

10 March, 2014



**POLO RESOURCES LIMITED**

(“Polo” or the “Company”)

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2013**

Polo Resources Limited (AIM and BSX: POL), the natural resources exploration investment company with interests in oil and gas, gold, coal and iron ore, today announces results for the six months ended 31 December 2013.

**Financial Highlights**

- Polo reports that net cash, receivables and short-term liquid investments totalled US\$40.2 million at close of business on 7 March 2014 including the proceeds receivable from the Signet share buyback (US\$18.8 million at 31 December 2013), which will be retained and available to fund working capital, ongoing investments and new opportunities which Polo continues to actively review.
- Net Asset Value per share on a marked to market basis as at 7 March 2014 was approximately 31.3 pence per share (32.2 pence at 31 December 2013).
- Operating losses for six months ended 31 December 2013 reduced to US\$1.12 million (2012: loss US\$6.4 million).
- Administration overheads for six months ended 31 December 2013 reduced to US\$886 thousand (2012: US\$1.60 million).

**Operational Highlights**

- **Signet Petroleum Limited**
  - Polo currently has a 42 per cent equity interest in the independent African oil exploration company, which holds highly prospective licences in Tanzania, Namibia, Sierra Leone, Burundi and Benin.
  - The strategic alternatives process, initiated in early 2013, to contemplate a range of potential commercial outcomes, at both the individual asset level and on a portfolio-wide basis, progressed well during the reporting period. Led by First-Energy Capital LLP, the process has attracted interest from a broad spectrum of high quality potential bidders including international oil majors.
  - Post reporting period, Signet announced on 12 February 2014 that it had concluded the sale of its interests in Block 2913A/2914B in Namibia to Shell

Exploration and Production in a confidential transaction and has since implemented a dividend in specie and announced a share buy-back offer. Polo is expected to receive a minimum of some US\$22.8 million free of any taxation liability in respect of the buy-back (equivalent to approximately 5.1 pence per Polo share) which will be reinvested in the Company to help unlock value in the existing portfolio as well as being available to acquire further undervalued and high potential assets in accordance with its investing policy. Signet has retained a portion of the proceeds from Shell for working capital and to pursue a new business opportunity.

- **Nimini Holdings Limited**

- Nimini filed a new independent Mineral Resource Estimate (“MRE”) for its Komahun Gold Project (“Komahun”) in eastern Sierra Leone in August 2013, including a significant increase in Mineral Resources. The MRE resulted in an Indicated Mineral Resource of 0.55 million ounces (“Moz”) (3.65 million tonnes (“Mt”) at a gold grade of 4.69 grammes per tonne (“g/t”)) and an Inferred Mineral Resource of 0.34 Moz (2.61 Mt at a gold grade of 4.08 g/t), and was restricted to potentially mineable Mineral Resources at a 2.4g/t cut-off grade.
- The Environmental and Mining Licences for Komahun were renewed in August and November 2013 respectively.
- The Mine Development Agreement, which will establish the legal, fiscal and operating regimes for the development and commercial exploitation of Nimini’s gold project in the Kono District of Sierra Leone, has now been signed by the Minister of Mineral Resources to the Government of Sierra Leone but remains subject to ratification by the Sierra Leone Parliament before its fiscal terms come into effect. A further announcement giving the principal fiscal terms under which the project will operate will be made following ratification. Nimini expects to complete and announce the results of its Preliminary Economic Assessment (“PEA”) shortly thereafter followed by filing of the NI43-101 compliant PEA with SEDAR.

**Michael Tang, Executive Chairman of Polo, said:**

“I am pleased to report that key investments in Polo's broad-based portfolio made good progress in the six months to 31 December 2013.

“Signet's on-going strategic alternatives process in respect of its multinational African asset base, which has attracted a number of interested parties including international oil majors, has delivered good initial results with the sale of Blocks 2913A/2914A in Namibia to Shell Exploration and Production confirming the value of Signet's business strategy. This augurs well for further strategic transactions offering potential upside value.

“Nimini has also made significant progress under Plinian Capital Limited's capable management. The increase in potentially mineable Mineral Resources at the Komahun Gold Project strengthens our confidence in the potential for a viable commercial gold deposit in a difficult climate for gold projects. Polo looks forward with confidence to the conclusion of a Mine Development Agreement with the Republic of Sierra Leone and to Nimini's subsequent PEA and the potential for exploring various options to bringing Komahun into production.

“We remain firmly committed to our strategy of unlocking value in the existing portfolio and pursuing a selection of undervalued and high potential assets.

“The Company's operations were substantially restructured during the period to reduce costs, while retaining the capacity to continue its core activities. Administrative expenses have decreased by over 45 per cent from the comparative period as a result of a reduction in the Company's overheads.

“I would like to thank the Board, staff, shareholders and advisers for their efforts and support over the last six months.”

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**About the Company**

Polo Resources is a natural resources investment company focused on investing in undervalued companies and projects with strong fundamentals and attractive growth prospects. For further details on Polo Resources please see the Company's website: [www.poloresources.com](http://www.poloresources.com).

## **CAUTIONARY STATEMENT**

The AIM Market of London Stock Exchange plc does not accept responsibility for the adequacy or accuracy of this release. No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein. All statements, other than statements of historical fact, in this news release are forward-looking statements that involve various risks and uncertainties, including, without limitation, statements regarding potential values, the future plans and objectives of Polo Resources Limited. There can be no assurance that such statements will prove to be accurate, achievable or recognizable in the near term.

Actual results and future events could differ materially from those anticipated in such statements. These and all subsequent written and oral forward-looking statements are based on the estimates and opinions of management on the dates they are made and are expressly qualified in their entirety by this notice. Polo Resources Limited assumes no obligation to update forward-looking statements should circumstances or management's estimates or opinions change.

## Chairman's Statement

I am pleased to report good progress with our key investments during the period under review. In this period, Polo maintained its focus on the oil, gas and gold sectors whilst taking a longer-term view with regard to our on-going interests in the coal and iron ore investment sectors. Market conditions remained challenging throughout the period, but the Company currently stands in a strong position with US\$40.2 million in cash, receivables and short-term investments as at 7 March 2014, which includes US\$22.8 million receivable from the Signet buyback. Polo's longer-term investments are positioned for future development in more favorable market conditions.

### Oil and Gas

The Oil and Gas sector is currently the Company's major focus area, with three investments, namely Signet Petroleum Limited ("Signet"), Regalis Petroleum Limited ("Regalis") and Equus Petroleum Plc ("Equus"). Signet, our key oil and gas investment, and largest investment in terms of asset value, has made progress with its projects in Tanzania and Namibia in particular.

After the period end, on 12 February 2014, Signet announced that it had concluded a transaction for the sale of its interests in block 2913A/2914B in Namibia to Shell Exploration and Production in a confidential transaction and has since implemented a dividend in specie and launched a share buy-back offer.

The share buy-back offer, which closed on 7 March 2014, was at a price of US\$2.35 per Signet share with a basic entitlement to sell up to 54.33 per cent, with an ability to sell further shares to the extent that other Signet shareholders do not accept the buy-back offer in respect of their basic entitlements. Polo has accepted the offer in respect of its basic entitlement of 9,705,195 shares and expects to receive a minimum US\$22.8 million free of any taxation liability. This compares favorably to the historic cost of Polo's investment in Signet of US\$42.7 million when considered against Signet's remaining assets. Assuming that the share buy-back offer is accepted in full, Polo's shareholding in Signet will remain unchanged at approximately 42 per cent. All proceeds received will be reinvested in the Company to help unlock value in the existing portfolio as well as being available to acquire further undervalued and high potential assets in accordance with Polo's investing policy.

Signet has also implemented a dividend in specie, under which Polo has been issued with an approximate 42 per cent shareholding in each of two newly incorporated entities. The first entity holds a potential contingent bonus right on the sale of Signet's interests in block 2913A/2914B in Namibia. These are dependent upon the achievement of future resource and/or reserve levels in blocks 2913A/2914B and, because of their nature, may be of no value. The second entity has been formed solely to progress a bid for a potential new transaction. However, should the bid prove unsuccessful a further cash buyback is planned which would result in the return of further funds to Polo.

The First-Energy Capital LLP led strategic alternatives process remains ongoing for the remainder of the Signet portfolio, which includes:

- An 80 per cent operated interest in the Mnazi Bay North licence offshore Tanzania which 2D and 3D seismic indicates to contain an up dip extension of the BG/Ophir Chaza 1 gas discovery as part of a broader portfolio of prospects and leads;
- A 90 per cent operated interest in Block 03 offshore Benin;
- An 87.5 per cent operated interest in Block C in Lake Tanganyika Burundi where Signet has established an early mover position in a basin with close analogy to the Albertine Basin; and

- A 10 per cent interest, carried until the first exploration well, in Block SL-7A-10 offshore Sierra Leone in the Equatorial Atlantic Margin with possible analogues to deepwater discoveries in Ghana.

Polo holds an 8.32 per cent interest in Regalis Petroleum which holds a 70 per cent working interest in Block 2813B Namibia in the Orange Basin nearby the Kudu discovery and the former Signet Petroleum block. Following the successful sale of Signet's interests in Blocks 2913A/2914B, Regalis intends to seek a farm in partner for Block 2813B during 2014.

Polo holds a 1.95 per cent interest in Equus, which is developing the Sarybulak oilfield, located within its 498-square kilometre licence in the oil producing South Turguay Basin, Central Kazakhstan. Sarybulak has been in operation since 2008 under a Pilot Production Licence, a component of the Exploration Licence, with all production to date being sold into the domestic market.

Equus has constructed a central processing facility in the field and is commissioning a gas processing plant and gas fired power plant. Production averaged 6,787 (barrels of oil per day ("bopd")) under natural flow conditions, peaking at over 8,500 bopd. The majority of production came from the Sarybulak oilfield, with increasing contributions coming from Sorkol. Winter production levels have fluctuated between 6,500 and 7,500 bopd, as a result of weather and transportation restrictions. Sales prices achieved in the domestic market exceeded US\$39/bbl in December 2013. Export sales will commence following receipt of the production contract.

## Gold

Nimini Holdings Limited "Nimini" reported encouraging results in its Mineral Resource Estimate filed in August 2013 and regional exploration is being undertaken which may in time add substantially to the size of the project.

Polo holds a 90 per cent interest in the Komahun Gold Project with the remaining 10 per cent being held by Plinian Guernsey Limited. Plinian Capital Limited is project operator. The project, which covers a 100 square kilometre area and includes the former Nimini West and Nimini East exploration licences, was granted a 25-year Mining Licence in November 2012.

In June 2013, Nimini completed an updated independent Mineral Resource Estimate for the Komahun Project. The MRE, undertaken by The MSA Group (Pty) Ltd, resulted in an Indicated Mineral Resource of 0.55 million ounces (Moz) (3.65 million tonnes (Mt) at a gold grade of 4.69 grammes per tonne (g/t)) and an Inferred Mineral Resource of 0.34 Moz (2.61 Mt at a gold grade of 4.08 g/t). The MRE, reported at a minimum true width of 1 metre and a cut-off grade of 2.4 g/t of gold, is restricted to potentially mineable Mineral Resources. More detail is provided in the Company's press release dated 1 July 2013.

A programme of surface sampling, pits, trenches and mapping was completed in October 2013 within the greater Mining Licence area to assist in defining targets for future drilling which have the potential to significantly expand the resource base at Nimini and add to production. Following the receipt of final assay results in November 2013 and a final report on the Induced Polarisation survey results, a report has been compiled on the regional exploration potential to guide a future programme.

The Environmental and Mining Licences were renewed in August 2013 and November 2013 respectively.

Negotiations with the Government of Sierra Leone have taken place in respect of a Mine Development Agreement ("MDA"), which, *inter alia*, sets out the fiscal terms under which the project will operate. The MDA has been executed by the Minister of Mineral Resources and will now require parliamentary ratification, following which its principal terms will be published in a

further announcement and on the Polo website. Nimini expects to complete and announce the results of the Preliminary Economic Assessment shortly thereafter followed by filing of the NI43-101 compliant PEA with SEDAR.

After the period end, in January 2014, Nimini gave notice to the authorities in Sierra Leone of surrender of the Matotoka Exploration Licence. This will allow Nimini to focus its resources on its core asset at Komahun. The capitalized expenditure on the Matotoka Licence up to the date of surrender was approximately US\$963,000 and this has been recognized as impairment write down within the interim accounts to 31<sup>st</sup> December 2013.

### Iron Ore and Vanadium

Polo holds a 15.16 per cent interest in Ironstone Resources Limited (“Ironstone”), which is continuing its work on the definition of the Hatch-Ironstone Chloride Segregation process flowsheet for its Clear Hills Iron Ore/Vanadium project in Alberta, Canada. Pilot testing has been completed through ore preparation, calcination, iron reduction and iron segregation stages of the process flow sheet development with very encouraging results. Work at Hazen Research (Golden, CO) is currently focused on the mineral processing segment of the flow sheet in advance of piloting the process on commercial scale equipment.

Following the positive results from the continuous lab-scale pilot process campaign that Hazen Research achieved in the last quarter of 2013, Ironstone will be conducting a major processing pilot campaign at FL Smidth (Bethlehem, PA) on commercial scale equipment. This month-long campaign will conclude the pilot testing phase of process flow sheet development on iron reduction.

Ironstone is planning to conduct a limited coal drilling programme in Q1 2015 to delineate and map the lignite coal deposit in Clear Hills. The coal is an important carbon source for the direct reduction of iron oxide into metallic iron. The company is collaborating with North American Coal Corp. ([www.nacoal.com](http://www.nacoal.com)), which has entered into a Services Agreement to provide technical advisory services in coal development, mine planning and eventual contract mining operations.

Ironstone’s management and resource team travelled to Asia in November 2013 to exhibit at the China Mining Conference. The company also participated in three investor forums in China and Japan in collaboration with Alberta Energy department officials. Canadian Embassy trade officials in Beijing, Shanghai and Tokyo hosted the forums.

Strong interest was shown in Ironstone’s Clear Hills project, specifically in how its products are targeted to China’s eventual move to less polluting electric furnace steel-making and the country’s recent emphasis on renewable energy development. In addition, the company is in exploratory discussions with interested commodity buyers in Asia for future off-take agreements.

Ironstone has been invited by CNOOC (China National Offshore Oil Corporation) via their Calgary-based Nexen Inc. subsidiary to attend one-on-one investor meetings in Beijing from 16 - 21 March 2014. CNOOC will be matching Ironstone with its subsidiary groups and other Chinese companies interested in seeking investment opportunities in Alberta.

In addition, Ironstone met with a number of investment banking firms that indicated that the sentiment for funding junior mining companies had improved, as evidenced by a number of successful financings that have recently closed. Ironstone expects to be able to leverage the positive change in market sentiment to attract additional institutional support upon completion of its Preliminary Economic Assessment expected in early Q3 2014.

In early March, Ironstone exhibited at the PDAC 2014 mining conference in Toronto. The conference and exhibition was well attended and Ironstone met with a number of parties that

were interested in the Ironstone story and believe there may be business opportunities to explore.

## Coal

Polo has a 27.8 per cent equity interest in GCM Resources Plc (“GCM”), which is advancing the development of the major Phulbari Coal Project in Northwest Bangladesh.

GCM has identified a world-class coal resource of 572 million tonnes (JORC compliant) in Northwest Bangladesh, called the Phulbari Coal Project (“the Project”). The Project is a substantial coal resource with potential to support a long life, low cost mining operation and is the only such deposit in Bangladesh that has been subjected to a full Feasibility Study, including an Environmental and Social Impact Assessment prepared to international standards. The Project has the potential to produce high quality export grade coal at competitive average stripping ratios and low operating costs, for an initial estimated 35 year mine life.

Over the last six months the Bangladesh Government has continued to restructure the country's energy sector towards coal-fired power plants which, when in operation, will significantly increase the demand for high quality thermal coal within the country. Utilisation of domestic coal resources is essential to Bangladesh's future energy security.

The Bangladesh national elections were held in January 2014 leading to a second term of office for the Awami League Government. Over the next 12 months GCM will continue in discussions with the Government of Bangladesh to progress the Project.

## Board Changes

During the period under review and subsequently, there have been several changes to Polo's Board of Directors. These included the retirement in October of Stephen Dattels the original founder of Polo and former chairman.

Ian Burns stepped down as Finance Director in January 2014 with Gary Good FCA, the Company's CFO since 2008, continuing his role. Non-executive director Guy Elliot also left the board following six years of service.

Polo is currently working to strengthen the board and looks forward to making announcements in due course.

## Financial Position

The Group reported an operating loss of US\$1.12 million for the six months to 31 December 2013 (31 December 2012 US\$6.47 million after US\$5.0 million impairment charges). Administration costs were reduced 45 per cent to US\$886,000 for the period in line with management's plans to streamline the business.

The Directors have reviewed the Group's budgets for the 2014 calendar year, as well as longer-term financial cash flow projections and have considered a range of different scenarios together with their associated risks and uncertainties, and the impact of these scenarios on the Company's cash balances. They are satisfied that the Company maintains a strong financial position, enabling Polo to take a flexible approach to the acquisition and disposal of investments.

As at 7 March 2014, the Group had a net position of cash, receivables and short term liquid investments of US\$40.2 million (including the proceeds receivable from the Signet share buyback). Unlisted investments at cost and valuation amounted to US\$96.1 million and long term listed investments marked to market value amounted to US\$5.3 million, giving a net asset value on that basis of US\$141.6 million equivalent to approximately 31.3 pence per Polo share (31 December 2013 32.2 pence).

10 March 2014



**POLO RESOURCES LIMITED**

("Polo", "Polo Resources" or the "Company")

**Unaudited Interim Results for the six months ended 31 December 2013**

**POLO RESOURCES LTD**

**CONSOLIDATED INCOME STATEMENT**

**FOR THE 6 MONTHS ENDED 31 DECEMBER 2013**

	6 months ended 31 December 2013	6 months ended 31 December 2012	Year ended 30 June 2013
Note	(unaudited) \$ 000's	(unaudited) \$ 000's	(audited) \$ 000's
Gains/(losses) on sale of investments	135	780	(7,542)
Investment income	-	18	390
Reversal of/(Provision) for loss on option	742		(742)
Impairment of exploration license	(963)		
Administrative & expenses	(886)	(1,605)	(3,302)
Share options expensed	(145)	(664)	(2,467)
Currency exchange (losses)	(4)	(6)	(21)
Impairment in investment	-	(5,000)	
<b>Operating (loss)</b>	<b>(1,121)</b>	<b>(6,477)</b>	<b>(13,684)</b>
Share of associates results	(1,513)	(2,833)	(3,456)
Other income	-	195	372
Finance revenue	104	349	590
<b>(Loss) on ordinary activities before taxation</b>	<b>(2,530)</b>	<b>(8,766)</b>	<b>(16,178)</b>
Income tax expense	-	-	-
<b>(Loss) for the financial period</b>	<b>(2,530)</b>	<b>(8,766)</b>	<b>(16,178)</b>
<b>Attributable to:</b>			
Equity holders of the parent	<b>(2,523)</b>	<b>(8,766)</b>	<b>(16,173)</b>
Non-controlling interests	<b>(7)</b>	<b>-</b>	<b>(5)</b>
	<b>(2,530)</b>	<b>(8,766)</b>	<b>(16,178)</b>
<b>Earnings per share:</b>	<b>2</b>		
Basic earnings per share (US cents)	<b>(1.02)</b>	(0.38)	(6.49)
Diluted earnings per share (US cents)	<b>(0.99)</b>	(2.17)	(6.33)

**POLO RESOURCES LTD**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2013**

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	6 months ended 31 December 2013 (unaudited) \$ 000's	6 months ended 31 December 2012 (unaudited) \$ 000's	Year ended 30 June 2013 (audited) \$ 000's
<b>(Loss) for the period</b>	(2,530)	(8,766)	(16,178)
(Losses)/gains on revaluation of available for sale investments	(102)	1,252	3,892
Transfer to income statement of available for sale investments	-	104	7,471
Currency translation differences	37	482	(606)
<b>Other comprehensive income for the year net of taxation</b>	<u>(65)</u>	<u>1,838</u>	<u>10,757</u>
<b>Total comprehensive income</b>	<u>(2,595)</u>	<u>(6,928)</u>	<u>(5,421)</u>

**POLO RESOURCES LTD**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2013**

	31 December 2013	31 December 2012	30 June 2013
Note	(unaudited)	(unaudited)	(audited)
	\$ 000's	\$ 000's	\$ 000's
<b>Non-current assets</b>			
Intangible assets - licences and exploration costs	2,815	37,073	2,815
Tangible assets	46,103	7	44,190
Interest in associates	3 67,555	68,993	68,370
Trade and other receivables	3,408	-	4,689
Available for sale investments	4 24,661	15,262	23,728
<b>Total non-current assets</b>	<b>144,542</b>	<b>121,335</b>	<b>143,792</b>
<b>Current assets</b>			
Trade and other receivables	197	3,388	169
Available for sale investments	4 11,764	13,253	3,027
Cash and cash equivalents	8,717	26,897	21,890
<b>Total current assets</b>	<b>20,678</b>	<b>43,538</b>	<b>25,085</b>
<b>Total Assets</b>	<b>165,220</b>	<b>164,873</b>	<b>168,878</b>
<b>Current Liabilities</b>			
Trade and other payables	(4,261)	(4,774)	(5,469)
<b>Total Liabilities</b>	<b>(4,261)</b>	<b>(4,774)</b>	<b>(5,469)</b>
<b>Net Assets</b>	<b>160,959</b>	<b>160,099</b>	<b>163,409</b>
<b>Shareholders' equity</b>			
Share capital	-	-	-
Share premium	301,210	301,210	301,210
Share based payment reserve	1,978	1,978	1,833
Foreign exchange reserve	17,696	16,790	17,659
Available for sale investments reserve	3,861	(6,026)	3,963
Retained earnings	(165,253)	(155,332)	(162,730)
Minority interest	1,467	1,479	1,474
<b>Total Equity</b>	<b>160,959</b>	<b>160,099</b>	<b>163,409</b>

**POLO RESOURCES LTD**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2013**

	6 months ended 31 December 2013	6 months ended 31 December 2012	Year ended 30 June 2013
	(unaudited)	(unaudited)	(audited)
	\$ 000's	\$ 000's	\$ 000's
<b>Cash flows from operating activities</b>			
Operating (loss)	(1,121)	(6,477)	(13,684)
Decrease in trade and other receivables	1,254	1,119	1,838
(Decrease)/increase in trade and other payables	(1,208)	(543)	1,217
(Increase)/decrease in available for sale investments	(9,587)	(3,936)	6,218
Currency exchange losses	4	6	21
Share options expensed	145	664	2,467
Impairment of exploration license	963		
(Reversal of)/Provision for loss on option	(742)	-	742
Impairment in investment	-	5,000	-
Depreciation	-	4	11
<b>Net cash (outflow) from operating activities</b>	<b>(10,292)</b>	<b>(4,163)</b>	<b>(1,170)</b>
<b>Cash flows from investing activities</b>			
Finance revenue	104	349	424
Other income	-	195	372
Taxation paid	-	-	(1,808)
Payments to acquire intangible assets	-	(12,076)	-
Payments to acquire tangible assets	(2,702)	-	(22,012)
Net payment for investments in associates	(698)	-	-
<b>Net cash (outflow) from investing activities</b>	<b>(3,296)</b>	<b>(11,532)</b>	<b>(23,024)</b>
<b>Cash flows from financing activities</b>			
Issue of ordinary share capital	-	-	-
Dividends paid to company shareholders	-	-	-
<b>Net cash (outflow) from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(13,588)</b>	<b>(15,695)</b>	<b>(24,194)</b>
Cash and cash equivalents at beginning of period	21,890	42,017	42,017
Exchange gain on cash and cash equivalents	415	575	4,067
<b>Cash and cash equivalents at end of period</b>	<b>8,717</b>	<b>26,897</b>	<b>21,890</b>

**POLO RESOURCES LTD**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2013**

Group (unaudited)	Called up share capital \$ 000's	Share premium reserve \$ 000's	Foreign currency translation reserve \$ 000's	Available for sale investment reserve \$ 000's	Share based payment reserve \$ 000's	Retained earnings \$ 000's	Total \$ 000's	Non- Controlling Interest \$000's	Total Equity \$ 000's
<b>As at 1 July 2013</b>	-	301,210	17,659	3,963	1,833	(162,730)	161,935	1,474	163,409
(Loss) for the period	-	-	-	-	-	(2,523)	(2,523)	(7)	(2,530)
(Loss) on revaluation of available for sale investments	-	-	-	(102)	-	-	(102)	-	(102)
Currency translation differences	-	-	37	-	-	-	37	-	37
<b>Total comprehensive income</b>	-	-	37	(102)	-	(2,523)	(2,588)	(7)	(2,595)
Share based payments	-	-	-	-	145	-	145	-	145
<b>Total contributions by and distributions to owners of the Company</b>	-	-	-	-	145	-	145	-	145
<b>As at 31 December 2013</b>	-	301,210	17,696	3,861	1,978	(165,253)	159,492	1,467	160,959

  

Group (unaudited)	Called up share capital \$ 000's	Share premium reserve \$ 000's	Foreign currency translation reserve \$ 000's	Available for sale investment reserve \$ 000's	Share based payment reserve \$ 000's	Retained earnings \$ 000's	Total \$ 000's	Non- Controlling Interest \$000's	Total equity \$ 000's
<b>As at 1 July 2012</b>	-	285,491	15,646	(6,729)	1,314	(146,557)	149,165	1,479	150,644
(Loss) for the period	-	-	-	-	-	(8,766)	(8,766)	-	(8,766)
Gain on revaluation of available for sale investments	-	-	-	1,252	-	-	1,252	-	1,252
Transfer to income statement	-	-	-	104	-	-	104	-	104
Currency translation differences	-	-	1,144	(653)	-	-	491	-	491
<b>Total comprehensive income</b>	-	-	1,144	703	-	(8,766)	(6,919)	-	(6,919)
Share capital issued	-	15,719	-	-	-	-	15,719	-	15,719
Share based payments	-	-	-	-	664	-	664	-	664
<b>Total contributions by and distributions to owners of the Company</b>	-	15,719	-	-	664	-	16,383	-	16,383
<b>As at 31 December 2012</b>	-	301,210	16,790	(6,026)	1,978	(155,323)	158,629	1,479	160,108

**POLO RESOURCES LTD**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited) (continued)**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2013**

	Share premium reserve	Available for sale investment reserve	Foreign currency translation reserve	Share based payment reserve	Retained earnings	Total	Non- Controlling Interest	Total equity
<b>Group (audited)</b>	<b>\$ 000's</b>	<b>\$ 000's</b>	<b>\$ 000's</b>	<b>\$ 000's</b>	<b>\$ 000's</b>	<b>\$ 000's</b>	<b>\$000's</b>	<b>\$ 000's</b>
As at 1 July 2012	285,491	(6,729)	15,646	1,314	(146,557)	149,165	1,479	150,644
(Loss) for the period	-	-	-	-	(16,173)	(16,173)	(5)	(16,178)
Gain on revaluation of available for sale investments	-	3,892	-	-	-	3,892	-	3,892
Transfer to income statement	-	7,471	-	-	-	7,471	-	7,471
Currency translation differences	-	(671)	2,013	-	(1,948)	(606)	-	(606)
<b>Total comprehensive income</b>	-	<b>10,692</b>	<b>2,013</b>	-	<b>(18,121)</b>	<b>(5,416)</b>	<b>(5)</b>	<b>(5,421)</b>
Share based payments	-	-	-	2,467	-	2,467	-	2,467
Share options cancelled	-	-	-	(1,948)	1,948	-	-	-
Share issued	15,719	-	-	-	-	15,719	-	15,719
<b>Total contributions by and distributions to owners of the Company</b>	<b>15,719</b>	<b>-</b>	<b>-</b>	<b>519</b>	<b>1,948</b>	<b>18,186</b>	<b>-</b>	<b>18,186</b>
<b>As at 30 June 2013</b>	<b>301,210</b>	<b>3,963</b>	<b>17,659</b>	<b>1,833</b>	<b>(162,730)</b>	<b>161,935</b>	<b>1,474</b>	<b>163,409</b>

**POLO RESOURCES LTD**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2013**

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**1. Basis of preparation**

The consolidated financial statements have been prepared under the historical cost convention and on a going concern basis and in accordance with International Financial Reporting Standards and IFRIC interpretations adopted for use in the European Union ("IFRS") and those parts of the BVI Business Companies Act applicable to companies reporting under IFRS.

The financial information for the period ended 31 December 2013 has not been audited or reviewed in accordance with the International Standard on Review Engagements 2410 issued by the Auditing Practices Board. The figures were prepared using applicable accounting policies and practices consistent with those adopted in the statutory accounts for the period ended 30 June 2013. The figures for the period ended 30 June 2013 have been extracted from the accounts for the period ended 30 June 2013, which have been delivered to the AIM Market operated by the London Stock Exchange, and contain an unqualified audit report.

The financial information contained in this document does not constitute statutory financial statements. In the opinion of the directors the financial information for this period fairly presents the financial position, results of operations and cash flows for this period.

**Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union with the exception of International Accounting Standard ('IAS') 34 – Interim Financial Reporting. Accordingly the interim financial statements do not include all of the information or disclosures required in the annual financial statements and should be read in conjunction with the Group's 2013 annual financial statements.

**Basis of consolidation**

The consolidated financial statements comprise the financial statements of Polo Resources Limited and its controlled entities. The financial statements of controlled entities are included in the consolidated financial statements from the date control commences until the date control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All inter-company balances and transactions have been eliminated in full.

**Foreign currencies**

*(a) Functional and presentation currency*

The functional currency of each entity is determined after consideration of the primary economic environment of the entity. The group's presentational currency is US Dollars (\$).

*(b) Group companies*

The results and financial position of all the group entities are translated into the presentation currency as follows:

- Assets, liabilities and equity for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates; and
- All resulting exchange differences are recognized as a separate component of equity.

*(c) Rates of exchange*

Rates of exchange to US\$1 were as follows:

	<b>As at 31 December 2013</b>	<b>Average for the 6 months to 31 December 2013</b>	<b>As at 30 June 2013</b>	<b>Average for the period to 30 June 2013</b>
Pound Sterling	0.6464	0.6316	0.6572	0.6377
Australian Dollar	1.1268	1.0854	0.6562	0.9744

**POLO RESOURCES LTD**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2013**

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**2. Earnings per share**

The calculation of earnings per share is based on the profit /(loss) after taxation divided by the pre consolidation\* weighted average number of shares in issue during the period:

	<b>6 Months ended 31 December 2013 (unaudited)</b>	<b>6 Months ended 31 December 2012 (unaudited)</b>	<b>Year 30 June 2013 (audited)</b>
Net (loss) after taxation (\$000's)	(2,530)	(8,776)	(16,178)
Weighted average number of ordinary shares used in calculating basic earnings per share (millions)*	249.13	2,321.02	249.13
Basic earnings/(loss) per share (expressed in US cents)	(1.02)	(0.38)	(6.49)
Weighted average number of ordinary shares used in calculating fully diluted earnings per share (millions)*	255.75	2,476.02	255.75
Diluted earnings/(loss) per share (expressed in US cents)	(0.99)	(0.35)	(6.33)

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has one category of dilutive potential ordinary shares, namely share options. For share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average period market share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

\*On 6<sup>th</sup> February 2013, the company completed a 10 to 1 consolidation of its share capital resulting in 269,622,745 shares in issue.

**POLO RESOURCES LTD**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2013**

**3. Interest in associates**

	<u>2013</u>
	\$ 000's
<b>Group</b>	
At beginning of the period	68,370
Investment in associates – equity purchases	698
Share of associates loss for the period	(1,513)
Currency translation differences	
<b>As at 31 December 2013</b>	<u>67,555</u>

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

<b>Non-current assets</b>	<b>Carrying Value</b>	<b>Fair Value</b>
	\$ 000's	\$ 000's
GCM Resources Plc – listed equity shares	29,472	4,141
Signet Petroleum Ltd – carrying value in unlisted equity shares	38,083	38,083
	<u>67,555</u>	<u>42,224</u>

The breakdown of the fair values as at 07 March 2014 of the Group's interest in listed and unlisted associates is as follows:

<b>Non-current assets</b>	<b>Fair Value</b>
	\$ 000's
GCM Resources Plc – listed equity shares	5,338
Signet – carrying value in unlisted equity shares*	19,913
	<u>25,251</u>

\* The carrying value of Signet is stated after deducting the value of the cash back exercised on the 7 March 2014.

Details of the Group associates at 31 December 2013 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	27.83%	01/02/08	30 June 2013	Coal Exploration
Signet	BVI	44.94%	27/12/12	30 June 2013	Oil and Gas

**POLO RESOURCES LTD**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2013**

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**4. Available for sale investments**

<b>Group – Listed &amp; Unlisted Investments</b>	<b>\$ 000's</b>
At 1 July 2013	26,755
Acquired during the period	9,870
Disposals during the period	(283)
Realised gains on disposals	185
Currency translation differences	350
Transfer from equity reserve	-
Movement in market value	(452)
<b>At 31 December 2013</b>	<b><u>36,425</u></b>
<b>The available for sale investments splits are as below;</b>	
<b>Current assets – listed</b>	<b>10,967</b>
<b>Non-current assets – unlisted</b>	<b>24,661</b>
<b>Current assets – unlisted</b>	<b>797</b>
	<b><u>36,425</u></b>

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

**5. Financial information**

The financial information set out above does not constitute the Group's statutory accounts for the period ended 30 June 2013, but is derived from those accounts. Statutory accounts for the period have been delivered to the shareholders, and the auditors made an unqualified report thereon.

A copy of this interim financial report is available on the Company's website: [www.poloresources.com](http://www.poloresources.com)

## Corporate Information

**Registered number** 1406187 registered in British Virgin Islands

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Kian Meng Cheah – Non Executive Director

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**Broker** Liberum  
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**Principal Bankers** HSBC Bank Plc  
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