>76</b>
James Mellon	44	-	32	<b>76</b>
Ian Stalker(#)	32	8	32	<b>72</b>
	<b>3,246</b>	<b>8</b>	<b>388</b>	<b>3,642</b>

<b>2010</b>	<b>Directors Fees \$ 000's</b>	<b>Consultancy Fees \$ 000's</b>	<b>Net Options Issued (*) \$ 000's</b>	<b>Total \$ 000's</b>
<b>Executive Directors</b>				
Stephen Dattels	836	-	122	<b>958</b>
Neil Herbert	835	-	293	<b>1,128</b>
Paul Ingram	315	-	367	<b>682</b>
<b>Non-Executive Directors</b>				
Guy Elliott	35	-	122	<b>162</b>
Bryan Smith (#)	40	-	197	<b>237</b>
James Mellon (#)	40	-	197	<b>237</b>
	<b>2,106</b>	<b>-</b>	<b>1,298</b>	<b>3,404</b>

(\*) During the year ended 30 June 2010, the Company cancelled various options issued in 2008, and issued new options. The net charge to the income statement in respect of these Directors' options is highlighted here. (See Note 21 for full option details). In addition all previously issued options vested in the current year.  
(#): These Directors were not employed during the full financial period.

No pension benefits are provided for any Director.

## Notes to Financial Statements for the year ended 30 June 2011, continued

<b>9 Taxation</b>	<b>2011</b>	2010
<b>Analysis of charge in period</b>	<b>\$ 000's</b>	\$ 000's
Tax on ordinary activities	<b>1,719</b>	-

Tax on ordinary activities is the provision for the potential CGT due on the disposal of investment in associate, under the jurisdiction of the Australian Tax Authority.

The British Virgin Islands under the IBC imposes no corporate taxes or capital gains. However the Company as a group may be liable for taxes in the jurisdictions of the underlying investments.

No deferred tax asset, or any deferred tax liability have been recognised as a result of the jurisdictions under which the Group operates and is domiciled for corporate taxation.

### 10 Dividends

The dividend paid in the year to 30 June 2011 was US\$113,928,000 (3 pence per share). No other dividends have been paid in any comparable period. Dividends proposed after the year end are detailed in Note 26.

### 11 Earnings per share

The calculation of earnings per share is based on the profit after taxation divided by the weighted average number of shares in issue during the period:

	<b>2011</b>	2010
Net profit after taxation (\$000's)	<b>65,205</b>	28,843
Weighted average number of Ordinary Shares used in calculating basic earnings per share (millions)	<b>2,372.18</b>	2,346.65
Basic earnings per share (expressed in US cents)	<b>2.75</b>	1.23
Weighted average number of Ordinary Shares used in calculating fully diluted earnings per share (millions)	<b>2,403.79</b>	2,478.48
Diluted earnings per share (expressed in US cents)	<b>2.71</b>	1.16

**Notes to Financial Statements  
for the year ended 30 June 2011, continued**

**12 Tangible assets – Property, Plant & Equipment**

	<b>Group</b>	<b>Company</b>
	<b>Property, plant &amp; equipment \$ 000's</b>	<b>Property, plant &amp; equipment \$ 000's</b>
<b>Cost</b>		
As at 1 July 2009	9	9
Additions	2	2
<b>As at 30 June 2010</b>	<b>11</b>	<b>11</b>
As at 1 July 2010	11	11
Additions	9	9
<b>As at 30 June 2011</b>	<b>20</b>	<b>20</b>
<b>Depreciation</b>		
As at 1 July 2009	3	3
Depreciation charge for the year	4	4
<b>As at 30 June 2010</b>	<b>7</b>	<b>7</b>
As at 1 July 2010	7	7
Depreciation charge for the year	7	7
Currency translation differences	(1)	(1)
<b>As at 30 June 2011</b>	<b>13</b>	<b>13</b>
<b>Net Book Value</b>		
<b>As at 30 June 2011</b>	<b>7</b>	<b>7</b>
As at 30 June 2010	4	4

**Impairment Review**

At 30 June 2011, the Directors have carried out an impairment review and concluded no impairment provision is currently required.

## Notes to Financial Statements for the year ended 30 June 2011, continued

### 13 Investment in subsidiaries

Shares in Group undertakings	2011	2010
Company	\$ 000's	\$ 000's
Cost		
At beginning of the period	30,881	26,550
Additions	-	2
Capital redemption in subsidiary	(12,496)	-
Reversal of impairment of investment in subsidiaries	-	7,567
Currency translation differences	2,943	(3,238)
<b>As at 30 June</b>	<b>21,328</b>	<b>30,881</b>

During the year ended 30 June 2010, the Directors re-assessed the carrying values of the group investments, as a result of the disposal of the Group's Joint Venture, and considered it appropriate to reverse US\$7,567,000 of the previous year's charge of impairment as a result of the assets held within these subsidiaries. The Directors' consider that the ongoing carrying values of the group investments as at 30 June 2010 represented their fair and recoverable values.

As at 30 June 2011, the Directors are of the opinion that the carrying value of the subsidiaries, represents at least their fair and recoverable values.

The parent company of the Group holds more than 50 per cent of the share capital of the following companies:

Company	Country of Registration	Proportion held	Functional Currency	Nature of business
<b>Direct</b>				
Polo Australasia Ltd	BVI	100%	AU\$	Investment Company
Polo Bangladesh Ltd	BVI	100%	GB£	Holding Company
Polo Coal Ltd	BVI	100%	IDR	Holding Company
Polo Iron Ltd	BVI	100%	IDR	Holding Company

During the year to 30 June 2011, the Company dissolved the following subsidiaries (with effective date of dissolution);

- MUC Resources Ltd (1 May 2011)
- World Coal Works Corporation (1 May 2011)
- Polo Resources NV (13 December 2010)
- Polo Resources Cooperatief U.A. (13 December 2010).

## Notes to Financial Statements for the year ended 30 June 2011, continued

<b>14 Investment in joint ventures</b>	<b>2011</b>	2010
	<b>\$ 000's</b>	\$ 000's
<b>Group</b>		
At beginning of the period	-	19,505
Additions	<b>3,936</b>	-
Disposal of Joint Venture	-	15,951
Share of Joint Venture's results	-	(3,554)
<b>As at 30 June</b>	<b>3,936</b>	-

The breakdown of the carrying values and fair values at the balance sheet date of the Group's investment in joint ventures is as follows:

	<b>2011</b>	2010
	<b>Carrying &amp; fair Value</b>	Carrying & fair Value
	<b>\$ 000's</b>	\$ 000's
Andina Gold Corporation	<b>3,936</b>	-

Details of the Group's Joint Venture interests were as follows:

<b>Name</b>	<b>Place of Incorporation</b>	<b>Proportion held</b>	<b>Date associate interest acquired</b>	<b>Reporting Date of JV</b>	<b>Principal activities</b>
Andina Gold Corporation	BVI	31.79%	31/03/11	30/06/11	Gold exploration

On 29 June 2010, the Group completed the disposal of its 50 per cent Joint Venture interest in Peabody-Polo Resources BV.

The terms of the disposal were an initial consideration of US\$15 million, with deferred consideration of US\$20 million of which the terms were met, and the US\$20million was received on 18 October 2010.

As a result of the Group writing down the value of the Joint Venture operations in previous years, and the carrying value at the date of disposal being US\$15.951 million, the Group recognised a gain on disposal of US\$19.049 million in its income statement in the year to 30 June 2010.

The terms of the disposal also entitled the Group in certain circumstances to receive a royalty on all coal that is mined and sold following the date of the agreement in respect of licenses held at that date.

## Notes to Financial Statements for the year ended 30 June 2011, continued

<b>15 Interest in associates</b>	<b>2011</b>	2010
	<b>\$ 000's</b>	\$ 000's
<b>Group</b>		
At beginning of the period	<b>120,934</b>	132,596
Investments in associates – equity purchases	<b>38,204</b>	-
Investments in associates – equity disposals	<b>(12,141)</b>	-
Investments in associates – convertible loan notes (repaid)/purchased	<b>(7,478)</b>	3,767
Share of associates loss for the period	<b>(2,054)</b>	(3,983)
Currency translation differences	<b>24,434</b>	(11,446)
<b>As at 30 June</b>	<b>161,899</b>	120,934

The breakdown of the carrying values and fair values at the balance sheet date of the Group's interest in listed associates is as follows:

	<b>Carrying Value</b>	<b>Fair Value</b>
	<b>\$ 000's</b>	<b>\$ 000's</b>
<b>Non-current assets</b>		
GCM Resources Plc – interest in equity shares	<b>32,750</b>	<b>35,352</b>
Minfer Holdings Ltd	<b>4,422</b>	<b>4,422</b>
	<b>37,172</b>	<b>39,774</b>
<b>Current Assets (*)</b>		
Caledon Resources Plc – interest in equity shares	<b>120,068</b>	<b>132,337</b>
Caledon Resources Plc – interest in convertible loan notes	<b>4,659</b>	<b>4,659</b>
	<b>124,727</b>	<b>136,996</b>
<b>Total interest in associates</b>	<b>161,899</b>	<b>176,770</b>

Subsequent to 30 June 2011 the market value of the investment in associates has decreased to US\$171,580,000 as at 31 August 2011 (including realizable value of Caledon Resources Plc).

Details of the Group associates at 30 June 2011 are as follows:

<b>Name</b>	<b>Place of Incorporation</b>	<b>Proportion held</b>	<b>Date associate interest acquired</b>	<b>Reporting Date of associate</b>	<b>Principal activities</b>
GCM Resources Plc	UK	29.82%	01/02/08	30/06/11	Coal exploration
Caledon Resources Plc	UK	26.64%	05/06/08	31/12/10	Coal Mining
Minfer Holdings Ltd	BVI	30.00%	08/02/11	30/06/11	Tin exploration

(\*) As a result of Caledon Resources Plc being fully acquired by Guangdon Rising (Australia) Pty Ltd, and the completion for the sale of the shares being concluded on 9 September 2011, the Group has re-classified its interest as a current asset.

## Notes to Financial Statements for the year ended 30 June 2011, continued

16 Available-for-sale investments	2011	2010
Group – Listed & Unlisted Investments	\$ 000's	\$ 000's
At beginning of the period	125,491	140,659
Acquired during the year	87,714	32,343
Disposals during the year	(208,330)	(57,544)
Realised gains on disposals	70,381	20,130
Transfer from equity reserve	(61,226)	-
Currency translation differences	9,399	(12,725)
Movement in market value	(1,689)	2,628
At 30 June	21,740	125,491
 <b>The available for sale investments splits are as below;</b>		
<b>Non-current assets – listed</b>	<b>3,482</b>	-
<b>Non-current assets – unlisted</b>	<b>12,720</b>	-
<b>Current assets - listed</b>	<b>5,538</b>	125,491
	<b>21,740</b>	125,491

Available-for-sale investments comprise investments in unlisted, and listed securities which are traded on stock markets throughout the world, and, which are held by the Group as a mix of strategic and short term investments.

17 Trade and other receivables	2011		2010	
	Group \$ 000's	Company \$ 000's	Group \$ 000's	Company \$ 000's
<b>Current trade and other receivables</b>				
Other debtors	84	84	20,573	573
Prepayments	177	177	1,679	1,679
Accrued income	167	-	434	-
<b>Total</b>	<b>428</b>	<b>261</b>	22,686	2,252
 <b>Non Current trade and other receivables</b>				
Loans due from subsidiaries	-	64,508	-	168,768
	-	64,508	-	168,768

Loans outstanding and due from subsidiaries, are interest free and repayable on demand. Certain loans to and from subsidiaries during the period attracted interest from nil to Euribor + 2.5 per cent. All loans bearing interest were fully repaid during the period.

**Notes to Financial Statements  
for the year ended 30 June 2011, continued**

18	Trade and other payables	2011		2010	
		Group \$ 000's	Company \$ 000's	Group \$ 000's	Company \$ 000's
<b>Current trade and other payables:</b>					
	Trade creditors	354	354	714	714
	Taxation liabilities	1,840	-	-	-
	Accruals	216	216	1,803	1,800
		<b>2,410</b>	<b>570</b>	<b>2,571</b>	<b>2,514</b>

**19 Share capital**

Authorised	\$ 000's
Unlimited Ordinary Shares of no par value	-

Called up, allotted, issued and fully paid	Number of shares	Nominal value \$000's
<b>As at 1 July 2009 and at 1 July 2010</b>	2,346,645,622	-
7 July 2010 shares cancelled for Nil consideration	(29,800,000)	-
26 July 2010 share options exercised for 3.5p per share	61,833,333	-
27 July 2010 share options exercised for 3.5p to 5p per share	17,000,000	-
1 August 2010 share options exercised for 3.5p to 5p per share	17,000,000	-
15 August 2010 share options exercised for 4p per share	20,000,000	-
3 September 2010 share buy back for 3.36p per share	(3,000,000)	-
22 November 2010 share buy back for 5.21p per share	(40,000,000)	-
3 December 2010 share buy back for 5.21p per share	(25,000,000)	-
21 April 2011 share buyback for 5.64p per share	(25,000,000)	-
13 May 2011 shares cancelled for Nil consideration	(45,592,857)	-
<b>As at as at 30 June 2011</b>	<b>2,294,086,098</b>	<b>-</b>

There were 115,833,333 shares issued during the year ended 30 June 2011 (2010: Nil shares issued)  
There were 168,392,857 shares cancelled during the year ended 30 June 2011 (2010: Nil shares cancelled)

## Notes to Financial Statements for the year ended 30 June 2011, continued

### 19 Share capital (continued)

#### *Total share options in issue*

During the period ended 30 June 2011, the Company granted 66,500,000 options over Ordinary Shares. (2010: 20million)

As at 30 June 2011 the unexercised options in issue were;

<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Options in Issue 30 June 2010</b>
9p	4 March 2018	1,000,000
5.5p	13 January 2016	66,500,000
		<b>67,500,000</b>

No options lapsed and 115,833,333 options were exercised during the period to 30 June 2011 (2010: nil). 23,916,667 options were cancelled during the year ended 30 June 2011. (2010: 25,000,000)

#### *Total warrants in issue*

During the period ended 30 June 2011, the company granted no warrants to subscribe for Ordinary Shares. (2010: Nil). No warrants were exercised during the period to 30 June 2011 (2010: Nil), and no warrants lapsed during the year ended 30 June 2011. (2010: Nil)

As at 1 July 2009 the following unexercised warrants were in issue were;

<b>Exercise Price &amp; Detail</b>	<b>Expiry Date &amp; Date</b>	<b>Warrants in Issue At 1 July 2009</b>
4p	5 November 2010	404,866,875
3.775p	30 November 2010	8,823,530
4p	30 November 2010	1,764,706
		<b>415,455,111</b>
Warrant buy back for cash	29 March 2010	(150,000,000)
Warrant surrender for nil consideration	29 June 2010	(265,455,111)
<b>In issue as at 30 June 2010 and at 30 June 2011</b>		<b>-</b>

On 29 March 2010, the company bought back 150,000,000 warrants at a net cost of US\$1,485,000.

On 29 June 2010, Peabody Energy surrendered the remaining 265,455,111 warrants held, as part of the Joint Venture sale agreement for nil consideration.

## Notes to Financial Statements for the year ended 30 June 2011, continued

### 20 Share Based Payments

Under IFRS 2 'Share Based Payments', the Company determines the fair value of options issued to Directors and Employees as remuneration and Consultants as consideration and recognises the amount as an expense in the income statement with a corresponding increase in equity.

The following options were issued during the years ended 30 June 2011:

Name	Date Granted	Date Vested	Number	Exercise Price (pence)	Expiry Date	Fair Value at Grant Date (pence)
Stephen Dattels	14/01/2011	See 1 below	20,000,000	5.5p	13/01/2016	2.66
Neil Herbert	14/01/2011	See 1 below	20,000,000	5.5p	13/01/2016	2.66
Guy Elliott	14/01/2011	See 1 below	5,000,000	5.5p	13/01/2016	2.66
Bryan Smith	14/01/2011	See 1 below	5,000,000	5.5p	13/01/2016	2.66
James Mellon	14/01/2011	See 1 below	5,000,000	5.5p	13/01/2016	2.66
Ian Stalker	14/01/2011	See 1 below	5,000,000	5.5p	13/01/2016	2.66
Consultants	14/01/2011	See 1 below	6,500,000	5.5p	13/01/2016	2.66
<b>Totals</b>			<b>66,500,000</b>			

1. The above share options shall vest in equal installments annually on the anniversary of the grant date over a 3 year period. The options are exercisable at any time after vesting during the grantees' period as an eligible option holder, and must be exercised no later than 24 months after the date on which each tranche of options respectively vested, after which the relevant tranche of options will lapse. Under certain performance conditions, any unvested options will vest immediately on the performance conditions being met.

The fair value of the options granted during the year ended 30 June 2011 amounted to US\$0.430 million. The Company also cancelled options in the year, and the fair value of these cancelled options was US\$2.982 million, transferred to retained earnings. In addition, the fair value of the options exercised in the year was US\$3.901 million, also transferred to retained earnings. The assessed fair value at grant date is determined using the Black-Scholes Model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The following table lists the inputs to the models used for the period ended 30 June 2011:

	14 January 2011 issue
Dividend Yield (%)	-
Expected Volatility (%)	60.0
Risk-free interest rate (%)	2.20
Share price at grant date (£)	0.052

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

## Notes to Financial Statements for the year ended 30 June 2011, continued

21 Analysis of changes in net funds	2011		2010	
	Group \$ 000's	Company \$ 000's	Group \$ 000's	Company \$ 000's
Balance at beginning of period	37,795	37,795	12,288	12,288
Net change during the period	8,001	8,001	25,507	25,507
<b>Balance at the end of the period</b>	<b>45,796</b>	<b>45,796</b>	<b>37,795</b>	<b>37,795</b>

### 22 Financial instruments

The Group uses financial instruments comprising cash, liquid resources and debtors/creditors that arise from its operations. The Group holds cash as a liquid resource to fund the obligations of the Group. The Group's cash balances are held in Sterling, US Dollars, Canadian Dollars and in Australian Dollars. The Group's strategy for managing cash is to maintain a mix of currencies and maximize interest income whilst ensuring its availability to match the profile of the Group's expenditure. This is achieved by regular monitoring of interest rates and monthly review of expenditure forecasts.

The Company has a policy of not hedging and therefore takes market rates in respect of foreign exchange risk, however it does review its currency exposures on an ad hoc basis. Currency exposures relating to monetary assets held by foreign operations are included within the foreign exchange reserve in the Group Balance Sheet.

The Group considers on an ongoing basis the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk.

To date the Group has relied upon equity funding to finance operations. The Directors are confident that adequate cash resources exist to finance operations to commercial exploitation but controls over expenditure are carefully managed.

The net fair value of financial assets and liabilities approximates the carrying values disclosed in the financial statements. The currency and interest rate profile of the financial assets is as follows:

Cash and short term deposits	2011		2010	
	Group \$ 000's	Company \$ 000's	Group \$ 000's	Company \$ 000's
Sterling	19,087	19,087	16,060	16,060
US Dollars	1,929	1,929	17,048	17,048
Australian Dollars	5,392	5,392	4,072	4,072
Canadian Dollars	19,388	19,388	615	615
<b>At 30 June</b>	<b>45,796</b>	<b>45,796</b>	<b>37,795</b>	<b>37,795</b>

The financial assets comprise cash balances in current and interest earning bank accounts at call. The financial assets earn a range of interest rates throughout the period depending on rates available and ongoing cash commitments at any one point in time.

## Notes to Financial Statements for the year ended 30 June 2011, continued

### 22 Financial instruments (continued)

#### Foreign currency risk

The following table details the Group's sensitivity to a 10 per cent increase and decrease in the US Dollar against the relevant foreign currency of Pound Sterling and Australian Dollar. 10 per cent represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated investments and other financial assets and liabilities and adjusts their translation at the period end for a 10 per cent change in foreign currency rates. The following table sets out the potential exposure, where the 10 per cent increase or decrease refers to a strengthening or weakening of the US Dollar:

	Profit or loss sensitivity		Equity sensitivity	
	10% increase \$ 000's	10% decrease \$ 000's	10% increase \$ 000's	10% decrease \$ 000's
Pound Sterling	(308)	308	(13,079)	13,085
Australian Dollar	(6,833)	7,715	(11,883)	11,892

Rates of exchange to US\$1 used in the financial statements were as follows:

	As at 30 June 2011	Average for the year to 30 June 2011	As at 30 June 2010	Average for the year to 30 June 2010
Pound Sterling (£)	0.624	0.629	0.664	0.632
Australian Dollar (A\$)	0.944	1.015	1.167	1.137

### 23 Material non-cash transactions

On 13 May 2011, the company agreed the return to the company, and cancellation of 45,592,857 shares as part of a dispute settlement. This resulted in a gain through the income statement of US\$4.19million

## Notes to Financial Statements for the year ended 30 June 2011, continued

### 24 Commitments

As at 30 June 2011, the Company had entered into the following material commitments:

#### Exploration commitments

The group currently has no ongoing exploration commitments.

#### Other commitments

In April 2010, Polo entered into a Service Agreement with Regent Mercantile Bancorp Inc for the provision of administration services at US\$31,645 per month.

On 1 August 2011 the Company announced the purchase, subject to due diligence, of a 51% interest, in Axmin Inc's Nimini East and West Licences and Matotoka Licences for a cash consideration of US\$7.5 million which will be payable on completion. Under the terms of the Nimini MOU, Polo will solely fund the first US\$2 million of the project exploration expenditures after which both parties are to jointly fund exploration expenditures on a pro rata basis.

On 16 August 2011 the Company announced an increase in its proposed 2011 special dividend from 1p to 2p per share (gross), upon the completion of the disposal of its interest in Caledon Resources Plc, previously announced on 23 June 2011.

#### Caledon Resources Plc Loan Facilities

On 27 April 2010, the Company signed a facility agreement with Caledon Resources Plc (an associate company) relating to a £18 million secured term loan facility, the interest rate applicable was 10 per cent per annum. The facility was drawn against on 5 July 2010 by Caledon, for the sum of £14.9m and utilised to repay Caledon's 8.5 per cent convertible loan notes due on 5 July 2010. The group as a result was repaid its £14.9m holding in Caledon's convertible loan notes on that date.

The Company also agreed a second facility of AU\$4 million to be available for drawdown immediately and up to 1 June 2010, and will mature on 30 September 2010. Full draw down was made in July 2010.

On 29 October 2010, the company agreed the extension of the above loan facilities maturity dates to the earlier of 28 February 2011 or in the event that the offer period (as defined in the City Code on Takeovers and Mergers ("**Takeover Code**") relating to Caledon which commenced on 17 September 2010) ("**Offer Period**") ends or Caledon announces it is no longer in offer discussions with a third party or an announcement is made pursuant to Rule 2.8 of the Takeover Code in connection with Caledon (whether or not such announcement is made by Caledon) ("**Offer Announcement**"), the date, if earlier than 28 February 2011, which is the later of:

(i) 60 days from the date on which the Offer Period ends or an Offer Announcement is made; or

(ii) 31 January 2011,  
provided that in no event will the maturity date be any later than 28 February 2011.

In consideration of Polo extending the maturity dates Caledon paid an additional facility fee of £550,000.

The above loan facilities, were repaid in February 2011, as part of a placing by Caledon, in which Polo participated, and subscribed for 21,226,324 Ordinary Shares, with the loan balances due at that date being utilised as payment for the subscribed shares.

## Notes to Financial Statements for the year ended 30 June 2011, continued

### 25 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between other related parties are discussed below.

On 1 April 2010, Polo entered into a Service Agreement with Regent Mercantile Bancorp Inc a company in respect of which Mr. S Dattels, Co-Chairman of Polo Resources, is an interested party. Expenditure of US\$ US\$416,000 was incurred to 30 June 2011 for the provision of administration and support services and US\$131,000 in respect of the recharge of direct related expenses at cost.

In February 2010, Polo entered into a service agreement with Chiliogon Partners LLP, a company in which Mr G Elliott holds a minority shareholding. The agreement relates to the provision of corporate finance services at £5,000 per month to 31 December 2010 in respect of which, £30,000 was expended to 30 June 2010. Additionally, a brokerage fee of AU\$2.4million was paid in respect of the sale of Polo's investment in Extract Resources.

The terms and conditions for all of the above transactions are based on normal trade terms.

#### **Remuneration of Key Management Personnel**

The remuneration of the Directors, and other key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS24 Related party Disclosures.

	2011	2010
	\$ 000's	\$ 000's
Short-term employee benefits	3,254	2,106
Share-based payments	388	1,298
	3,642	3,404

### 26 Post balance sheet events

On 20 July 2011, the Company bought back and cancelled 1,000,000 share options for £3,000.

On 1 August 2011, the Company announced it had entered into an agreement, subject to due diligence, with TSX listed Axmin Inc., whereby Polo will acquire 51 per cent interest in a new company which will own Axmin's Sierra Leone Gold assets, for a cash consideration of US\$7.5million, payable on completion.

On 26 August 2011, Caledon Resources announced the scheme of arrangement for the acquisition of Caledon by Guangdong Rising (Australia) Pty Limited for 112 pence per share had been approved. Polo realised approximately £90.15million gross for the sale of its shareholding in Caledon on 9 September 2011.

On 12 September 2011, the company declared a special dividend of 2p per share.

On 15 September 2011, the Company announced the posting to company shareholders, a circular to consider and if thought fit approve further investment of up to US\$20million in Signet Petroleum Ltd. The Company currently owns approximately 7.0% in Signet.

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