*This Interim Report contains inside information as defined in Article 7 of the EU Market Abuse Regulation No 596/2014 and has been announced in accordance with the Company's obligations under Article 17 of that Regulation.*

28 March 2018

**POLO RESOURCES LIMITED**

("**Polo**" or the "**Company**")

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

Polo Resources Limited (AIM: POL), the multi-sector investment company with interests in oil, gold, coal, copper, phosphate, lithium, iron and vanadium, today announces results for the six months ended 31 December 2017.

**Financial Summary:**

- Total Net Assets for the six months ended 31 December 2017 were USD61.81 million representing an increase of 30.9% (30 June 2017: USD47.22 million).
- Total Net Assets of USD61.45 million as of 21 March 2018 (31 December 2017: USD61.81 million).
- Net Asset Value per share as at 21 March 2018 was approximately 14.06 pence per share, USD/GBP = 0.7134 (31 December 2017: 14.69 pence per share, USD/GBP = 0.7412).

## Chairman's Statement

### Introduction

The confidence that we saw at the year-end has continued into the first half of the year. One of the prevalent themes we are seeing is an increased focus on greener materials or those commodities that are associated with electric vehicles or the renewable energy sectors. Polo's portfolio has benefited from this sentiment whilst we are continuing to appreciate the value inherent in the more traditional sectors. We are actively engaging to ensure that Polo's portfolio is at the forefront of the both the emerging and traditional markets.

### Portfolio Overview

#### Hibiscus Petroleum Berhad ("Hibiscus")

Hibiscus Petroleum's indirect wholly subsidiary, Anasuria Hibiscus UK ("AHUK") has been involved in the joint operations of the Anasuria asset for circa 21 months. During this period, the joint operating company has applied itself towards improving operational performance, average uptime and average daily oil production. The delivery of several production enhancement projects conducted at the Anasuria Cluster has ensured that wells and facilities are performing at their expected levels. Hibiscus is now focusing on the drilling of the GUA-P2 side-track well by the end of June 2018 which should unlock 1.01 million barrels from current 29.2 million barrels 2P reserves, moving Hibiscus closer to its target of achieving production of 5,000 barrels of oil per day by 2020 from the Anasuria Cluster.

Hibiscus is also working towards the completion of the North Sabah acquisition by 31 March 2018, which will represent a significant milestone and introduce a second cash generating business segment to the company. Post completion, Hibiscus Petroleum's efforts will immediately focus on lowering unit production costs. Hibiscus will also be undertaking a range of activities to ensure a seamless integration of the North Sabah operations with their existing work processes.

Subject to the successful completion of the North Sabah transaction, operating both the North Sabah and AHUK assets concurrently will allow Hibiscus to amortize a substantial portion of its overheads over two assets. This will finally reflect itself in an improvement of the PAT metric of the company and allow gradual reap of the economic benefits of scale.

With the overall rebound in oil prices that began in 2016 we have seen Hibiscus' production based revenue commensurately rise. It is, therefore, exciting that on 7 March 2018 Hibiscus announced a JV it is involved with (78.3%) has received a 5-year renewal of an exploration permit in the inshore area of the Gippsland Basin of Southeast Australia which contains prospective areas for gas. Work is planned to identify drilling targets and assess the potential for additional gas.

**GMC Resources Plc**

In November 2016, our investee company GCM Resources Plc ("GCM") the developer of the integrated Phulbari Coal and Power Project, located in Bangladesh, signed a Memorandum of Understanding ("MOU") with China Gezhouba Group International Engineering Co. Ltd (CGGCINTL) a specialist engineering company. The MOU sets out the process to investigate the feasibility of a joint venture for the development of mine-mouth coal fired power plants generating up to 2,000 MW at the Phulbari mine development site. CGGC, with support by GCM's team, delivered a Technical Pre-Feasibility Study for the 2,000MW power plant in July 2017.

Post the reporting period, on 9 and 21 March 2018, GCM announced a Joint Development Framework Agreement and Contract Framework Agreement, respectively, with its strategic partner CGGC.

The Joint Development Framework Agreement outlines the parties' roles and responsibilities in pursing approval of the Phulbari Coal and Power Project, including a commitment by CGGC (or its affiliate or investment partner) to invest up to 30% in the power plant, subject to approval by Chinese authorities, with GCM holding the balance of interest. Under the agreement, CGGC undertakes to facilitate financing for the proposed power plant with GCM's assistance.

The Contract Framework Agreement awards CGGC the exclusive right for the engineering, procurement, construction, and commissioning of the proposed 2,000MW mine-mouth thermal power plant, for an agreed initial estimated cost of USD3.8bn which shall be subject to adjustments when the parties finalise a full engineering, procurement, construction and commissioning contract.

**Blackham Resources Limited ("Blackham")**

Recent operations at Blackham's Matilda-Wiluna Operation have demonstrated a turnaround following the extensive waste stripping that occurred during the 2017 calendar year with Blackham reporting record processing plant throughput and gold production (December 2017 to February 2018 inclusive). Since late December 2017, there has been a step change in project economics by way of a significantly lower waste material strip ratio, with higher mined ore grades and a build-up of high grade stockpiles to mitigate the risks of lower gold production caused by unforeseen mining interruptions. High grade ore zones accessed from November 2017 (M4 pit) and December 2017 (Galaxy pit) will continue to provide feed during 2018, underpinning anticipated high grade production and positive cash flows.

Following the completion of the Entitlement Offer in February 2018, Blackham is well funded as it enters into a period of production, which will initially focus on free milling gold production with an expected stripping ratio of less than half of recent levels (7:1 vs. 16:5:1 year to date) for the current mine free milling mine plan, providing a significant step change in project economics. This, in conjunction with continued access to high grade ore zones that are supported by extensive grade control drilling, will provide ongoing mill supply and continued growth in high grade stockpiles and is expected to deliver a period of strong operational cash flows.

**Weatherly International Plc ("Weatherly")**
Weatherly's principal asset is the Tschudi open pit mine producing refined copper cathode on site. Other assets include the Otjihase underground copper mine and concentrator and the Matchless West underground copper mine both of which are on care and maintenance while the project development activity is underway. Weatherly also owns 25% of China Africa Resources Namibia ("CARN"), a private Namibian company which owns the high-grade Berg Aukas underground zinc-lead-vanadium project. On 5 February 2018 it announced that it had signed an agreement to purchase a further 65% of CARN subject to regulatory approval. On 12 December 2017, Weatherly announced that it had entered into an agreement to purchase the Kitumba copper development project in Zambia. The transaction has subsequently been approved by the vendor's shareholders and is only subject to regulatory approval.

**Celamin Holdings NL ("Celamin")**
Celamin is focused on the restitution of its interests in CPSA (the Chaketma Phosphate Project operating company) and the Chaketma Project. On 1 December 2017 Celamin announced a favourable arbitration decision and its local partner TMS has been ordered to return Celamin's 51% shareholding in CPSA and pay damages and costs in excess of USD4 million. Celamin is also continuing with various legal actions in Tunisia including criminal proceedings and debt recovery. The Chaketma Phosphate Project is a world class asset and Celamin believes it is best placed to manage the Project to ensure that the development proceeds.

Subsequent to the end of the December 2017 quarter and following the announcement of the arbitration success, Celamin announced a successful capital raising of AUD1.55 million (USD1.19 million) in a placement. Under the agreement, Polo acquired a further 1,320,000,000 ordinary shares in Celamin for a total consideration of AUD330,000 (USD0.254 million) giving it an interest in approximately 25.1% of Celamin's issued ordinary share capital. The funds will be used by Celamin to pursue enforcement of the final arbitration award, other legal actions in Tunisia and for general working capital purposes.

**PRISM Diversified Ltd ("PRISM")**
The Clear Hills Project was identified in 2007 as having potential for long-term production of iron, vanadium, lithium and aggregate products to support the growing demand in the aerospace and automotive industries for high-purity iron powder products, and the growing demands from renewable energy storage projects for vanadium and lithium electric metals.

In early 2017, PRISM (formerly Ironstone Resources) determined that its iron deposit would be amenable for the production of carbonyl iron powder using a commercially-proven process, with secondary recovery of vanadium and possibly cobalt. After several positive tests at a Canadian pilot facility, PRISM is planning to conduct a comprehensive feasibility study with its technology provider, expected to commence in Q2 2018. Carbonyl iron powders, in select markets, can sell for upwards of USD12,000 per tonne.

Regional studies and government reports support the presence of lithium-rich brines contained within Devonian-age oil and gas reservoirs underlie the Clear Hills Project permits. PRISM has aligned itself with a Canadian water processing company with expertise in the rapid and real-time extraction of impurities from water including minerals such as lithium. After successful preliminary tests revealed the efficient concentration of lithium from a reservoir brine sample on PRISM's permit using the leading-edge patented technology, the company quadrupled its permit-holdings in the Peace Region and now holds a 100% undivided interest in 1.88 million acres, the largest contiguous block of metallic and industrial mineral permits held in Alberta today. Further feasibility work on PRISM's lithium potential will be conducted throughout 2018 including a technology demonstration pilot.

Polo's current portfolio includes:

Petroleum assets:
- Hibiscus Petroleum Limited (8.75%)
- Regalis Petroleum Limited (12.66%)

Coal and power assets:
- GCM Resources Plc (19.84%)
- Universal Coal Resources Pte Ltd (redeemable convertible note)

Gold assets:

- Blackham Resources Limited (1.62%) (diluted following a rights issue)
- Nimini Holdings Limited (90%)

Copper asset:

- Weatherly International Plc (5.2%)

Phosphate asset:

- Celamin Holdings NL (25.1%)

Lithium, iron and vanadium:

- PRISM Diversified Ltd (19.5%)

Various liquid short-term investments.

Given market conditions, the Company has amended its investment policy, as we announced in our Annual Report for the year ended June 2016 and which was ratified at the Company's Annual General Meeting in January 2017. The Board believes that growth in Asia and the Pacific will remain strong and that the Company's strategy should be to focus more on direct and indirect investments in this geographical location. This change in investment policy is supported by analyses undertaken by multilateral organisations. As an illustration of this, the Asian Development Bank states that economic activity in Asia will continue to grow, with the region expecting to contribute to about 60% of global growth in the next couple of years. Moving forward, the Company's strategy will be to make direct and indirect investments in a portfolio of businesses and assets with at least the majority of their operations or early stage companies that intend to have at least the majority of their operations in Asia Pacific.

**Summary**

We are entering the new year with a renewed confidence that the markets in which we and our portfolio companies operate are well placed to ride on the industry trends that are emerging. The Board believes that this optimism will be reflected well in our portfolio's value.

We are encouraged by the continued confidence shown within the natural resource sector during the period. Commodity prices saw a recovery and activities in the sector are increasing. We have a portfolio of investments that is benefiting from this. We are also seeing an increased emphasis on those commodities that are focused on a greener future, an area that we have an exposure.

Given the current trends and the portfolio that we currently have, the Board is confident that Polo is well positioned. We look forward to providing further updates to our shareholders on our progress and further investing activities.

To conclude, I would like to take this opportunity to thank all our shareholders and partners for their continued support.

**Datuk Michael Tang, PJN**
Executive Chairman
28 March 2018

**For further information, please contact:**

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

**About the Company**

Polo Resources Limited is a multi-sector investment company focused on investing in undervalued companies and projects with strong fundamentals and attractive growth prospects. For complete details on Polo, refer to: 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 2017 Annual Report for the period ending 30 June 2017, which may be found on the Company's website at profile on www.poloresources.com.

## Investment Update

### Oil and Gas

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

- Oil and Gas, United Kingdom and Australia
- 8.75% equity interest

Hibiscus is a joint-operator of the Anasuria Cluster of producing fields via the Anasuria Operating Company Ltd ("AOC"), a Joint-Operating Company between Hibiscus (50%) and Ping Petroleum. The asset infrastructure is laid over a distance of approximately 25km from Cook Field in the north to Guillemot A Field in the south, and includes the Kite Discovery, Teal Field, Teal South Field and the Anasuria FPSO.

Anasuria Hibiscus has entered into a long-term marketing and offtake agreement for the sale of crude oil with BP Oil International ("BPOI"). Whilst AOC produces oil daily, the company only sells its oil in cargoes of 250,000 barrels. Using their global network, BPOI identifies a potential customer, locks in a competitive price for the cargo and arranges the 'lifting' of the oil via tanker to the client refinery.

On 11 October 2017, Hibiscus announced its audited financial statements for the period ended 1 July 2017 which showed a revenue of RM261 million and a profit after tax of RM106 million. These results were delivered against a background of challenging sector conditions and realised oil prices (for Brent crude oil bench mark) that ranged between USD38 and USD53 per barrel ("bbl") during the period.

For the six months ended 31 December 2017 ("1H2018"), Hibiscus reported that adjusted 1H2108 profit after tax rose 125% to RM21.8 million (USD5.58 million) from RM9.7 million (USD2.48 million) in the six months ended 31 December 2016. The 1H2018 profit after tax growth was driven by higher oil prices achieved from crude oil sold during the period. Hibiscus also reported that it has delivered eight consecutive quarters of profitability since it acquired the Anasuria Cluster, its first producing asset, almost two years ago.

Anasuria Hibiscus sold 274,644 bbls of crude oil at an average realised oil price of USD62.93 per bbl in the quarter ended 31 December 2017, compared to 298,909 bbls at an average realised oil price of USD51.54 per bbl achieved in the corresponding quarter. Hibiscus Petroleum targets to execute further production enhancement projects in 2018 and 2019 which is expected to increase its production at Anasuria Cluster to 5,000 bbl/day.

An overview of operational performance since March 2016 is provided below:

| | Units | Mar – Jun 2016 | Jul-Sept 2016 | Oct-Dec 2016 | Jan-Mar 2017 | Apr-Jun 2017 | Jul - Sep 2017 | Oct-Dec 2017 |
|---|---|---|---|---|---|---|---|---|
| Av. daily production rate | bbl/day | 2,971 | 3,032 | 3,934 | 2,617 | 3,204 | 2,576 | 2,071 |
| Av. daily gas export rate@ | boe/day | 236 | 374 | 474 | 257 | 317 | 156 | 141 |
| Av. daily oil equivalent production rate | boe/day | 3,206 | 3,406 | 4,408 | 2,873 | 3,522 | 2,731 | 2,212 |
| Av. realised oil price | USD/bbl | 40.14 | 45.21 | 41.70 | 52.95 | 50.46 | 51.54 | 62.93 |
| Av. gas price | USD/mmbtu | 1.19[1]/3.08[2] | 1.33[1]/3.30[2] | 1.73[1]/4.16[2] | 2.11[1]/4.94[2] | 1.60[1]/3.88[2] | 1.58[1]/3.86[2] | 2.35[1]/5.23[2] |
| Av. OPEX per boe | USD/boe | 23.13 | 18.39 | 12.97 | 15.12 | 13.98 | 23.61 | 34.33 |
| Av. uptime | % | 88 | 82 | 98 | 76 | 84 | 70 | 57 |

@ Conversion rate of 6,000 scf/boe.

[1] For Cook field.
[2] For Guillemot A, Teal and Teal South fields.

Hibiscus reports that the lower average time recorded in the December 2017 quarter is primarily to the planned Offshore Turnaround project that commenced in mid-September 2017 and was completed in mid-October 2017. The impact of the Offshore Turnaround was a sixteen-day period of complete shutdown of the Anasuria FPSO in October 2017 for planned maintenance activities. In addition, operations were also affected by two unplanned events that occurred during the quarter:

- A temporary interruption in production of the Cook-P1 well which also affected gas lift operations on the Guillemot A field; and,
- A temporary failure of gas compression facility on board the Anasuria FPSO which again affected gas lift operations on the Guillemot A field.

All technical issues have been resolved and Hibiscus reports that wells and facilities are performing at the expected level. Hibiscus is working towards a production recovery plan to ensure targeted cumulative production volumes for the year can be achieved.

Meanwhile Hibiscus continues to grow its producing assets through the purchase of participating interests in the 2011 North Sabah Oil Recovery Production Sharing contract ("PSC"); and, the joint operating agreement between Shell and Petronas Carigali in relation to the PSC. Shell's interest includes operator responsibilities which would be transferred to Hibiscus. In December 2017, Hibiscus announced that it has received Petronas Carigali's unconditional consent under the joint operating agreement to the assignment of Shell's 50% interest in the PSC effective 31 March 2018.

The North Sabah PSC, located in a key hydrocarbon province in Malaysia, comprises four producing oil fields and associated infrastructure being pipelines, the Labuan Crude Oil Terminal, an onshore processing plant and oil export terminal. The oil field has been producing since 1979 with production rights up to 2040 and is expected to deliver 18,000 barrels/day, providing Hibiscus an immediate second revenue stream.

Post the reporting period on 7 March 2018 Hibiscus announced that a JV it is involved with (78.3%) had received a 5-year renewal of exploration permit "VIC/P57" located in the northwest part of the offshore Gippsland Basin of Southeast Australia. The company reports that this permit contains prospective areas for gas and covers shallow water coastal areas with proximity to infrastructure and an undersupplied gas market. A work programme has been designed to de-risk and identify mature to drill-ready prospects and at the same time assess the potential for additional gas.

On 21 March 2018, Hibiscus' share price closed at MYR0.84 with a market capitalisation of USD340 million (MYR/USD = 0.2552).

**Regalis Petroleum Limited**

- Oil, Republic of Chad
- 12.66% equity interest

Polo's interest in the private and independent oil and gas company, Regalis Petroleum Limited ("Regalis") increased to 13.67% following an in-specie distribution by Polo's 42% 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 5,349 kilometre airborne gravity/magnetic survey over Blocks DOA and WD2-2008 which are on trend with existing and recent Glencore/Caracal discoveries.

However, Polo has recorded an impairment charge of USD14.7 million on the carrying value of its investment in Regalis as no further progress has been made by Regalis in pursuing its exploration strategy.

## Coal

### GCM Resources Plc (AIM: GCM)

- Coal and Power Project, Bangladesh
- 19.84% equity interest

Polo remains a strong supporter of AIM traded GCM Resources Plc ("GCM") which over the reporting period has been working to refine the implementation strategy for the Phulbari Coal and Power Project ("the Project") based on a world class deposit of 572Mt (JORC 2004 compliant) thermal and metallurgical coal in North-West Bangladesh.

In November 2016, GCM signed an MOU with the world-renowned China Gezhouba Group International Engineering Co Limited ("CGGC") which includes investment and operation in power and coal mining in its diverse project portfolio. The initial focus under the MOU is mine-mouth power generation and CGGC, with support by GCM's team, delivered a Technical Pre-Feasibility Study for a 2,000MW power plant located at the mine site in July 2017. This power plant capitalises on synergies with mine development and operation and avoids costly coal transport and handling requirements.

CGGC is an internationally recognised engineering company with infrastructure projects across the world. Its parent, China Gezhouba Group Corporation (en.gzbgj.ceec.net.cn) is a core member of China Energy Engineering Group Co Ltd, a super central state-owned enterprise, and employs approximately 40,000 people.

While GCM has been waiting for the Bangladesh Government's approval to develop the Project, there have been step-jump improvements in coal-fired power plant efficiency which also add enormous value to the Project and increase benefits for Bangladesh. Utilising this latest energy efficient power plant technology combined with the low cost, high production open pit coal mine, the Project is on track to be a reliable and competitively priced power producer supplying up to 6,000MW to the national grid for over 30 years.

The Bangladesh Government continues to prioritise power generation expansion as it works towards taking the country to middle-income status.  It now has a long-term aim of having 57,000MW installed by 2041 with 20,000MW being coal-fired.  In this context, the Project at full production and power generation could deliver some 30% of the Government's coal-fired power generation target.

Post the reporting period, on 09 and 21 March 2018, GCM announced a Joint Development Framework Agreement and Contract Framework Agreement, respectively, with its strategic partner CGGC.

The Joint Development Framework Agreement outlines the parties' roles and responsibilities in pursing approval of the Phulbari Coal and Power Project, including a commitment by CGGC (or its affiliate or investment partner) to invest up to 30% in the power plant, subject to approval by Chinese authorities, with GCM holding the balance of interest. Under the agreement CGGC undertakes to facilitate financing for the proposed power plant with GCM's assistance.

The Contract Framework Agreement awards CGGC the exclusive right for the engineering, procurement, construction, and commissioning of the proposed 2,000MW mine-mouth thermal power plant, for an agreed initial estimated cost of USD3.8bn which shall be subject to adjustments when the parties finalise a full engineering, procurement, construction and commissioning contract.
Funding arrangements:

In November 2017, GCM announced that it had successfully raised GBP2 million (GBP1.8 million net of costs) (USD2.51 million) at 34.4 pence per New Ordinary Share in an institutionally underwritten Offer. This resulted in a total of 5,813,953 New Ordinary Shares being allotted to satisfy the Offer which means the Company will have 88,175,650 ordinary shares of 10 pence each in issue. No Ordinary Shares are held in treasury.

On 21 March 2018, GCM's share price closed at GBP0.32 with a market capitalisation of USD39.6 million (GBP/USD = 1.4018).

**Universal Coal Resources Pte Ltd**

- Coal Project, Indonesia
- Redeemable convertible note

In May 2016, Polo's subsidiary, PIL, entered into a secured S$5 million (USD3.79 million) nominal value 15% redeemable convertible note ("Note") with Universal Coal Resources Pte Ltd ("Universal").

Universal is incorporated in Singapore and itself had entered into a conditional agreement to acquire an indirect 75% interest in PT Transcoal Minergy Coal Project ("TCM"), a company incorporated in Indonesia, from a Pan Asia Corporation Ltd. (ASX: PZC) subsidiary.

Universal was targeting a Singapore Stock Exchange Catalist Board listing and the Note entitles Polo to convert the principal outstanding plus any accrued interest into not less than 20% of the share capital of Universal as enlarged by such a conversion at any time up to 18 months from draw-down, or earlier upon the receipt of approval in principle to list. The Note is repayable 18 months from draw-down unless previously converted.

Pursuant to the terms of the Note, a key action for Universal was to obtain approval from Pan Asia's shareholders for the disposal of TCM to Universal within three months from the date of the Note. As at the date hereof, this approval has not been obtained and a default of the terms of the Note remains. PIL has served notice on Universal and the parties who provided security, namely PZC and Mr. Boelio Muliadi, and is currently in discussions with them on a without prejudice basis for an amicable resolution, in parallel with PZC's endeavours to dispose TCM to an investor.

PZC announced that it is progressing the potential cash sale of its interests in TCM and that Polo will be repaid from the proceeds of sale. The transaction is still subject to certain conditions precedent including due diligence, approval from PZC shareholders and any approvals required from regulatory and other bodies. The due diligence period has been extended to 31 March 2018.

TCM Coal Project:

TCM is the owner of a Production Operation Mining Business Licence for a mining concession in South Kalimantan Province, Indonesia. Their focus is the development of a two million tonnes per annum underground mine delivering a high quality Bituminous Coal saleable product of some 6,200 kcal/kg specific energy (GAR – Gross as Received). The current JORC Resource of 129 Mt (measured, indicated and inferred) has been derived from the southern area of the concession and there is potential to upgrade and increase the resource base through drilling the northern area. TCM's production permit extends to April 2028. Further drilling and a full final feasibility study are required to be completed and forestry approval obtained prior to commencement of mine development. The TCM Coal Project will utilise existing coal transportation infrastructure including a 50 kilometre haul road to the river port at Batulicin, a major coal shipping centre.

## <u>Gold</u>

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

- Gold, Western Australia
- Coal, Southwest Australia
- Combined direct and indirect 1.62% equity interest (diluted following a rights issue)

Blackham recorded a loss for the half year ended 31 December 2017 of AUD14.4 million. The result was mostly impacted by low gold production at the Matilda-Wiluna Gold Project. Production and mill feed head grade was hampered by 43% of mill feed being sourced from low grade stockpiles. Gold production is expected to increase to 40,000-45,000 ounces during the second half of FY18 and beyond, due to high grade ore from the M4 and Galaxy open pits being available to feed the process plant on a continuous basis, followed by the M1 and M2 open pits coming into production.

Gold sold during the half-year was 30,999oz @ AUD1,615/oz. No forward hedge contracts were in place as at 31 December 2017.

The extensive waste stripping that occurred during the 2017 calendar year has provided access to high grade zones in both the Galaxy and M4 open pits, in November and December respectively, with consistent high grade ore expected to be mined at widths up to 40m. Mining at M4 and Galaxy is expected to underpin strong cashflows in 2018. This also resulted in record monthly gold production in both Jan'18 and Feb'18 of 6,498oz and 6,713oz, respectively and a significant reduction in "All In Sustaining Costs" which reduced 21% from AUD1,158/oz in January 2018 to AUD912/oz in February 2018.

Grade control drilling has now been completed for the entire M4 pit at 10m x 5m spacing, meaning that both the Galaxy and M4 pits have been grade control drilled to the base of the design pits and hence are significantly de-risked. Grade control drilling ore models have been reconciled within 2% of milled grade. The grade control drilling programme is ongoing and will underpin mine scheduling allowing the continuation of high grade stockpiles.

The Golden Age underground mine was cash flow positive for the half-year, which is expected to continue. During December 2017 and January 2018, the Golden Age underground grade mined increased significantly to 9.2g/t and 10.0g/t respectively.

**Gold Production and Plant Performance**

Record mill throughput was achieved through the plant during the December quarter with throughput increasing 17% from the September quarter. Both the crushing and milling circuits achieved record throughput during the month of January 2018.

Gold Production

| | **Sep17 quarter** | **Dec17 quarter** | **Half-year** | **Jan18 month** |
|---|---|---|---|---|
| Total Milled (t) | 379,400 | 443,272 | **822,672** | 163,104 |
| Mill Feed Grade (g/t) Au | 1.4 | 1.1 | **1.3** | 1.4 |
| Overall Plant Recovery | 91.5% | 92.3% | **91.8%** | 91.2% |
| Gold produced (oz) | 15,619 | 14,922 | **30,541** | 6,498 |
| All-In Sustaining costs ($/oz) | $2,236 | $1,882 | **$2,063** | $1,158 |

Mill feed head grade was hampered by 43% of mill feed being sourced from low grade stockpiles. However, access to high grade ore from M4 and Galaxy pits was achieved late in the half-year, which resulted in record monthly gold production of 6,498oz being achieved during January 2018.

Gold production is expected to increase to 40,000-45,000 ounces during the second half of FY18 and beyond, due to high grade ore from the M4 and Galaxy open pits being available to feed the process plant on a continuous basis, followed by the M1 and M2 open pits coming into production.

**Reserves and Exploration Drilling**

Resources increased to 65Mt @ 3.1g/t Au for 6.5 million ounces during the half-year.

Reserves increased to 15Mt @2.5g/t Au for 1.2 million ounces, an increase of 115% in one year.

Commenced building high grade stockpiles with 51kt @ 1.6g/t Au as at 31 December 2017, which is expected to continue to grow.

Current reserves and mine plan support 3.5 years of free milling ore operations targeting gold production of ~250koz, with further extensions and targets being pursued.

Drilling to focus on identifying additional oxide mineralisation as well as increasing the 1.2Moz of gold reserves (currently 15Mt @ 2.5g/t) by converting more of Blackham's very large resource base (65Mt @ 3.1g/t for 6.5Moz) to reserves.

**Expansion Study**

The Expansion Preliminary Feasibility Study published by Blackham on 30 August 2017 confirmed the robust economics for a +200kozpa long mine life operation. However, this has apparently been deferred as a result of the refinancing in February 2018 with the immediate aim being improving Blackham's financial performance through a focus on free milling gold production and expanding the free milling gold mining reserves.

**Funding**

In November 2017 Blackham moved to secure an AUD60 million funding package through arrangements with Pacific Road Capital. This package included a renounceable rights issue to raise some AUD12.3 million at an issue price of 12 cents per new share. Despite announcing Pacific Road Capital had completed a due diligence study in the lead up, the company was confronted with a falling share price and on 20 December 2017 announced the cancellation of the funding package. Subsequently in January 2018 Blackham announced efforts for a significant recapitalising targeting AUD36 million via an entitlements issue and that also agreement had been reached with major lenders for loan repayment deferral. On 15 February 2018 it announced the recapitalisation exercise had been successful.

Polo elected to not participate in the recent fundraising and now holds a combined direct and indirect equity interest of 1.62% in Blackham (diluted following a rights issue). On 21 March 2018, Blackham's share price closed at AUD0.083 with a market capitalisation of USD80.9 million (AUD/USD = 0.7698).

The full details of Blackham's announcements can be found at http://blackhamresources.com.au/.

**Nimini Holdings Limited**

- Gold Project, Sierra Leone
- Equity interest: 90% Polo Resources and 10% Plinian Capital

Nimini Holdings Limited's ("Nimini") Komahun Gold Project (the "Project") continues to experience difficulty in negotiating an acceptable Mine Development Agreement ("MDA") with the Government of Sierra Leone ('GoSL"). This situation is exasperated by the fact that the Government and its agencies continue to be focused on the general elections which now require a run-off second phase election scheduled for late Sierra Leone on 27 March 2018 to elect the President, Parliament and local councils.

Given the lack of progress with the MDA and impending election, Nimini has adopted a strategy to restrict its activity and minimise costs until the new Sierra Leone government comes to power. To this end several significant steps have been taken throughout 2017 including: the termination of all staff at the end of February this year; the termination of the Operator Agreement with Plinian Capital; suspension of all government fees pending issuing of an acceptable MDA; and Nimini is now represented in Sierra Leone by local Directors appointed to the in-country subsidiaries.

The extensive database for the Project is secure and Nimini is confident of mobilising appropriately experienced personnel when required.

## Copper

### Weatherly International Plc (AIM; WTI)

- Copper, Namibia
- 5.2% equity interest

Weatherly International Plc's ("Weatherly") core asset is the Tschudi open pit heap leach SX/EW copper mine. Production at its Otjihase and Matchless underground mines ("Central Operations") has been suspended since 2015 when the copper price dropped below USD5,000/tonne. The Central Operations have potential as the copper price recovers but remain in project development status. Tschudi open pit operation is based on:

- Resources (JORC): 49.7Mt at 0.8% Cu (0.3% Cu cut off)
- Open Pit Reserve: 22.7Mt at 0.85% Cu
- Mine life: 9 years
- Processing rate: 2.6MT/year ore
- Mining Strip Ratio: 6.3 to 1 (average over life of mine)
- Plant Design Capacity: 17,000 tonnes per annum copper cathode

Tschudi production for the half year to 31 December 2017 was 8,844 tonnes Copper Cathode with a particularly strong second quarter of 4,739 tonnes of copper cathode or 11.5% above nameplate. This outcome was assisted by some short-term benefits from relatively-fast leaching of additional oxide ore mined from an interim pit pushback bringing forward some leaching output. The grade of this additional oxide ore was lower, reducing the tonnage of contained copper metal stacked in the quarter.

Production C1 costs for the half year to 31 December 2017 were USD4,944 per tonne. This is a significant C1 cost reduction compared to Quarter Ended March 2017 US$5,907 per tonne and Quarter Ended June 2017 USD6,344 per tonne.

Copper prices continued to rise throughout 2017 ending the calendar year at USD7,155 per tonne and averaging USD6,521 per tonne in the half year to 31 December 2017.

Revenue after royalties for the 6 month period was USD47.7 million, 26% higher than the comparable period in 2016 reflecting the increase in copper price. Tschudi's costs before interest, depreciation and impairments were USD37.1m with the result that Tschudi generated earnings before interest and depreciation (EBITDA) of USD10.6 million. However, this still led to an operating loss of USD0.5 million. This compares to a loss of USD6.7 million in comparable period in 2016. Weatherly states that with the support of Orion to defer loan repayments, Tschudi can generate sufficient surplus funds for the Group and parent company to remain as a going concern.

### Tschudi Production Performance

| | Quarter ended Mar-17 | Quarter ended Jun-17 | Quarter ended Sep-17 | Quarter ended Dec-17 |
|---|---|---|---|---|
| Total (Ore + Waste) Mined (000 tonnes) | 5,117 | 6,051 | 6,314 | 5,869 |
| Ore Tonnes stacked (000 tonnes) | 563 | 726 | 666 | 733 |
| Ore Stacked grade (per cent) | 0.86 | 0.99 | 0.78 | 0.65 |
| Copper Cathode Produced (tonnes) | 3,236 | 3,386 | 4,105 | 4,739 |
| C1 Cost (US$/t) | 5,907 | 6,344 | 5,402 | 4,551 |

Last year Weatherly announced that it was experiencing lower leach rates for mixed and sulphide ore than were anticipated in the BFS and has compensated for this by exposing ore faster in the pit and stacking higher volumes of copper metal in ore, which together result in a higher C1 cost in the short to medium term. Weatherly has expanded the heap leach pad area to provide additional time for the leaching of copper and has now completed the construction of seven new leach pads. Forced aeration of some panels has commenced as part of ongoing testing of how leach rates for mixed and sulphide ore may be improved under modified operating conditions designed to increase bacterial activity in the heap. However it is expected to take to the end of the financial year until any firm conclusions can be drawn.

Open pit groundwater inflows, and the costs of dealing with them, continue to increase as pit mining proceeds to greater depths, but the flow rates are being managed adequately to ensure a reliable supply of ore for stacking. Updated estimates of likely water inflow rates for the pit stages currently being mined have been produced by independent consultants from Strategic Water Management WA and RPS. Work is underway in order to quantify the impact of the costs of dealing with these inflows upon the economic reserve and life of mine.

While the strong December quarter demonstrates the capacity of the Tschudi SXEW plant to operate at well above nameplate levels when leaching rates provide sufficient copper into solution, full year production is not expected to exceed its nameplate producing capacity of 17,000 tpa copper cathode.

Otjihase Project

Ojtihase and Matchless remained on care and maintenance over the 6 month period.

**Kitumba**

On 12 December 2017, Weatherly announced that it had entered into a binding agreement to purchase 100% of the Kitumba copper project in Zambia from ASX-listed Intrepid. One of the conditions precedent for Weatherly's acquisition of the Kitumba Project was Intrepid shareholder approval and this was obtained on 2 February 2018. The remaining conditions precedent for completion of the acquisition are regulatory approval from the Zambian Ministry of Mines and Minerals Development and from the Zambian Competition and Consumer Protection Commission.

The key terms of the transaction are consideration of AUD4.75 million (USD3.66 million) in cash upon completion, plus deferred consideration of AUD0.5 million (USD0.38 million) upon a "Decision to Mine" and a further AUD0.5 million (USD0.38 million) upon achieving "Commercial Production". Weatherly has obtained a waiver from Orion to use part of the uncommitted USD10 million loan announced on 28 July 2017 to fund the transaction to the extent that the Company is unable to fund it through operating cash flows.

Previous development plans for Kitumba were based on large scale and high capital cost development of the entire resource from the outset, and also included a decision to follow a relatively complex processing route using Pressure Oxidation to oxidise the sulphide minerals so that all of the contained copper could be leached and electro-won on site to produce copper cathode only.

Weatherly intends to pursue a two-phase development approach focussed initially on a Phase 1 development zone of higher-confidence and higher-grade mineralisation within the overall resource at Kitumba. The underground mine plan will be revised to focus on this Phase 1 development area, with capital expenditure reduced to suit a Phase 1 mining production rate of 0.75 to 1.0 Mtpa of ore.

Further, Weatherly intends to evaluate a lower risk and lower cost processing route utilising a combination of flotation and atmospheric leaching plus solvent-extraction and electro-winning to produce both copper concentrates and copper cathode.

To assist with this work, Weatherly engaged The MSA Group ("MSA") to provide an updated JORC-compliant Mineral Resource Estimate using a 2% Cu cut-off grade. MSA have completed that work and the Measured & Indicated Mineral Resource estimate at a 2% Cu cut-off grade comprises 9.5Mt at 3.6% Cu, containing 342,000 tonnes of copper, with 5.3Mt at 4.04% Cu classified as Measured, and 4.2Mt at 3.05% Cu classified as Indicated.

Weatherly believes that the change to a phased development approach focussed initially on high-confidence high-grade ore and the changed processing route will together significantly improve the financial metrics of Kitumba, and will allow a fast-track to financing and production.

**Berg Aukas**

On 5 February 2018, Weatherly announced that it had entered into a binding agreement to buy Hong Kong East China Non-Ferrous Mineral Resources Co Ltd's ("ECE") 65% of CARN, to increase the Group's interest in CARN from 25% to 90%. CARN is a private Namibian company which owns 100% of the high-grade Berg Aukas underground zinc-lead-vanadium project near Grootfontein. Weatherly will purchase all of ECE's shares in CARN for a cash consideration of US$600,000, which is still subject to regulatory approval in Namibia. Following such approval being granted the full consideration will become immediately payable to ECE. The Company expects to fund the transaction through operating cash flow but in the event that it cannot, Weatherly has obtained a waiver from Orion Mine Finance to use part of the uncommitted USD10 million loan announced on 28 July 2017 to fund the transaction.

In 2014, China Africa Minerals plc published a PFS for Berg Aukas which indicated the following key parameters.

- JORC-compliant Mineral Resource Estimate of 1.23Mt @ 15.47% Zn, 3.84% Pb and 0.33% $V_2O_5$ (Indicated classification) using a cut-off grade of 3.0% Zn
- JORC-compliant Ore Reserve Estimate of 1.7Mt @ 11.16% Zn, 2.76% Pb and 0.23% $V_2O_5$ (Probable classification) at a 5% Zn equivalent cut-off included within the resource
- Post-Tax NPV10 of USD29 million
- Post-Tax IRR of 25%

The 2014 PFS was based on assumed prices of US$2,000/tonne for zinc and lead. Vanadium, present in the mineral descloisite, has a limited market and so the PFS assumed no credit was received for the vanadium content.

Prices for all three of these commodities have improved markedly since that time, and Weatherly has initiated an update of the PFS to examine the impact of these improved prices and updated capital and operating cost estimates on the Project's key financial metrics.

On 21 March 2018, Weatherly’s share price closed at GBP0.014 with a market capitalisation of USD20.8 million (GBP/USD = 1.4018).

## <u>Phosphate</u>

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

- Phosphate, Tunisia
- 25.1% equity interest

Celamin remains in dispute with its joint venture partner, Tunisian Mining Services (“TMS”), regarding ownership and control of CPSA (operating company for the Chaketma Phosphate Project) and is pursuing various legal processes to resolve this situation. The matter which principally involved TMS fraudulently taking Celamin’s 51% shareholding in CPSA had been referred to a sole arbitrator appointed by the International Court of Arbitration of the International Chamber of Commerce.

In April 2017, Celamin announced that it was successful in obtaining a conservatory seizure order from the President of the Tribunal of First Instance of Tunisia against all shares that TMS owns in the capital of CPSA, (being the 49% of CPSA previously held by TMS as well as the 51% fraudulently taken from Celamin by TMS), remains in place. This Seizure Order prevents TMS from dealing with any of these shares and subject to any application by TMS for removal of the order, will remain in place until enforcement of the final arbitral award.

On 1 December 2017, Celamin announced that it had received a favourable arbitration decision and TMS has been ordered to return Celamin's 51% shareholding in CPSA and to pay damages and costs in excess of USD4 million.

During the course of the arbitration the sole arbitrator issued interim orders to maintain the status quo pending the arbitrator's final decision. These orders are intended to prevent any disposal of CPSA's shares and assets, including the Chaketma exploration permit, and to ensure that Celamin will be informed of any CPSA activity relating to the Chaketma permit. These interim orders followed an Emergency Order issued for the same purpose. Celamin has applied for exequatur of these Orders with the Court of Appeal of Tunis and these proceedings are continuing.

Celamin is also continuing with various legal actions in Tunisia including the criminal proceedings and debt recovery actions as previously announced by Celamin. The full details of the dispute can be found at www.celaminnl.com.au.

The Chaketma Phosphate Project is based on a 130Mt Inferred Resource @ 20.5% $P_2O_5$. Just prior to the dispute CPSA was well funded and gearing up for additional exploration drilling to refine the resource and a Definitive Feasibility Study.

Other Activities:

Celamin's Board continued to review new project opportunities, including new projects in Tunisia, and potential transactions with a view to identifying projects and/or transactions that have the ability to add shareholder value. As a result, Celamin has secured an exclusive option on two exploration permits in South-West Tunisia prospective for potash and salt and has also made other applications for base metal exploration permits.

Funding arrangements:

In July 2017, Celamin successfully raised AUD1,050,000 (USD0.810 million) through a share placement to its major shareholders, Polo and African Lion 3 Fund, and clients of Patersons Securities Limited.

Subsequent to the end of the December 2017 quarter and following the announcement of the arbitration success, Celamin announced a successful capital raising of AUD1.55 million (USD1.19 million) in a placement. Under the agreement, Polo acquired a further 1,320,000,000 ordinary shares in Celamin for a total consideration of AUD330,000 (USD0.254 million) giving it an interest in approximately 25.1% of Celamin's issued ordinary share capital. The funds will be used by Celamin to pursue enforcement of the final arbitration award, other legal actions in Tunisia and for general working capital purposes.

## Lithium, Iron, Vanadium and Precious Metals

**PRISM Diversified Ltd (formerly Ironstone Resources)**

- Lithium, Iron, Vanadium and Precious Metals, Canada
- 19.5% equity interest

PRISM Diversified ("PRISM"), headquartered in Calgary, Alberta is advancing the development of its Clear Hills Project located in the Peace Region of NW Alberta. Featuring a large compliant poly-metallic iron and vanadium resource and lithium-bearing brines, quality infrastructure, high value commodities, top tier partners and local and institutional support – the Clear Hills Project is designed to produce valuable commodities for the advanced manufacturing and renewable energy industries.

PRISM's strategic plan includes two significant initiatives to be undertaken in parallel through 2018, to advance its Clear Hills Project through its pre-feasibility and feasibility study (FS) stages in 2018, which are highlighted below.

**Refined High-Purity Metal Powders – Iron, Vanadium and Cobalt**

With the global demand for refined metal powders accelerating for use in powder metallurgy, metal injection molding and additive manufacturing (3D printing) applications, PRISM has determined that targeting this burgeoning market for specialty metal powders offers the Company a near-term, low-risk, cash-flowing opportunity with high returns on investment. This will provide PRISM the necessary runway to continue to develop its longer-term high-strength steel production plans.

After contacting one of the largest and most successful metal refining companies in the world, a sample of PRISM's Clear Hills poly-metallic ore was sent for process suitability analysis to their pilot plant. Subsequent to receiving positive results from a preliminary test on the Company's ore in early 2017, PRISM entered into an agreement with this a Canadian-based firm that has developed and globally deployed its commercial vapour metal deposition technology to produce high-purity and high-value metal powders used in a multitude of metallurgical applications.

The agreement establishes the parameters for both firms to work collaboratively in the development of a 10,000 tonne per year carbonyl iron powder production plant (with cobalt and vanadium co-products) in NW Alberta. Carbonyl iron powders, in select markets, can sell for upwards of USD12,000 per tonne. In addition to producing refined iron powders, recovery of vanadium pentoxide powder will be determined using complementary technologies developed by PRISM's technology partner.

PRISM will be conducting a pre-feasibility study and a preliminary economic assessment (PEA) in Q2 2018 with the results to be reported in a pre-feasibility (PFS) report by Q3 this year. Following the PFS, a full feasibility study (FS) will be conducted, with completion anticipated by end of 2018 or Q1 2019.

**Production of Lithium Carbonate from Clear Hills lithium-rich formation brines**

With the burgeoning demand for lithium and vanadium "electric metals" needed for batteries for use in electric cars, consumer electronics and renewable energy storage, the spotlight has grown on companies like PRISM. In addition to owning a significant resource of vanadium pentoxide in the Clear Hills (2.45 billion pounds contained), the company holds the mineral rights to lithium, and other performance elements such as potash, bromine and boron, in the Devonian-age reservoirs that underlie its permits. These carbonate reservoirs, that typically produce oil and gas, also contain significant amounts of formation waters with elevated concentrations of lithium, a key component of rechargeable batteries.

PRISM undertook an extensive evaluation of Alberta's formation waters (brines) lithium potential, while concurrently seeking an effective water-processing technology suited to the extraction of lithium. In early 2017, the Company mapped the potential reservoir development underlying its Clear Hills permits and determined that there was excellent development of multi-stacked porous lithium brine-bearing reefs underlying its existing Clear Hills land position.

Since solar evaporation, used in South America to concentrate lithium, is untenable in northern climates, a key element in commercializing lithium production from formation brines is to rapidly and economically pre-concentrate the lithium within a short time period prior to refining the lithium into its marketable carbonate form. PRISM has been working with a Canadian company with expertise in remediating waste and production waters, and has successfully demonstrated that its patented "direct-extraction" technology is well-suited to pre-concentrating lithium in brines, achieving a concentration factor of 26.5.

Based on the success of its direct-extraction tests, PRISM acquired an additional 1.4 million acres (580,000 Ha) of metallic and industrial mineral permits prospective for the production of lithium-bearing formation water (brine) in NW Alberta in late 2017. PRISM now holds the largest contiguous blocks of mineral permits in the province (1.88 million acres), which feature well-developed oil and gas infrastructure that produce high volumes of formation brine suitable for direct-extraction of lithium.

Starting in Q2 2018, PRISM will be undertaking its pre-feasibility level of work, culminating in a PFS report and a PEA by Q3 2018. A pilot demonstration of the technology is expected to be conducted in Q3 this year, leading to the development of a full feasibility study, to be completed in Q1 2019.

An exclusive license is being negotiated between the companies to implement the technology to process PRISM's Clear Hills brines, in addition to seeking potential third-party licensing opportunities. The jointly-developed process will be known as LiREC®.

**Capital Raise Program**

PRISM, is undertaking a capital raise program targeting C$10 million (USD7.63 million) in new equity by end of Q1 2018, to support the ongoing development of its commercial carbonyl powder and lithium carbonate projects. It is anticipated new operating subsidiaries of PRISM will be created for each project, with PRISM's shareholders retaining a major interest in each entity.

Investment Update

Through implementation of PRISM's price protection mechanism in the latter half of 2017, Polo's interest is currently 19.5%.

## Financial Position

The Group reported an operating loss of USD993,000 for the six months to 31 December 2017 (31 December 2016: UD$1.02 million). As at 21 March 2018, the Group had a net position of cash, receivables and short term investments of USD16.77 million (31 December 2017: USD16.81 million). Listed and unlisted investments at marked to market value, cost and valuation amounted to USD47.80 million (31 December 2017: USD48.13 million). The combined total of cash, receivables, payables, listed and unlisted investments was USD61.45 million as of 21 March 2018 (31 December 2017: USD61.81 million) which is equivalent to a Net Asset value of approximately 14.06 pence per Polo share, USD/GBP = 0.7134 (31 December 2017: 14.69 pence per share, USD/GBP = 0.7412).

The Directors have reviewed the Group's budget for 2018, 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.

Outlook

Polo will continue to look at further investment opportunities that fit the Company's investment strategy. The companies we are invested in are across a broad range of commodities including old industry as well as new industry.  We believe that we have a well balance portfolio which will deliver returns for shareholders. Whilst looking to deliver this, we are taking into account the need to progress into the new greener sector whilst allowing for the requirements of the more traditional resources. Polo will continue to actively manage its portfolio taking into account these trends.

Although all natural resource investments remain vulnerable to near-term market instabilities, I remain confident about the longer-term fundamentals of the resource sector and am particularly focused on achieving near-term returns which in turn will strengthen our financial position. The Company will continue to keep shareholders advised as and when developments are confirmed.

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

**Datuk Michael Tang, PJN**
Executive Chairman

Polo Resources

**POLO RESOURCES LIMITED**

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

**Unaudited Interim Results for the six months ended 31 December 2017**

**POLO RESOURCES LTD**

**CONSOLIDATED INCOME STATEMENT**

**FOR THE 6 MONTHS ENDED 31 DECEMBER 2017**

| | Note | 6 months ended 31 December 2017 (unaudited) $ 000's | 6 months ended 31 December 2016 (unaudited) $ 000's | Year ended 30 June 2017 (audited) $ 000's |
|---|---|---|---|---|
| (Loss) on sale of investments | | - | (4) | (4) |
| Investment income | | 50 | 15 | 59 |
| Impairment of AFS investments | | - | - | (325) |
| Administrative & exploration expenses | | (1,041) | (1,040) | (2,284) |
| Expensed exploration costs | | - | - | (454) |
| Impairment of exploration and evaluation costs | | - | - | (2,026) |
| Currency exchange (loss)/gain | | (2) | 5 | - |
| **Group operating (loss)** | | **(993)** | **(1,024)** | **(5,034)** |
| Share of associates results | | (768) | (333) | (1,799) |
| Finance revenue | | 177 | 80 | 383 |
| **(Loss) before taxation** | | **(1,584)** | **(1,277)** | **(6,450)** |
| Income tax expense | | - | - | - |
| **Retained (loss) for the financial period** | | **(1,584)** | **(1,277)** | **(6,450)** |
| **Attributable to:** | | | | |
| Equity holders of the parent | | **(1,583)** | **(1,276)** | **(6,202)** |
| Non-controlling interests | | **(1)** | **(1)** | **(248)** |
| | | **(1,584)** | **(1,277)** | **(6,450)** |
| **Earnings per share:** | **2** | | | |
| Basic earnings per share (US cents) | | **(0.51)** | **(0.41)** | **(2.07)** |
| Diluted earnings per share (US cents) | | **(0.50)** | **(0.40)** | **(2.06)** |

**POLO RESOURCES LTD**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE 6 MONTHS ENDED 31 DECEMBER 2017**

| | 6 months ended 31 December 2017 (unaudited) $ 000's | 6 months ended 31 December 2016 (unaudited) $ 000's | Year ended 30 June 2017 (audited) $ 000's |
|---|---|---|---|
| **Retained (loss) for the period** | (1,584) | (1,277) | (6,450) |
| Gain on market value revaluation of available for sale investments | 16,114 | 4,341 | 1,713 |
| Currency translation differences | 64 | (249) | (559) |
| **Other comprehensive income for the period net of taxation** | 16,178 | 4,092 | 1,154 |
| **Total comprehensive income** | **14,594** | **2,815** | **(5,296)** |

**POLO RESOURCES LTD**

**CONSOLIDATED BALANCE SHEET**

**AS AT 31 DECEMBER 2017**

| | Note | 31 December 2017 (unaudited) $ 000's | 31 December 2016 (unaudited) $ 000's | 30 June 2017 (audited) $ 000's |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Tangible assets | | 2,475 | 5,256 | 2,475 |
| Interest in associates | **3** | 3,140 | 4,550 | 3,084 |
| Available for sale investments | **4** | 42,519 | 29,558 | 27,662 |
| Trade and other receivables | | 3,843 | 3,678 | 3,757 |
| **Total non-current assets** | | **51,977** | **43,042** | **36,978** |
| | | | | |
| **Current assets** | | | | |
| Trade and other receivables | | 3,788 | 2,959 | 3,961 |
| Available for sale investments | **4** | 6,758 | 6,528 | 5,501 |
| Cash and cash equivalents | | 2,416 | 6,359 | 4,010 |
| **Total current assets** | | **12,962** | **15,846** | **13,472** |
| | | | | |
| **Total Assets** | | **64,939** | **58,888** | **50,450** |
| | | | | |
| **Current Liabilities** | | | | |
| Trade and other payables | | (3,125) | (3,557) | (3,230) |
| **Total Liabilities** | | **(3,125)** | **(3,557)** | **(3,230)** |
| | | | | |
| **Net Assets** | | **61,814** | **55,331** | **47,220** |
| | | | | |
| **Shareholders' equity** | | | | |
| Share capital | | - | - | - |
| Share premium | | 306,714 | 306,714 | 306,714 |
| Share based payment reserve | | 454 | 908 | 454 |
| Foreign exchange reserve | | 17,191 | 17,437 | 17,127 |
| Available for sale investments reserve | | 15,451 | 2,355 | (682) |
| Retained earnings | | (274,656) | (269,049) | (273,073) |
| Minority interest | | (3,340) | (3,034) | (3,320) |
| **Total Equity** | | **61,814** | **55,331** | **47,220** |

**POLO RESOURCES LTD**

**CONSOLIDATED CASH FLOW STATEMENT**

**FOR THE 6 MONTHS ENDED 31 DECEMBER 2017**

| | 6 months ended 31 December 2017 (unaudited) | 6 months ended 31 December 2016 (unaudited) | Year ended 30 June 2017 (audited) |
|---|---|---|---|
| **Cash flows from operating activities** | **$ 000's** | **$ 000's** | **$ 000's** |
| Operating (loss) | (993) | (1,024) | (5,034) |
| Decrease/(Increase) in trade and other receivables | 173 | (510) | (1,512) |
| (Decrease)/Increase in trade and other payables | (105) | 306 | (21) |
| (Increase) in available for sale investments | - | (1,122) | (1,608) |
| Foreign exchange (gain)/ loss | 2 | (5) | (11) |
| Share options expensed | - | - | - |
| Impairment of AFS investments | - | - | 325 |
| Loss on sale of PPE | - | - | 51 |
| Depreciation and impairment | - | - | 2,026 |
| **Net cash (outflow) from operating activities** | **(923)** | **(2,355)** | **(5,784)** |
| | | | |
| **Cash flows from investing activities** | | | |
| Finance revenue | 177 | 80 | 383 |
| (Payments) to purchase of tangible assets | - | (716) | - |
| Receipts/(Payments) for investments in associates | (824) | - | - |
| Loan (advanced) to third party | (87) | (75) | (154) |
| **Net cash (outflow) from investing activities** | **(734)** | **(711)** | **229** |
| | | | |
| **Cash flows from financing activities** | | | |
| Issue of ordinary share capital | - | - | - |
| **Net cash (outflow) from financing activities** | **-** | **-** | **-** |
| | | | |
| **Net (decrease) in cash and cash equivalents** | **(1,657)** | **(3,066)** | **(5,555)** |
| Cash and cash equivalents at beginning of period | 4,010 | 9,615 | 9,615 |
| Exchange gain/(loss) on cash and cash equivalents | 63 | (190) | (50) |
| **Cash and cash equivalents at end of period** | **2,416** | **6,359** | **4,010** |

**POLO RESOURCES LTD**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)**

**FOR THE 6 MONTHS ENDED 31 DECEMBER 2017**

| Group (unaudited) | Equity Contribution $ 000's | Available for sale investment reserve $ 000's | Foreign currency translation 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 2017** | **306,714** | **(682)** | **17,127** | **454** | **(273,073)** | **50,540** | **(3,320)** | **47,220** |
| (Loss) for the period | - | - | - | - | (1,583) | (1,583) | (1) | **(1,584)** |
| Gain/(Loss) on market value revaluation of available for sale investments | - | 16,133 | - | - | - | 16,133 | (19) | **16,114** |
| Transfer to income statement | - | - | - | - | - | - | - | **-** |
| Currency translation differences | - | - | 64 | - | - | 64 | - | **64** |
| **Total Comprehensive income** | **-** | **16,133** | **64** | **-** | **(1,583)** | **14,614** | **(20)** | **14,594** |
| Share capital issued | - | - | - | - | - | - | - | - |
| Share options expired | | | | | | | | |
| **Total contributions by and distributions to owners of the Company** | - | - | - | - | - | - | - | **-** |
| **As at 31 December 2017** | **306,714** | **15,451** | **17,191** | **454** | **(274,656)** | **65,154** | **(3,340)** | **61,814** |

| Group (unaudited) | Equity Contribution $ 000's | Available for sale investment reserve $ 000's | Foreign currency translation 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 2016** | **306,714** | **(2,434)** | **17,686** | **908** | **(267,325)** | **55,549** | **(3,033)** | **52,516** |
| (Loss) for the period | - | - | - | - | (1,276) | (1,276) | (1) | **(1,277)** |
| Gain/(Loss) on market value revaluation of available for sale investments | - | 4,341 | - | - | - | 4,341 | - | **4,341** |
| Transfer to income statement | - | 448 | - | - | (448) | - | - | **-** |
| Currency translation differences | - | | (249) | - | - | (249) | - | **(249)** |
| **Total Comprehensive income** | **-** | **4,789** | **(249)** | **-** | **(1,724)** | **2,816** | **(1)** | **2,815** |
| Share capital issued | - | - | - | - | - | - | - | - |
| Share options expired | | | | | | | | |
| **Total contributions by and distributions to owners of the Company** | - | - | - | - | - | - | - | **-** |
| **As at 31 December 2016** | **306,714** | **2,355** | **17,437** | **908** | **(269,049)** | **58,365** | **(3,034)** | **55,331** |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited) (continued)**

**FOR THE 6 MONTHS ENDED 31 DECEMBER 2017**

| | Equity Contribution | 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 2016** | **306,714** | **(2,434)** | **17,686** | **908** | **(267,325)** | **55,549** | **(3,033)** | **52,516** |
| (Loss) for the period | - | - | - | - | (6,202) | **(6,202)** | (248) | **(6,450)** |
| Gain on market value revaluation of available for sale investments | **-** | 1,752 | **-** | **-** | **-** | **1,752** | **(39)** | **1,713** |
| Currency translation differences | - | - | (559) | - | - | **(559)** | - | **(559)** |
| **Total Comprehensive income** | **-** | **1,752** | **(559)** | **-** | **(6,202)** | **(5,009)** | **(287)** | **(5,296)** |
| Share options expired | - | - | - | (454) | 454 | **-** | - | **-** |
| Share issued | - | - | - | - | - | **-** | - | **-** |
| **Total contributions by and distributions to owners of the Company** | - | - | - | (454) | 454 | **-** | - | **-** |
| **As at 30 June 2017** | **306,714** | **(682)** | **17,127** | **454** | **(273,073)** | **50,540** | **(3,320)** | **47,220** |

## 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 2017 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 2017 and as expected to be adopted in the statutory accounts for the year ending 30 June 2018. The figures for the period ended 30 June 2017 have been extracted from the accounts for the period ended 30 June 2017, which are available on the Company's website at 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 2017 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:

| | **As at 31 December 2017** | **Average for the 6 months to 31 December 2017** | **As at 30 June 2017** | **Average for the period to 30 June 2017** |
|---|---|---|---|---|
| Pound Sterling | 1.34912 | 1.31813 | 1.29687 | N/A |
| Australian Dollar | 0.78049 | 0.77916 | 0.76627 | N/A |
| Canadian Dollar | 0.79659 | 0.79253 | 0.76776 | N/A |
| Singapore Dollar | 0.74801 | 0.73647 | 0.72434 | N/A |

## 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:

| | 6 Months ended 31 December 2017 (unaudited) | 6 Months ended 31 December 2016 (unaudited) | Year 30 June 2017 (audited) |
|---|---|---|---|
| Net (loss) after taxation ($000's) | (1,584) | (1,277) | (6,450) |
| Weighted average number of ordinary shares used in calculating basic earnings per share (millions) | 311.79 | 311.79 | 311.79 |
| Basic (loss) per share (expressed in US cents) | (0.51) | (0.41) | (2.07) |
| Weighted average number of ordinary shares used in calculating fully diluted earnings per share (millions) | 313.79 | 315.79 | 313.79 |
| Diluted (loss) per share (expressed in US cents) | (0.50) | (0.40) | (2.06) |

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

| | **2017** |
|---|---|
| | **$ 000's** |
| **Group** | |
| At beginning of the period | **3,084** |
| Investments in associates – equity purchases | **824** |
| Share of associates' loss for the period | **(768)** |
| **As at 31 December 2017** | **3,140** |

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:

| **Non-current assets** | **Carrying Value** | **Fair Value** |
|---|---|---|
| | **$ 000's** | **$ 000's** |
| GCM Resources Plc (listed) | **2,507** | **5,813** |
| Celamin Holdings NL (listed) | **633** | **7,227** |
| | **3,140** | **13,040** |

The breakdown of the fair values as at 21 March 2018 of the Group's interest in listed and unlisted associates is as follows:

| **Non-current assets** | **Fair Value** |
|---|---|
| | **$ 000's** |
| GCM Resources Plc (listed) | **7,847** |
| Celamin Holdings NL (listed) | **17,288** |
| | **25,135** |

Polo acquired 1,320,000,000 ordinary shares in Celamin Holdings NL via a share placement which was completed in Feb 2018.

**4. Available for sale investments**

| **Group – Listed & Unlisted Investments** | **$ 000's** |
|---|---|
| At 1 July 2017 | 33,163 |
| Acquired during the period | - |
| Disposal during the period | - |
| Realised gain / (loss) on disposal | - |
| Movement in market value | 16,114 |
| **At 31 December 2017** | **49,277** |

| **The available for sale investments splits are as below:** | |
|---|---|
| **Non-current assets - listed** | **32,767** |
| **Non-current assets – unlisted** | **9,752** |
| **Current assets – listed** | **5,961** |
| **Current assets – unlisted** | **797** |
| | **49,277** |

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 2017, 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

## Corporate Information

| | |
|---|---|
| **Registered number** | 1406187 registered in British Virgin Islands |
| **Directors** | Datuk Michael Tang – Executive Chairman<br>Gary Lye – Non-Executive Director<br>Kian Meng Cheah – Non-Executive Director |
| **Registered Office** | Craigmuir Chambers<br>Road Town, Tortola<br>British Virgin Islands VG 1110<br>Email: info@poloresources.com<br>Website: www.poloresources.com |
| **Auditors** | Chapman Davis LLP<br>2 Chapel Court<br>London SE1 1HH, United Kingdom |
| **Nominated Advisor** | Allenby Capital Limited<br>5 St. Helen's Place<br>London EC3A 6AB<br>United Kingdom |
| **Broker** | Liberum Capital Limited<br>Ropemaker Place, Level 12<br>25 Ropemaker Street<br>London EC2Y 9LY, United Kingdom |
| **Principal Banker** | Barclays Bank PLC<br>Barclays House<br>Victoria Street<br>Douglas, Isle of Man, IM99 1AJ |
| **Registrars** | Computershare Investor Services (Jersey) Limited<br>Queensway House<br>Hilgrove Street<br>St Helier<br>Jersey JE1 1ES, Channel Islands |
| **Depositary Interest** | Computershare Investor Services Plc<br>The Pavilions<br>Bridgwater Road<br>Bristol BS99 6ZY, United Kingdom |

**Solicitors for BVI Law**
Harney Westwood & Riegels LLP
Third Floor, 7 Ludgate Broadway
London EC4V 6DX
United Kingdom

**Walkers**
171 Main Street
PO Box 92, Road Town
Tortola VG1110
British Virgin Islands

**Solicitors for Canadian Law**
Borden Ladner Gervais LLP
Scotia Plaza, 40 King Street West, 44th Floor
Toronto, Ontario, M5H 3Y4
Canada

**Solicitors for United Kingdom Law**
Dentons UKMEA LLP
One Fleet Place
London EC4M 7WS
United Kingdom

**Solicitors for Australian Law**
Hunt & Humphry
15 Colin Street, West Perth 6005
Western Australia