



**POLO RESOURCES LIMITED**

(“Polo” or the “Company”)

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2015**

Polo Resources Limited (AIM: POL), the natural resources investment company with interests in oil, gold, coal, copper, phosphate, iron and vanadium, today announces results for the six months ended 31 December 2015.

**Financial Highlights**

- Total Net Assets of US\$73.53 million as of 16 March 2016 (31 December 2015: US\$73.03 million).
- Net Asset Value per share as at 16 March 2016 was approximately 17.23 pence per share (31 December 2015: 16.31 pence per share).

**Investment Highlights**

- Signet Petroleum Limited and Regalis Petroleum Limited (Oil and Gas, Africa)
  - Signet, in which Polo held a 42 per cent interest, determined to wind down its affairs. Polo received a cash distribution of US\$691,000 and an in-specie distribution of approximately 1.89 million shares in private Regalis Petroleum, which has interests in Blocks DOA and WD2-2008 onshore Southern Chad, and a further 1.23 million shares from certain other Signet shareholders, as part of the winding down, with a total value of approximately US\$6.96 million. These shares are in addition to the 3.5 million shares held directly by Polo and bring Polo’s total shareholding in Regalis to 13.67 per cent. In its year ended 31 December 2014, Regalis reported an unaudited loss from operations of US\$7.5 million and had net assets as at that date of US\$40.1 million.
  - Regalis completed a 5,349 km airborne gravity/magnetic survey over the blocks which are on trend with existing and recent Glencore/Caracal discoveries.
- Hibiscus Petroleum Berhad (HIBI: MK) (Oil & Gas, UK and Australia)
  - Polo subscribed 90 million shares in Hibiscus, a Main Market of Bursa Malaysia listed company for US\$5 million. The holding represented a strategic 8.4 percent stake (since diluted) in the enlarged fully paid capital of Hibiscus and was acquired at a price of MYR 0.235 per share.
  - On 6 August 2015, Hibiscus announced a proposed joint acquisition by Anasuria Hibiscus UK Limited, an indirect wholly-owned subsidiary of Hibiscus, and Ping Petroleum Limited (“Ping”) to each acquire 50 per cent of the interests held by Shell U.K. Limited, Shell EP Offshore Ventures Limited and Esso Exploration and Production UK Limited in the relevant licenses of the Anasuria oil and gas fields in the UK Central North Sea for a total cash consideration of US\$52.5 million.

- Post reporting period, Hibiscus announced that its subsidiary Anasuria Hibiscus UK Limited and Ping had completed the Anasuria acquisition. This is a significant milestone for Hibiscus as it strives to become a major operating oil producer. Additional fundraising by Hibiscus resulted in a light dilution of Polo's shareholding to 8.16 percent.
- Blackham Resources (ASX:BLK) (Gold, Australia)
  - In October 2015, Blackham released a Preliminary Feasibility Study ("PFS") demonstrating robust economics for its 4.7 million ounce ("Moz") resource Matilda Gold Project. Based on a Mining Inventory of 6 million tonnes ("Mt") at 2.8 grams/tonne ("g/t") for a total of 540,000 oz and an Ore reserve Estimate 3.4 Mt at 2.5 g/t for 270,300 oz, the PFS defined an initial mine life of 4.75 years delivering an average 98,000 oz/year. The start-up capital is low at some \$28 million and based on a gold price A\$1,550/ounce the Project had an NPV (pre-tax) A\$124 million, payback 14 months and IRR (pre-tax) 105 per cent.
  - Post reporting period, on 24 February 2016, Blackham released a Definitive Feasibility Study ("DFS") which further verified the very strong economics for the Matilda Project. All key mining parameters improved: Mining Inventory 8.3 Mt at 2.9 g/t for a total 767,000 oz; Ore Reserve Estimate 6.1 Mt at 2.5 g/t for 481,000 oz; mine life over 7 years; and average production first five years 101,000 oz/year. Start-up capital is still low but slightly increased to \$32 million and key economic indicators improved (based on A\$1,550/ounce): NPV (pre-tax) A\$170 million, payback 12 months and IRR (pre-tax) 150 per cent.
  - The Matilda project is capital efficient and because existing infrastructure such as the processing plant needs little refurbishment it can be rapidly brought into production. The initial mine plan has a very short payback period and will generate the cash necessary to grow the mining inventory from their very considerable gold resource.
  - Despite volatility in US dollar gold price, the Australian dollar gold price has remained relatively stable due to the Australian Dollar exchange rate. Australian gold producers with a local cost base and cashflows linked to Australian dollar gold price have reduced risk and continue to make good margins. Following the successful DFS, Blackham raised A\$20.3 million through a placement and is committed to implement the Matilda Project with first production targeted for Q3 2016. Polo's total interest in Blackham currently sits at 7.08 per cent.
- Weatherly International Plc (AIM: WTI) (Copper, Namibia)
  - AIM listed Weatherly, a mining, development and exploration company focusing on Copper in Namibia, achieved its designed production rate of 17,000 tonnes per annum of high grade copper cathode (average monthly production 1,420 tonnes) at its flagship Tschudi Project during December 2015.
  - Weatherly's Central Operations were converted to project development status in order to prepare the mines for future production of larger volumes of copper concentrate, at lower unit costs, when market conditions improve.
  - In December 2015, Weatherly announced a JORC (2012) reserve and processing update for its Tschudi mine. Tschudi ore reserves of 24.4 Mt at 0.85 per cent copper for 214,000 tonnes of contained copper metal after mining depletion of 8,000 tonnes.
  - Pit optimisation work has decreased Strip Ratio by 13 per cent from 7.5:1 (waste:ore) to 6.5:1. Life of mine C1 costs are expected to be reduced by 9 per cent to US\$3,865 per tonne of copper cathode and there is an opportunity to increase processing capacity from 17,000 to 20,000 tonnes per annum.
  - The future looks promising for Weatherly with its Tschudi mine delivering planned output at lower than planned cost together with an opportunity to further enhance production. These are important achievements as it works towards securing the continued support of Orion

Mine Finance and positioning itself to capitalise on what industry perceives to be a period of rising copper price.

- Ironstone Resources Limited (Iron Ore, Vanadium, Precious Metal, Canada)
  - During the period reported on, Ironstone raised C\$1.04 million towards reduction of debt and completing an SRK Consulting Preliminary Economic Assessment (“PEA”), on its Clear Hills Iron/Vanadium project in Alberta, Canada. Polo participated and increased its interest in Ironstone to 18.8 per cent through an additional investment of C\$101,000 and the operation of a price protection mechanism for certain early stage investors.
  - Polo takes a long-term view with its investment in Ironstone which it believes is on the cusp of a major breakthrough capable of making significant returns for investors. The Hatch-Ironstone Direct Reduced Iron Process if successful (able to operate at production scale and at an attractive cost) will open up vast hitherto untouched but readily available iron ore reserves. Ironstone has its own large iron ore reserves with significant Vanadium Pentoxide by-product. Planned outputs include: Hot Iron Briquettes for Electric Arc Furnaces and Vanadium which is important in mass storage batteries, e.g. Lithium-Vanadium batteries for hybrid cars and the Vanadium Flow Battery which is capable of powering single homes through to solving the power grid storage problems re accommodating solar and wind turbines.
  - Acknowledging the pending demand for steel products in the expanding western Canada economy, Ironstone anticipates that the provincial government will offer financial support for the commissioning of a steel market study to determine the supply and demand scenario for steel products in western Canada over the next 15 years. This study, expected to be conducted in Q3 2016, will provide important data to the company to consider moving up the value chain from producing iron metalics for export to producing finished steel products for domestic consumption.
  - The PEA, which was scheduled to be completed in late 2015, has been deferred due to the potential of re-aligning the production plan from metalics to steel, depending on the outcome of the aforementioned market study. Ironstone’s revised plan is to conduct the PEA post pilot test at metallurgical equipment supplier FLSmidth’s facilities, which Ironstone projects to conduct late 2016, dependent on available funding.

**Datuk Michael Tang, Executive Chairman of Polo, said:** *“Polo is entering 2016 with the financial capacity to both invest and also maintain our equity positions within our current portfolio. With improving investment sentiment and prices emerging across the natural resources sector, the Board of Polo is looking forward to an exciting 2016 where we anticipate through our producer sector portfolio investments, Blackham, Hibiscus and Weatherly a year of positive news as commodity prices show signs of recovery.”*

**For further information, please contact:**

Polo Resources Limited Kudzayi Denenga, Investor Relations	+ 27 (0) 787 312 919
ZAI Corporate Finance Ltd ( <i>nominated adviser</i> ) Ray Zimmerman, Peter Trevelyan-Clark	+44 (0) 20 7060 2220
Liberum Capital ( <i>broker</i> ) Christopher Britton	+44 (0) 20 3100 2000
Blytheweigh ( <i>public relations</i> )	+44 (0) 207 138 3204

## **About the Company**

Polo Resources Limited is a natural resources investment company focused on investing in undervalued companies and projects with strong fundamentals and attractive growth prospects. For complete details on Polo, refer to: [www.poloresources.com](http://www.poloresources.com).

## **CAUTIONARY STATEMENT**

The AIM Market of the 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 the future plans and objectives of Polo. 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 assumes no obligation to update forward-looking statements should circumstances or management's estimates or opinions change.

The Company's exploration and investment activities may also be affected by a number of risks, including legal, political, environmental, economic, financing, permitting, commodity, exploration and development and other market risks which are normal to the industry and referenced in greater detail in the Company's 2015 Annual Report for the period ending 30 June 2015, which may be found on the Company's website at profile on [www.poloresources.com](http://www.poloresources.com)

## Chairman's Statement

These set of interim results come at an exciting time for Polo where we are beginning to see an upward turn in market sentiment across the natural resources arena coinciding with the advancements underway within our investment portfolio. During the period under review, Polo made another strategic investment in the oil and gas sector by acquiring a stake in Hibiscus Petroleum Berhad ("Hibiscus") (HIBI: MK), a Malaysian stock exchange listed oil and gas company, which following our investment, completed a milestone investment into the Anasuria cluster of oil and gas fields in the UK Central North Sea. This provides Hibiscus with significant value adding production assets and sees it well on the way to achieving its aim to be a significant oil and gas producer.

Meantime, our investments in the gold and copper sectors add real value to Polo. Blackham Resources Limited ("Blackham") (ASX: BLK) completed a pre-feasibility study for its Matilda gold project in Western Australia and post reporting period, completed the definitive feasibility study, paving the way for the Project to begin production later this year. This is a standout project amongst its peers given its high conversion rate of the significant gold resource to mining inventory and possession of existing mining and processing infrastructure that minimises capital expenditure and enables a production fast track delivering a short payback period and high returns.

The Namibia copper mining company Weatherly International Plc ("Weatherly") (AIM: WTI), is now seeing its Tschudi mine enter operational stability and realising there are further opportunities for enhancing production. This is an important factor for the company as it works towards securing the continued support of Orion Mine Finance and positioning itself to capitalise on what industry perceives to be a period of rising copper price.

We were pleased to secure some benefit from our investment exposure to Signet Petroleum Limited ("Signet") at a time when exit transactions are challenging, and the modest cash distribution and Regalis Petroleum Limited ("Regalis") share distributions from the winding up of Signet have helped strengthen our balance sheet. Our investments in near-producing assets are starting to show value which we hope will be reflected back into an uplift in Polo's own share price performance.

### **Gold**

#### **Blackham Resources Limited (ASX: BLK)**

- Gold, Western Australia
- Coal, Southwest Australia
- Combined direct and indirect 7.08 per cent equity interest

#### Investment Update

In November 2015, Polo increased its undiluted interest in Blackham from its direct holding of 2.37 per cent to 7.36 per cent, resulting in a combined direct and indirect holding of 10.3 per cent, of which 8.8 per cent is attributable to Polo following its acquisition of 10,000,000 ordinary shares of Blackham for AUD2.1 million or AUD0.21 per share from Perfectus Management Ltd ("Perfectus"), a 49 per cent owned associate of Polo, by way of the issuance of 25,016,484 new Polo ordinary shares at an agreed price of 3.92 pence per share to Perfectus.

Post the reporting period, Blackham raised, through a placement, AUD20.3 million at a price of AUD0.45 per share. The proceeds will allow, amongst other things, fast-tracking of Blackham's Wiluna Gold Plant refurbishment, a critical path to gold production in Q3 2016. Polo did not participate in the placement. Following an approximate 45 million share placement, Polo is directly interested in 5.92 per cent Blackham's enlarged issued ordinary share capital and in a further 2.36 per cent via its 49 per cent shareholding in Perfectus Management Ltd with a total interest attributable to Polo of 7.08 per cent.

As previously announced, Polo has the right to purchase a further 49 per cent of Perfectus for A\$3.0 million to be satisfied by the issue or transfer to the vendor of ordinary shares in Polo at an agreed price of 15 pence per share and a call option has also been placed on Polo's interest in Perfectus with an exercise price set at the higher of 49 per cent of the net asset value of Perfectus or A\$4.5 million. These options expire in May 2016.

#### Matilda Gold Project, Western Australia

During the period under review, Blackham published the details of the PFS on its 100 per cent owned Matilda Gold Project ("Project") which demonstrated strong economics. Post the reporting period, Blackham released the DFS which tightened up on confidence limits and demonstrated the Project was more robust with extended mine life and improved economics (refer Blackham's ASX announcements 20 October 2015 and 24 February 2016).

#### DFS Highlights:

- Very strong project economics (Table 1)
- Considerable upside as gold price rises with every A\$100/ounce increase adding \$63 million to cashflow (table 2)
- Australian Dollar / US Dollar exchange rate has resulted in a relatively stable Australian Dollar gold price which has enables Australian gold producers to continue making good margins and does reduce risk for project start-up
- Rapid low capital pathway to gold producer within 6 months
- Ore Reserve Estimate of 481,000 oz (PFS 270,000 oz) demonstrates very high conversion of Mineral Inventory into Reserves
- DFS adds two years of mine life enabling sustainable ongoing production
- Project implementation underway

TABLE 1: DFS demonstrates Matilda Project's robust economics

• Mining Inventory	8.3Mt @ 2.9g/t for 767,000oz
• Reserves	6.1Mt @ 2.5g/t for 481,000oz
• Initial Life of Mine	+7 years
• Average Annual Production	101,000ozpa (over 1 <sup>st</sup> 5 years)
• LOM C1 Cash Costs	A\$850/oz or US\$600/oz
• Annual EBITDA @ \$1,600/oz	A\$58M (Yr1) & A\$62M (5yr Avg)
• Pre-Production Capital Costs	A\$32M
• Project Cash Flow*	A\$234M
• NPV <sub>7%</sub> before tax*	AUD170M
• Payback*	12 months
• IRR before corp & tax*	150 %

\*All at A\$1,600/oz or US\$1,207/oz

TABLE 2: Matilda Project's sensitivity to gold price

Gold Price Sensitivity	A\$1,500/oz <sup>1</sup>	A\$1,600/oz <sup>2</sup>	A\$1,700/oz <sup>3</sup>
• Project Cash Flow	A\$171	A\$234	A\$296
• NPV <sub>7%</sub> before corp & tax	A\$121	A\$170	A\$219
• Payback (months)	14	12	9
• IRR before corp & tax	102%	150%	211%
• EBITDA (1 <sup>st</sup> 5 years average)	A\$52M	A\$62M	A\$72M

1. A\$1,500/oz approximates the 5 year average gold price
2. A\$1,600/oz approximates the average 2016 YTD gold price
3. A\$1,700/oz approximates the average gold price of the 10 day period to 24 February 2016

Since finalising the DFS Resources, Blackham has continued drilling at Matilda, Golden Age and Bulletin with the aim of improving the quality and quantity of the reserve ounces. Further reserve re-estimates are expected prior to production.

Following the completion of the DFS, Blackham's Board have committed to the Matilda implementation plan and development timeline. The 4.7 Moz Matilda Gold Project is targeting production by Q3 2016.

The full details of Blackham's announcements can be found at [www.blackhamresources.com](http://www.blackhamresources.com), including a competent person's statement (JORC 2012) in respect of the Matilda Gold Project DFS Summary.

### **Nimini Holdings Limited**

- Gold, Sierra Leone
- 90 per cent equity interest

Polo holds a 90 per cent interest in Nimini Holdings Limited ("Nimini"), which through its wholly owned Sierra Leone subsidiary, holds the Komahun Gold Project ("Project") situated in the Kono District.

The Ebola ("EVD") outbreak which severely affected the people and economies of West Africa was declared by the World Health Organisation to have ended in Sierra Leone on 7 November 2015. The country then entered a 90-day period of enhanced surveillance to ensure the rapid detection of any further cases. On 14 January 2016, a new confirmed case of EVD was reported in Sierra Leone. As a consequence the State of Public Health Emergency has yet to be lifted.

Nimini's key objective is to progress the Mine Development Agreement ("MDA") through execution and parliamentary ratification. To that end negotiations with Government are taking place, having been put on hold during the EVD period. The MDA sets out, *inter alia*, the key fiscal/commercial terms under which the Project will operate and it is therefore essential to progressing the Project to completion of a DFS. The Project will continue on a care and maintenance basis until MDA ratification.

Faced with a significant budget deficit, Sierra Leone needs to encourage investment in general and in its natural resources sector in particular. Support for the country's first large-scale gold mining operation through a ratified MDA for Nimini would therefore be expected to be a priority.

The recent substantial upward movement in the gold price is encouraging and it is hoped that this will be sustained.

### **Oil and Gas**

#### **Signet Petroleum Limited**

- Oil and Gas, Africa
- 42 per cent equity interest

On 9 November 2015, Polo announced an update in relation to Signet Petroleum Limited and other Signet entities, whereby Signet's shareholders agreed to wind down their activities. Polo received a cash distribution of US\$691,000 and an in-specie distribution from Signet Petroleum Nigeria Ltd of approximately 1.89 million shares in private Regalis Petroleum Limited, and of a further 1.23 million shares from certain other Signet shareholders, as part of the settlement of Signet's affairs, with a total value of approximately US\$6.96 million. These shares are in addition to the 3.5 million shares held directly by Polo and bring Polo's total shareholding in Regalis to 13.67 per cent. Management is pleased to have been able to secure some benefits of the investment exposure to Signet at a time where such exit opportunities are scarce and challenging.

## **Regalis Petroleum Limited**

- Oil, Republic of Chad
- 13.67 per cent equity interest

Polo interest in the private and independent oil and gas company, Regalis increased to 13.67 per cent following an in-specie distribution by Polo's 42 per cent owned associate, Signet Petroleum Nigeria Limited and transfers from other Signet shareholders.

Regalis has interests in three highly prospective onshore exploration blocks in the Republic of Chad. Regalis completed a 5,349km airborne gravity/magnetic survey over Blocks DOA and WD2-2008 which are on trend with existing and recent Glencore/Caracal discoveries.

## **Equus Petroleum Plc**

- Energy and Petroleum, Kazakhstan
- 1.95 per cent equity interest

Polo intends to exit Equus Petroleum Limited ("Equus"), in which it has a 1.95 per cent equity interest, in view of the low domestic oil and gas price available to Equus in Kazakhstan, following a US\$2.5 million impairment charge taken in the year ended 30 June 2015.

## **Hibiscus Petroleum Berhad (HIBI: MK)**

- Oil and Gas, United Kingdom and Australia
- 8.16 per cent equity interest

On 2 December 2015 Polo subscribed 90 million new ordinary shares in Hibiscus, a Main Market of Bursa Malaysia Securities Berhad listed company, for US\$5.0 million. The holding represented a strategic 8.4 per cent stake in the enlarged fully paid capital of Hibiscus and was acquired at a price of MYR0.235 per share, a 4.08 per cent discount to the Hibiscus closing price of MYR0.245 on 1 December 2015.

Hibiscus' strategy since listing on 25 July 2011 has been to invest in a balanced portfolio of assets across the spectrum of upstream oil and gas exploration and production activities with key focus on politically stable areas. Its current development assets are located in Australia with an estimated 8.0 million barrels of 2P/2C reserves/resources.

On 6 August 2015, Hibiscus announced a proposed joint acquisition (50:50 basis) by its subsidiary Anasuria Hibiscus UK Limited and Ping Petroleum Limited of the interests held by Shell U.K. Limited, Shell EP Offshore Ventures Limited and Esso Exploration and Production UK Limited in the relevant licenses of the Anasuria cluster of oil and gas fields in the UK Central North Sea for a total cash consideration of US\$52.5 million.

Post the reporting period, all necessary approvals to the transfer by Shell UK, Shell EP and Esso UK to Anasuria Hibiscus and Ping Petroleum were received; and all operational readiness indicators under the transfer of operatorship agreement entered into on 6 August 2015 between Shell UK, Anasuria Hibiscus, Ping Petroleum and Anasuria Operating Company Limited ("AOCL"), for the transfer of operatorship of the Anasuria Cluster (save for the Cook Field) from Shell UK to AOCL were satisfied (in relation to the Shell SPA) and on 11 March 2016 Hibiscus announced the successful completion of the acquisition.

The acquisition is an exciting opportunity that will elevate Hibiscus to the status of an operating oil producer through a shareholder's agreement with Ping Petroleum Limited to jointly operate the producing Anasuria oil and gas field.



## **Phosphate**

### **Celamin Holdings NL (ASX: CNL)**

- Phosphate, Tunisia
- 33.23 per cent equity interest

At the time of preparing this report Celamin Holdings NL (“Celamin”) continues in a period of voluntary trading suspension citing in a press release on 18<sup>th</sup> March 2015 that this situation was brought about due to a dispute with its 49 per cent local partner, Tunisian Mining Services (“TMS”), and that legal advisers had been engaged to resolve the situation. At the heart of the dispute is an apparently fraudulent transfer by TMS to itself of Celamin’s 51 per cent interest in the joint venture company Chaketma Phosphates SA (“CPSA”). A number of cases have been filed in the Tunisian courts and on 3 November 2015 Celamin announced that it had submitted a request for International Arbitration of the dispute in order seek preservation and recognition of its rights, including restitution of its shares in CPSA and compensation for damages suffered. Please refer to Celamin’s website [www.celaminnl.com.au](http://www.celaminnl.com.au) for an account of the situation.

Polo believes both that Celamin will be sufficiently funded through the period necessary to resolve the dispute and has been advised by Celamin’s management that the dispute will be resolved in Celamin’s favour. Polo further appreciates that the legal process has restricted Celamin making announcements.

Celamin’s core asset, the Chaketma Project in Tunisia, is a significant large-scale phosphate development asset, which comprises six prospects over a total area of 56 square kilometres. It hosts a total JORC compliant Inferred Resource of 130 Mt at 20.5 per cent phosphorus pentoxide, confirmed from drilling at only two of the Project’s six prospects.

## **Coal**

### **GCM Resources Plc (AIM: GCM)**

- Coal Projects, Bangladesh
- 27.8 per cent equity interest

Polo is a strong supporter of AIM traded GCM Resources Plc (“GCM”) which seeks to develop a large scale mining project based on a world class deposit of 572 Mt (JORC 2004 compliant) comprising of thermal and metallurgical coal in North-West Bangladesh, subject to receiving approval from the Government of Bangladesh to proceed.

In-country demand for coal is expected to dramatically increase as the Bangladesh Government implements a Power Sector Master Plan which will increase coal-fired power generation by 18,750MW in the next 14 years. The Government announced plans to source coal from overseas but have yet to secure any at this point in time. Of the five coal deposits in Bangladesh, the Phulbari coal deposit is the most advanced in preparation for extraction.

GCM’s strategy is focused on pursuing approval for the Project by demonstrating how it will assist the Government of Bangladesh meet its power requirement and in particular show that it will be a reliable high volume supplier of high quality coal enabling much lower power tariffs than using imported coal. The company is in discussions with potential partners who may assist GCM in the process. In addition GCM places importance on retaining its social licence with the potentially affected local communities, and has continued with its local engagement activities during the last six months.

In the period under review, a further US\$2.03 million impairment has been taken to the carrying value of our investment.

## **Iron and Vanadium**

### **Ironstone Resources Limited**

- Iron Ore, Vanadium and Precious Metal Projects, Canada
- 18.84 per cent equity interest

Ironstone Resources Limited (“Ironstone”), headquartered in Calgary, Alberta is in advanced development of its Clear Hills Project located in the Peace Region of NW Alberta. Featuring a large compliant poly-metallic iron and vanadium resource, quality infrastructure, high value commodities, top tier partners and local and institutional support – the Clear Hills Project stands apart from traditional iron concentrate producers.

After conducting a comprehensive Strategic Planning process in Q4 2015, Ironstone’s board has approved a sequence of initiatives to be undertaken in the next 36 months to advance its Clear Hills Project through its feasibility (FS) stage, some of which are highlighted below.

#### Western Canadian Steel Market Study

Acknowledging the pending demand for steel products in the expanding western Canada economy, Ironstone anticipates that the provincial government will offer financial support for the commissioning of a steel market study to determine the supply and demand scenario for steel products in western Canada over the next 15 years. This study, expected to be conducted in Q3 2016, will provide important data to the company to consider moving up the value chain from producing iron metallics for export to producing finished steel products for domestic consumption.

The PEA, which was scheduled to be completed in late 2015, has been deferred due to the potential of re-aligning the production plan from metallics to steel, depending on the outcome of the aforementioned market study. Ironstone’s revised plan is to conduct the PEA post pilot test at metallurgical equipment supplier FLSmidth’s facilities, which Ironstone projects to conduct late 2016, dependent on available funding.

#### Hines Creek Demonstration Pilot Plant

To offset of the softening Canadian economy, the provincial and federal governments in Canada have indicated their commitment to assist small and medium enterprises through investments in environmentally sustainable and innovative job creation developments. Ironstone, working with a highly regarded government advisory firm, has commenced a process to secure significant funding over a 36-month period to build and operate its demonstration pilot plant near Hines Creek, Alberta.

In anticipation of securing direct government support in the mid-2016, the company plans to conduct a scaled pilot test in late 2016 at a third-party facility, with subsequent Hatch-Ironstone Chloride Segregation process (“HICS”). Process development is expected to be conducted at the demonstration plant, budgeted for late 2017 after constructing the state-of-the-art facility. This work will lead to the commissioning of its feasibility study, expected in 2018, prior to a final investment decision on the full commercial mine and mini mill.

Ironstone’s potential breakthrough HICS Process continues to attract interest from iron ore miners and steel-makers seeking to commercialize billions of tonnes of low-grade, high-phosphorous oolitic iron ores across the globe.

#### Investment Update

Polo announced on November 27, 2015 that following a rights issue by Ironstone raising C\$1.04 million. Polo’s interest in Ironstone has increased from 14.9 per cent to 18.84 per cent. This was due to the operation of a price protection mechanism, in addition to Polo’s additional investment of C\$101,000.

## **Copper**

### **Weatherly International Plc (AIM; WTI)**

- Copper, Namibia
- 5.2 per cent equity interest

Weatherly's Namibian copper assets include the Otjihase and Matchless underground operations and its main operation the Tschudi open pit mine which became operational in February 2015. The Tschudi Project recovers copper through well proven heap leach, solvent extraction and electro-winning processing is located in one of the best mining jurisdictions in Africa.

Last year was one of significant operational progress for Weatherly culminating with the Tschudi Project achieving its planned full production rate of 17,000 tonnes per annum of high grade copper cathode in December 2015 (average monthly production 1,420 tonnes).

With Commercial Production achieved from 1 October 2015, Tschudi has now operated commercially for a full quarter. C1 costs for that quarter were US\$4,080 per tonne, well below Weatherly's most recent forecasts of US\$4,250-4,350 per tonne for the current full financial year which has started positively with copper price showing an increasing trend.

In addition, Weatherly holds a 25 per cent interest in AIM traded China Africa Resources Plc (AIM: CAF) which has completed a Pre-feasibility for its high grade zinc, lead, silver and vanadium deposit in Northern Namibia.

## **Financial Position**

The Group reported an operating loss of US\$3.04 million for the six months to 31 December 2015 (31 December 2014: US\$927,000). As at 16 March 2016, the Group had a net position of cash, receivables and short term investments of US\$21.06 million (31 December 2015: US\$22.65 million). Listed and unlisted investments at marked to market value, cost and valuation amounted to US\$55.6 million (31 December 2015: US\$53.7 million). The combined total of cash, receivables, payables, listed and unlisted investments was US\$73.53 million as of 16 March 2016 (31 December 2015: US\$73.03 million) which is equivalent to a Net Asset value of approximately 17.23 pence per Polo share (31 December 2015: 16.31 pence per share).

The Directors have reviewed the Group's budget for 2016, 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. Additionally, the Directors have assessed the likelihood of future funding requirements. Based on these activities, the Directors are satisfied that the Company maintains a healthy financial position from the date of the signing of these financial statements, enabling Polo to take a flexible approach to the acquisition and disposal of investments.

I would like to thank all our shareholders, partners and advisers for their continuing support.

**Datuk Michael Tang, PJN**  
Executive Chairman

## POLO RESOURCES LIMITED

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

### Unaudited Interim Results for the six months ended 31 December 2015

#### POLO RESOURCES LTD

#### CONSOLIDATED INCOME STATEMENT

#### FOR THE 6 MONTHS ENDED 31 DECEMBER 2015

	6 months ended 31 December 2015	6 months ended 31 December 2014	Year ended 30 June 2015
Note	(unaudited) \$ 000's	(unaudited) \$ 000's	(audited) \$ 000's
Gains on sale of investments	-	-	484
Investment income	884	67	134
Impairment of AFS investments	-	-	(9,127)
Impairment of associates	(2,033)	-	(45,495)
Administrative & exploration expenses	(1,320)	(861)	(1,781)
Share options expensed	(570)	(145)	(290)
Expensed exploration expensed	-	-	(1,500)
Impairment of exploration and evaluation costs	-	-	(2,000)
Currency exchange gain	2	12	-
<b>Group operating (loss)</b>	<b>(3,037)</b>	<b>(927)</b>	<b>(59,575)</b>
Share of associates results	(497)	(1,277)	(1,902)
Finance revenue	70	70	140
Other income	-	-	156
<b>(Loss) before taxation</b>	<b>(3,464)</b>	<b>(2,134)</b>	<b>(61,181)</b>
Income tax expense	-	-	-
<b>Retained (loss) for the financial period</b>	<b>(3,464)</b>	<b>(2,134)</b>	<b>(61,181)</b>
<b>Attributable to:</b>			
Equity holders of the parent	<b>(3,463)</b>	<b>(2,131)</b>	<b>(60,824)</b>
Non-controlling interests	<b>(1)</b>	<b>(3)</b>	<b>(357)</b>
	<b>(3,464)</b>	<b>(2,134)</b>	<b>(61,181)</b>
<b>Earnings per share:</b>	<b>2</b>		
Basic earnings per share (US cents)	<b>(1.23)</b>	(0.77)	(22.09)
Diluted earnings per share (US cents)	<b>(1.14)</b>	(0.72)	(20.50)

**POLO RESOURCES LTD**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2015**

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	<b>6 months ended 31 December 2015 (unaudited) \$ 000's</b>	<b>6 months ended 31 December 2014 (unaudited) \$ 000's</b>	<b>Year ended 30 June 2015 (audited) \$ 000's</b>
<b>Retained (loss) for the period</b>	(3,464)	(2,134)	(61,181)
(Loss) on market value revaluation of available for sale investments	(2,363)	(4,023)	(5,544)
Currency translation differences	(250)	(210)	(165)
<b>Other comprehensive income for the period net of taxation</b>	<hr/> (2,613) <hr/>	<hr/> (4,233) <hr/>	<hr/> (5,709) <hr/>
<b>Total comprehensive income</b>	<hr/> <b>(6,077)</b> <hr/>	<hr/> <b>(6,367)</b> <hr/>	<hr/> <b>(66,890)</b> <hr/>

**POLO RESOURCES LTD**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2015**

	Note	31 December 2015 (unaudited) \$ 000's	31 December 2014 (unaudited) \$ 000's	30 June 2015 (audited) \$ 000's
<b>Non-current assets</b>				
Intangible assets - licences and exploration costs		-	-	-
Tangible assets		18,386	20,843	17,844
Interest in associates	3	5,099	58,185	14,591
Available for sale investments	4	30,223	24,743	17,079
Trade and other receivables		3,542	3,489	3,472
<b>Total non-current assets</b>		<b>57,250</b>	<b>107,260</b>	<b>52,986</b>
<b>Current assets</b>				
Trade and other receivables		589	187	1,007
Available for sale investments	4	2,767	10,266	4,755
Cash and cash equivalents		15,756	23,515	21,550
<b>Total current assets</b>		<b>19,112</b>	<b>33,968</b>	<b>27,312</b>
<b>Total Assets</b>		<b>76,362</b>	<b>141,228</b>	<b>80,298</b>
<b>Current Liabilities</b>				
Trade and other payables		(3,331)	(3,802)	(3,250)
<b>Total Liabilities</b>		<b>(3,331)</b>	<b>(3,802)</b>	<b>(3,250)</b>
<b>Net Assets</b>		<b>73,031</b>	<b>137,426</b>	<b>77,048</b>
<b>Shareholders' equity</b>				
Share capital		-	-	-
Share premium		304,549	303,059	303,059
Share based payment reserve		2,983	2,268	2,413
Foreign exchange reserve		17,598	17,803	17,848
Available for sale investments reserve		(7,086)	(3,202)	(4,723)
Retained earnings		(243,297)	(181,141)	(239,834)
Minority interest		(1,716)	(1,362)	(1,715)
<b>Total Equity</b>		<b>73,031</b>	<b>137,426</b>	<b>77,048</b>

**POLO RESOURCES LTD**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2015**

	6 months ended 31 December 2015 (unaudited) \$ 000's	6 months ended 31 December 2014 (unaudited) \$ 000's	Year ended 30 June 2015 (audited) \$ 000's
<b>Cash flows from operating activities</b>			
Operating (loss)	(3,037)	(927)	(59,575)
Decrease/ (increase) in trade and other receivables	418	86	(734)
Increase/(decrease) in trade and other payables	81	(39)	(591)
(Increase) in available for sale investments	(5,067)	(5,005)	(5,488)
Foreign exchange (gain)/ loss	(2)	(12)	1
Share options expensed	570	145	290
Impairment of AFS investments	-	-	9,127
Impairment of associates	2,033	-	45,495
Loss on sale of PPE	-	-	30
Depreciation and impairment	-	-	2,016
<b>Net cash (outflow) from operating activities</b>	<b>(5,004)</b>	<b>(5,752)</b>	<b>(9,429)</b>
<b>Cash flows from investing activities</b>			
Finance revenue	70	70	140
Other income	-	-	156
Receipts/(Payments) from/to sale/purchase of tangible assets	(542)	(1,041)	86
Loan (advanced)/repayments to/from third party	(70)	(147)	(130)
<b>Net cash (outflow) from investing activities</b>	<b>(542)</b>	<b>(1,118)</b>	<b>252</b>
<b>Cash flows from financing activities</b>			
Issue of ordinary share capital	-	-	-
<b>Net cash (outflow) from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(5,546)</b>	<b>(6,870)</b>	<b>(9,177)</b>
Cash and cash equivalents at beginning of period	21,550	30,583	30,583
Exchange (loss)/ gain on cash and cash equivalents	(248)	(198)	144
<b>Cash and cash equivalents at end of period</b>	<b>15,756</b>	<b>23,515</b>	<b>21,550</b>

**POLO RESOURCES LTD**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2015**

Group (unaudited)	Equity Contribution \$ 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
As at 1 July 2015	303,059	17,848	(4,723)	2,413	(239,834)	78,763	(1,715)	77,048
(Loss) for the period	-	-	-	-	(3,463)	(3,463)	(1)	(3,464)
(Loss) on revaluation of available for sale investments	-	-	(2,363)	-	-	(2,363)	-	(2,363)
Currency translation differences	-	(250)	-	-	-	(250)	-	(250)
<b>Total Comprehensive income</b>	-	(250)	(2,363)	-	(3,463)	(6,076)	(1)	(6,077)
Share capital issued	1,490	-	-	-	-	1,490	-	1,490
Share based payments	-	-	-	570	-	570	-	570
<b>Total contributions by and distributions to owners of the Company</b>	1,490	-	-	570	-	2,060	-	2,060
As at 31 December 2015	304,549	17,598	(7,086)	2,983	(243,297)	74,747	(1,716)	73,031

Group (unaudited)	Equity Contribution \$ 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
As at 1 July 2014	303,059	18,013	821	2,123	(179,010)	145,006	(1,358)	143,648
(Loss) for the period	-	-	-	-	(2,131)	(2,131)	(3)	(2,134)
(Loss) on revaluation of available for sale investments	-	-	(4,023)	-	-	(4,023)	-	(4,023)
Currency translation differences	-	(210)	-	-	-	(210)	-	(210)
<b>Total comprehensive income</b>	-	210	(4,023)	-	(2,131)	(6,364)	(3)	(6,367)
Share based payments	-	-	-	145	-	145	-	145
<b>Total contributions by and distributions to owners of the Company</b>	-	-	-	145	-	145	-	145
As at 31 December 2014	303,059	17,803	(3,202)	2,268	(181,141)	138,787	1,361	137,426



**POLO RESOURCES LTD**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited) (continued)**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2015**

	Equity Contribut ion	Available for sale investment reserve	Foreign currency translation reserve	Share based payment reserve	Retained earnings	Total	Non- Controlling Interest	Total equity
Group (audited)	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$000's	\$ 000's
As at 1 July 2014	303,059	821	18,013	2,123	(179,010)	145,006	(1,358)	143,648
(Loss) for the period	-	-	-	-	(60,824)	(60,824)	(357)	(61,181)
(Loss) on revaluation of available for sale investments	-	(5,544)	-	-	-	(5,544)	-	(5,544)
Transfer to income statement	-	-	-	-	-	-	-	-
Currency translation differences	-	-	(165)	-	-	(165)	-	(165)
<b>Total Comprehensive income</b>	-	(5,544)	(165)	-	(60,824)	(66,533)	(357)	(66,890)
Share based payments	-	-	-	290	-	290	-	290
Share options cancelled	-	-	-	-	-	-	-	-
Share issued	-	-	-	-	-	-	-	-
<b>Total contributions by and distributions to owners of the Company</b>	-	-	-	290	-	290	-	290
As at 30 June 2015	303,059	(4,723)	17,848	2,413	(239,834)	78,763	(1,715)	77,048

**POLO RESOURCES LTD**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2015**

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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 2015 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 2015 and as expected to be adopted in the statutory accounts for the year ending 30 June 2016. The figures for the period ended 30 June 2015 have been extracted from the accounts for the period ended 30 June 2015, which are available on the Company's website at [www.poloresources.com](http://www.poloresources.com), 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 2015 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 Dollar (\$).

*(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*

US\$ to one unit of foreign currency were as follows:

	<b>As at 31 December 2015</b>	<b>Average for the 6 months to 31 December 2015</b>	<b>As at 30 June 2015</b>	<b>Average for the period to 30 June 2015</b>
Pound Sterling	1.48236	1.5332	1.57174	1.5755
Australian Dollar	0.72875	0.7227	0.76554	0.8369
Canadian Dollar	0.72120	0.7569	0.80925	0.8553
Singapore Dollar	0.70705	0.7145	0.74032	0.7633

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**POLO RESOURCES LTD**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2015**

**2. Earnings per share**

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

	<b>6 Months ended 31 December 2015 (unaudited)</b>	<b>6 Months ended 31 December 2014 (unaudited)</b>	<b>Year 30 June 2015 (audited)</b>
Net (loss) after taxation (\$000's)	(3,464)	(2,134)	(61,181)
Weighted average number of ordinary shares used in calculating basic earnings per share (millions)	282.68	276.94	276.94
Basic (loss) per share (expressed in US cents)	(1.23)	(0.77)	(22.09)
Weighted average number of ordinary shares used in calculating fully diluted earnings per share (millions)	304.18	298.44	298.44
Diluted (loss) per share (expressed in US cents)	(1.14)	(0.72)	(20.50)

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 (determine 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.

**3. Interest in associates**

	<b><u>2015</u></b>
	<b>\$ 000's</b>
<b>Group</b>	
At beginning of the period	<b>14,591</b>
Share of associates' loss for the period	<b>(497)</b>
Impairment charge – GCM Resources Plc	<b>(2,033)</b>
Transfer to AFS of Regalis share distribution from "Signet Group"	<b>(6,962)</b>
<b>As at 31 December 2015</b>	<b><u>5,099</u></b>

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 \$ 000's</b>	<b>Fair Value \$ 000's</b>
GCM Resources Plc (listed)	1,556	1,556
Celamin Holdings NL (listed)	1,720	2,405
Signet Petroleum Limited (unlisted)	-	-
Perfectus Management Limited (unlisted)	1,823	1,823
	<b>5,099</b>	<b>5,784</b>

The breakdown of the fair values as at 16 March 2016 of the Group's interest in listed and unlisted associates is as follows:

<b>Non-current assets</b>	<b>Fair Value \$ 000's</b>
GCM Resources Plc (listed)	1,100
Celamin Holdings NL (listed)	2,463
Signet Petroleum Limited (unlisted)	-
Perfectus Management Limited (unlisted)	1,823
	<b>5,386</b>

#### 4. Available for sale investments

<b>Group – Listed &amp; Unlisted Investments</b>	<b>\$ 000's</b>
At 1 July 2015	21,834
Acquired during the period	6,557
Regalis share distribution from "Signet Group"	6,962
Movement in market value	(2,363)
<b>At 31 December 2015</b>	<b>32,990</b>

The available for sale investments splits are as below:

<b>Non-current assets - listed</b>	<b>7,569</b>
<b>Non-current assets – unlisted</b>	<b>22,654</b>
<b>Current assets – listed</b>	<b>1,970</b>
<b>Current assets – unlisted</b>	<b>797</b>
	<b>32,990</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. Events after the end of the reporting period

There are no events after the end of the reporting period to disclose.

#### 6. Financial information

The financial information set out above does not constitute the Group's statutory accounts for the period ended 30 June 2015, 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

<b>Registered number</b>	1406187 registered in British Virgin Islands
<b>Directors</b>	Datuk Michael Tang – Executive Chairman Gary Lye – Non-Executive Director Kian Meng Cheah – Non Executive Director
<b>Registered Office</b>	Craigmuir Chambers Road Town, Tortola British Virgin Islands VG 1110 Email: <a href="mailto:info@poloresources.com">info@poloresources.com</a> Website: <a href="http://www.poloresources.com">www.poloresources.com</a>
<b>Auditors</b>	Chapman Davis LLP 2 Chapel Court London SE1 1HH, United Kingdom
<b>Nominated Advisor</b>	ZAI Corporate Finance Ltd Staple Court, 11 Staple inn London Wc1V 7QH, United Kingdom
<b>Broker</b>	Liberum Capital Limited Ropemaker Place, Level 12 25 Ropemaker Street London EC2Y 9LY, United Kingdom
<b>Principal Banker</b>	HSBC Bank Plc Fenton House, 85-89 New London Road Chelmsford, ESSEX CM2 0PP, United Kingdom
<b>Registrars</b>	Computershare Investor Services (Jersey) Limited Queensway House Hilgrove Street St Helier Jersey JE1 1ES, Channel Islands
<b>Depository Interest</b>	Computershare Investor Services Plc The Pavilions Bridgwater Road Bristol BS99 6ZY, United Kingdom
<b>Solicitors for BVI Law</b>	<b>Solicitors for United Kingdom Law</b>
Harney Westwood & Riegels LLP Third Floor, 7 Ludgate Broadway London EC4V 6DX United Kingdom	Dentons UKMEA LLP One Fleet Place London EC4M 7WS United Kingdom
Walkers 171 Main Street PO Box 92, Road Town Tortola VG1110 British Virgin Islands	<b>Solicitors for Australian Law</b> Hunt & Humphry 15 Colin Street, West Perth 6005 Western Australia
<b>Solicitors for Canadian Law</b>	
Borden Ladner Gervais LLP Scotia Plaza, 40 King Street West, 44th Floor Toronto, Ontario, M5H 3Y4 Canada	