Polo Resources

Annual Report and Accounts
For the year ended 30 June 2018

AIM: POL
www.poloresources.com

Corporate Directory

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Investing Policy

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.

In addition, where the Company realises value from its existing portfolio of direct and indirect investments in natural resources, businesses involved in supporting, processing, related and downstream activities, it may reinvest the proceeds of these realisations in direct and indirect investments in undertakings related to natural resources and businesses involved in supporting, processing, related and downstream activities in any geographical jurisdiction.

Investments may be made in companies, partnerships, joint ventures and all types of assets including unlisted and listed equities, securities, commodities, bonds, debt instruments, royalties, options, warrants, futures and derivatives. For the purposes of efficient portfolio management, the Company may enter into hedging and foreign currency transactions. The investments may be funded wholly by cash, the issue of new shares, debt or other securities, or a mix thereof.

There will be no maximum or minimum limit on percentage of ownership or on the length of time that any investment may be held. The Company may take legal or management control of a company, partnership or joint venture from time to time though the Company does not intend thereby to become a trading entity. The Company may invest in other investment funds or vehicles, including any managed by Directors or companies associated with them, where such investment would be complementary to the Company's investing policy. There will be no fixed limits on the allocation between unlisted and listed equities or other securities, cash and/or debt. There is no limit on the number of investments which the Company may make, nor the proportion of the Company's gross assets that any investment may represent at any time. Cash held by the Company pending investment, reinvestment or distribution will be managed by the Directors as they deem appropriate.

The Directors may propose a special dividend or implement share buy-backs from time to time but the objective will be to achieve returns to shareholders through the appreciation in the value of the Company's shares rather than by means of distribution. There is no fixed term for the life of the Company.

Any change in the investing policy will only be made in accordance with the AIM Rules.

Chairman's Statement

The year under review is one that has seen mixed results unfold within Polo's portfolio, however, sector sentiment across the natural resources arena has generally been positive. For example, during this reporting period, the price of oil rose from over USD40 per barrel (Brent crude) to circa USD70 which has delivered positive results for our oil and gas investment exposure. The US economy has seen bullish growth of 2.3% during 2017 which has lifted consumer confidence and helped stimulate demand across the commodity markets, especially within the US steel market which has seen steel production edge up by 5% during 2017.

The well documented trade disputes between countries still pose some risks to commodity demand, however, the International Monetary Fund anticipates global GDP growth to be 3.7% in 2019, which provides some comfort ahead as we advance into our next reporting period.

Portfolio Overview

Hibiscus Petroleum Berhad ("Hibiscus")

On 10 March 2016, Hibiscus Petroleum Berhad (HIBI:MK) acquired a package of geographically focused producing fields and its associated infrastructure in the North Sea, United Kingdom ("UK"), collectively known as the Anasuria Cluster. Since the acquisition of Anasuria, Hibiscus has recorded ten consecutive quarters of profitability for the fourth quarter ended 30 June 2018. More recently, the introduction of the North Sabah assets as part of the overall business portfolio has reinforced Hibiscus' financial stability.

Hibiscus carried out significant activities in 2018 which included: i) Completion of the acquisition of a 50% participating interest in the North Sabah Enhanced Oil Recovery Production Sharing Contract ("North Sabah PSC") in Malaysia and commencement of operations of this second producing asset effective 1 April 2018 under the operatorship of the company; ii) In the U.K. North Sea, technical work on the opportunities around the Anasuria Cluster (Hibiscus' first producing asset in which it has a 50% participating interest) increased the volume of reserves, and a well was drilled in the Central North Sea; iii) In October 2018 Hibiscus acquired a 50% participating interest in two discovered fields in Blocks 15/13a and 15/13b in the Central North Sea (together, "Marigold & Sunflower Blocks") which are currently non-producing – marking a second major asset in the U.K. North Sea.

Each of the above activities has involved the deployment of capital and technical resources of the company and from third parties with a view to value accretion. These projects have also increased the scale and profile of Hibiscus, Malaysia's first listed, pure play independent oil and gas exploration and production company. Hibiscus remains committed to achieving its Mission 2021 of achieving 100 million barrels ("mmbbls") of net proved and probable oil reserves and net production of 20,000 barrels ("bbls") per day.

Hibiscus Petroleum Today – Including events "Post the Reporting Period"

A. Increased Value, Scale and Market Awareness:

Hibiscus' market capitalisation has increased by approximately RM600 million (USD144.5 million), or by about 54%, over the past 12 months. As at close of trading on 3 December 2018, the company had a market capitalisation of approximately RM1.715 billion (USD0.413 billion). Trading liquidity has also been high. Both factors have contributed to the company's shares being added to the MSCI Global Small Cap Index effective 30 November 2018, underscoring increasing international market awareness of Hibiscus.

B. Improving Financial Performance:
For the current twelve-month period, i.e. from 1 July 2017 to 30 June 2018 (FY2018), Hibiscus posted revenue of RM394.3 million (USD93.8 million), up from RM261.3 million (USD62.18) achieved in the corresponding 12 month period in the previous financial year ended 30 June 2017 (FY2017). Hibiscus achieved profit after taxation of RM203.7 million (USD48.48) in FY2018 compared to RM106.1 million (USD25.25 million) in FY2017.

The financial health of the company has been improving. As of 30 September 2018, total cash balances stood at RM302 million (USD72.7 million), total assets have increased to RM2.2 billion (USD0.53 billion), net assets per share stood at 70 sen and Hibiscus continues to operate without debt.

C. Anasuria Cluster Update:
Any increase in the value of a public company share price should normally be driven by fundamental value creation at the level of the assets owned by the public company. For Hibiscus Petroleum, two activities at our North Sea Anasuria asset have recently contributed towards increasing the valuation of the company.

1) Technical work completed on the asset has enabled independent experts to increase our net proven and probable ("2P Oil Reserves") to 24.4 mmbbls (as of 1 July 2018 - LEAP Energy Partners) from 20.2 mmbbls (projected by RPS Energy as of 1 March 2016). Given production of 2.5 mmbbls during the intervening period, this upgrade signifies that 6.7 mmbbls were added to net reserves.

2) In addition to technical work in the office, Hibiscus also carried out value-accreting activities offshore. In mid-2018, the existing GUA-P2 ("GUA-P2 ST") well was side tracked into a nearby, untapped compartment of the Forties reservoir containing a gross recoverable oil volume of approximately 1.5 mmbbls. This represented the company's first major capital project in the North Sea. Upon completion of the sidetrack, Hibiscus' net daily production from the Anasuria Cluster increased by more than 33%.

In October 2018, the Anasuria Cluster was contributing an average of 4,229 bbls/day net to Hibiscus, compared to an average of 3,197 bbls/day in FY2017.

Hibiscus will continue to drive towards its target of delivering an average net production of 5,000 bbls/day by the end of FY2020 (as announced on 9 November 2017). In this respect, a water injection well has been sanctioned on the Cook Field with the aim of re-pressurising the reservoir. In this manner, Hibiscus hopes to improve the Recovery Factor from this field thus extending the economic life and lowering future unit operating costs.

Hibiscus is also working towards the sanctioning of a further drilling project (within the fields at Anasuria). Apart from arresting natural decline, Hibiscus hopes that this proposed well will enhance production.

D. North Sabah PSC Update:
Results disclosed in the first quarter of financial year 2019 ("Q12019") represented the second quarter of reporting by the company of the operations and contribution of the North Sabah PSC, having completed the acquisition of a 50% participating interest in March 2018. The significance of this acquisition – the first in Malaysia for the company – is that it has provided Hibiscus with oil-production footprints on two different continents.

Prior to the completion of this transaction, Hibiscus produced approximately a net of 1.0 mmbbls of crude oil per annum, solely from the Anasuria Cluster. Thus, Hibiscus was subject to business risks concentrated around the performance of a single asset. Periods of unplanned shutdown impacted revenues and profitability, sometimes, significantly. The North Sabah PSC has mitigated this risk substantially. Revenues and profits are now delivered across two geographies. In addition, the combined annual production has increased by approximately 2.0 mmbbls, or two-thirds that of total current production.

To further enhance production from the North Sabah PSC, Petroliam Nasional Berhad ("PETRONAS") had in August 2018, approved the St Joseph Infill Drilling project through the Milestone Review-4 maturation process, leading to the submission of a Field Development Plan in November 2018. This project entails the drilling of three infill producers, utilising a triple splitter wellhead on the St Joseph Jacket-A ("SJJT-A") platform. From an estimated ultimate recovery ("EUR") of a gross of 2.8 million stock tank barrels of oil, the project is expected to add approximately gross 2,600 bbls/day of oil at peak production. This infill drilling programme will require minimal modification of topside facilities at the SJJT-A platform.

The total capital commitment to this project is anticipated to be approximately RM142.5 million (USD34.31 million), which will be shared equally with Hibiscus' joint venture partner, Petronas Carigali Sdn Bhd ("Petronas Carigali"). Drilling is expected to commence in April 2019 and first oil production expected in June 2019.

Additional projects are also being matured that will increase production in the mid-term.

E. Company Wide Internal Efficiencies:
Against a backdrop of volatile oil prices, Hibiscus believes that a disciplined approach to safe operations and cost management can contribute to improved overall operational performance. The company's objective is to (as safely as practically possible) minimise operating expenditure per barrel of oil equivalent ("OPEX/boe") as it is critical for the long term sustainability of our business.

We have seen oil prices which have been higher and lower than currently being experienced. While crude oil prices may fluctuate, Hibiscus' business sustainability depends how it maintains stability in its cost structure. In addition, Hibiscus recognises that unit operating costs are a function of the volumes of oil (and gas) produced and thus, it is extremely important to keep its production uptime levels relatively high. Subject to being able to maintain current operational trends, being prudent in general and administration expenditure and efficient in the execution of projects, Hibiscus will be able to remain cashflow positive and continue to operate as a sustainable business.

F. Outlook:
In summary, Hibiscus:

- is working towards achieving net production of 5,000 bbls/day at the Anasuria Cluster by the end of FY2020.
- intends to deliver total oil production attributable to Hibiscus in FY2019 of approximately 2.7 mmbbls to 3.0 mmbbls, barring unforeseen circumstances. Total offtakes in FY2019 are expected to rise to approximately 10 (or 11), compared to an average of four per year, previously. This increase in the number of offtakes will help smoothen the average selling price per barrel of oil over the financial year.
- is focused on managing costs amidst volatility in global oil prices and is striving to maintain its OPEX/boe at a level below USD20/boe. This compares with an average selling price of crude oil achieved by the company of USD65.69/bbl for FY2018 and USD76.36/bbl for Q12019.
- has increased the combined 2P Oil Reserves of the company to approximately 46 mmbbls with the addition of the North Sabah PSC and a recent upgrade of reserves at the Anasuria Cluster;
- is commencing engineering and technical studies costing approximately USD5 million and working towards the submission of a field development plan (for the Marigold & Sunflower Blocks) to the relevant authorities for approval in about 18 months.

GCM Resources Plc ("GCM")

Our investee company GCM has made very significant progress in its pursuit of potential development partners for its integrated coal mine and power project, located in Bangladesh adjacent to the rural township of Phulbari. Working under the previously reported agreement with China Gezhouba Group International Engineering Co. Ltd ("CGGC") in July 2017 CGGC delivered a technical pre-feasibility study for a 2,000MW power plant located at the mine site. Subsequently CGGC and GCM agreed a Contract Framework Agreement and a Joint Development Framework giving CGGC the exclusive right for the engineering, procurement, construction, and commissioning of the proposed power plant. Throughout 2018 GCM also had ongoing discussions with Power Constructions Corporation of China Ltd ("PowerChina") which is a state-owned key enterprise of People's Republic of China and a world-leading integrated engineering construction group.

Post the Reporting Period:

In November PowerChina delivered a "Power Plant Prefeasibility Assessment Report" confirming that by utilising the latest highly energy efficient ultra-supercritical power plant design, 6,000MW can be generated from the mine's thermal coal production. This is a large value-adding step for the integrated Phulbari Coal and Power Project as it confirms both the enormous scale of power production and the domestic market off-take for the mine's full thermal coal production, i.e. the locks in the most significant revenue stream needed to support the mine's feasibility.

Also, in November 2018 GCM announced that it had secured a £1.2 million increase to its existing short-term loan facility with Polo Resources Limited. These funds will be used to further progress joint venture arrangements with development partners.

Bangladesh is on a General Election footing with the election scheduled for 30 December 2018 and in the meantime GCM and its development partners are working towards a formal proposal to be discussed with the newly elected Government of Bangladesh in the early part of 2019.

Celamin Holdings Limited ("Celamin")

Formerly known as Celamin Holdings NL
Celamin continues to focus on recovery of its 51% shareholding in CPSA, the operating company responsible for development of the Chaketma Project. As reported earlier, Celamin's joint venture partner, Tunisian Mining Services ("TMS") had fraudulently taken possession of Celamin's shareholding in CPSA and the matter 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 ("Final Award").

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.

On 15 June 2018, Celamin's shares were reinstated to trading on ASX following more than three years of suspension after the fraudulent transfer of Celamin's interest in the Chaketma Project. During the period of suspension, Celamin conducted a number of placements to sophisticated investors and others in order to have sufficient working capital to pursue legal proceedings for the recovery of Celamin's interest in the Chaketma Project. A total of AUD2,452,775 (USD1,790,453) was raised through share placements in July 2017, January 2018, and February 2018. Celamin had a negative cash flow from operating activities of AUD1,896,771 (USD1,385,529) (2017: AUD1,285,815 USD939,609) which is largely due to legal expenditure where various processes are being pursued to resolve the ongoing dispute with TMS.

In addition to the current enforcement process underway to recover its interest in the Chaketma Phosphate Project, Celamin continues to review other new opportunities in Tunisia consistent with its strategy to build a portfolio of resource assets to add shareholder value.

Post the Reporting Period:

In July 2018 Celamin was granted two exploration permits in Tunisia – Djebba and Zeflana. Both are prospective for zinc and lead. The grant of the Djebba and Zeflana exploration permits provide Celamin with a foot hold on some of Tunisia's most prospective ground for base metals. Celamin was able to secure the grant of these new exploration permits projects at a time of high zinc prices, including one that hosts a significant zinc deposit. Initial work programs on the permits will involve a compilation of historical data and reconnaissance ground-work to help set the first phase of exploration on both permits.

On 28 September 2018, Celamin announced that the Swiss Supreme Court had declared inadmissible TMS' annulment application to set aside the Final Award. The Swiss Supreme Court has further ordered TMS to pay the Court's cost of approximately AUD21,500 (USD15,711), plus an additional indemnity to Celamin for its legal costs in the amount of approximately AUD24,000 (USD17,389).

The decision of the Swiss Supreme Court is final, no further appeals or challenges are available against the Final Award before the Swiss Courts. Celamin has applied for enforcement of the Final Award in Tunisia by way of application to the Tunisian Court of Appeal. Upon enforcement, the Final Award may be executed against TMS in the same manner as any Tunisian Court decision.

On 8 October 2018, Celamin announced a partially underwritten Share Purchase Offer ("SPP Offer") to raise up to AUD673,005 (USD491,966). The company also announced a Bonus Options Offer to be made to shareholders on a 1 for 2 basis as well as a Placement Offer to sophisticated, institutional or professional investors to raise up to a further AUD250,000 (USD182,696).

On 14 November 2018, Celamin announced that the Top Up Placement ("TUP") as contemplated by Celamin's Prospectus lodged with ASIC and ASX on 15 October 2018 successfully raised AUD336,502 (USD242,975), before costs, through the issue of 13,460,090 new fully paid up ordinary shares in Celamin at the same price per share as the SPP Offer that closed on 7 November 2018 (refer to CNL ASX Release dated 9 November 2018). Polo's interest in CNL following the SPP Offer and subsequent TUP stands at 26,214,915 shares representing 20.53% of CNL's Fully Paid Ordinary Shares.

The capital raised pursuant to the SPP Offer and the Placement Offer will be used to fund ongoing legal proceedings for recovery of Celamin's interest in the Chaketma Project, exploration programs on Celamin's new exploration permits in Tunisia prospective for zinc and lead, working capital and costs associated with the Offers.

PRISM Diversified Ltd ("PRISM")

In January this year, Ironstone Resources was renamed to PRISM Diversified Ltd. to denote the company's transition from resource development to commercial production, anticipated within 24 months. PRISM – an acronym for "Peace Region Innovative & Sustainable Manufacturing" – represents the company's brand and focus on sustainable resource development coupled with the production of critically important commodities.

Production of Carbonyl Iron Powder, Cobalt and Vanadium

PRISM is continuing to advance its multi-faceted Clear Hills Project in north western Alberta, Canada. After entering into a strategic agreement with a Canadian-based firm that has developed and globally deployed its commercial vapour metal deposition technology, PRISM will produce high-purity and high-value metal powders used in expanding markets, including the additive manufacturing industry (3D printing). 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 USD10,000 per tonne.

Production of Lithium Carbonate from 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, having determined there is excellent development of multi-stacked porous lithium brine-bearing reefs underlying and in close proximity to its Clear Hills permits, acquired 1.4 million acres of new mineral permits in early 2018. The company now controls the largest mineral tenure for lithium-bearing brines in Alberta. The key to commercialisation of lithium brines is developing and deploying lithium "direct-extraction" technology to produce a lithium concentrate for further refining into battery-grade lithium carbonate. PRISM has entered into an agreement with a western-Canadian based water processing specialist firm to co-develop the required technology, dubbed "LiREC®" to separate the lithium from the reservoir fluids by adapting their existing patented technology. PRISM anticipates it will commence field trials of its LiREC® system in Q2 2019, in advance of completing its pre-feasibility study and preliminary economic assessment by the end of the year.

Funding Arrangements:

PRISM is planning a capital raise program targeting USD10 million in equity/debt in Q1 2019 to support the ongoing development of its commercial carbonyl powder and lithium carbonate projects. New operating subsidiaries of PRISM may be created for each project, with PRISM's shareholders retaining a major interest in each entity. The company is exploring options for public listings of PRISM and/or its subsidiary companies.

Blackham Resources Limited (“Blackham”)

The Matilda-Wiluna Gold Operation (‘Operation’) is located in Australia’s largest gold belt which stretches from Norseman to Wiluna and passes through Kalgoorlie and Leinster. Over the last seven years, Blackham has consolidated the entire Wiluna Goldfield within one tenement package covering over 1,100km2. This consolidated tenement package has historically produced over 4.4 million ounces. In October 2016, Blackham produced first gold from the Operation.

The Expansion Preliminary Feasibility Study (“Expansion PFS”) published on 30 August 2017, confirmed the robust economics for a +200kozpa long mine life operation. Key outcomes were life-of-mine AISC of AUD1,058/oz, IRR 123% and NPV8 of AUD360 million before tax at an AUD1,600/oz gold price. Blackham continues to work on options to optimise and enhance the expansion plan.

Gold production during the year was 70,565oz, with demonstrably stronger performance for the six months to 30 June 2018 as demonstrated by an increase in production of 31% on the previous half. This was driven by lower open pit mining strip ratios, higher mill grade and continuous improvements made by the processing team to the plant. Mill throughput improved in each successive quarter of FY2018, with record throughput achieved in the June 2018 quarter (535kt milled).

Blackham recorded a loss for the year ended 30 June 2018 of AUD20.0 million (USD14.46 million). AUD14.4 million (USD10.42 million) of the loss was incurred in the first half of the year which was mostly impacted by low gold production at the Matilda-Wiluna Gold Operation, where production and mill feed head grade was hampered by 43% of mill feed being sourced from low grade stockpiles.

Operationally, the company had gross profits from operations of AUD4.8 million (USD3.47 million) before non-cash depreciation and amortisation charges. There was an AUD5.6 million (USD4.05 million) coming from the second half of the year, completely turning around the first half's performance.
Cash flows from operating activities were AUD6.2 million (USD4.48 million), of which AUD8.3 million (USD6 million) came from the six months ending 30 June 2018.

In November 2017, Blackham successfully switched to an owner operator air leg mining method to mine the Golden Age orebody. The air leg mining method is considered a lower risk method and has resulted in lower tonnes being mined at a higher grade. Golden Age has consistently generated cash and is forecast to continue doing so.

Production guidance for FY2019 is 77k-89koz at an AISC of AUD1,250-AUD1,450/oz. FY2019 AISC is expected to be higher than Life of Mine AISC, particularly in the September quarter, due to the investment required to strip new mining areas in the Matilda Mine, increase stockpiles and to maintain a high mill throughput.

Post the Reporting Period:

Blackham announced on 31 October 2018 an increased Ore Reserve estimate for the Operation of 26Mt at 1.8g/t for 1.53Moz of gold as at 30 June 2018. Blackham continues to progressively assess the Operation's Resource base total of 96Mt at 2.2g/t for 6.7Moz (58% Indicated), with further conversion expected into reserves.

Blackham is well funded as it enters a significantly lower risk period of production, initially targeting 250oz of oxide gold production over the next 3.5 years with expected stripping ratio of less than half of recent levels (7:1 vs 16.5:1) providing a meaningful step change in project economics. This, in conjunction with continued access to high grade ore zones that are supported by extensive grade control drilling and which will provide ongoing mill supply and continued growth in high grade stockpiles, is expected to deliver a period of strong operational cash flows.

Weatherly International Plc (“Weatherly”) (In Administration)

Weatherly has a diverse portfolio of base metal production and development assets with multiple low capital spend growth opportunities. These include the Tschudi Mine, the Otjihase and Matchless mines (together, “Central Operations”) and the Berg Aukas project in Namibia.

For the quarter ended 31 March 2018, Weatherly reported Tschudi copper cathode production of 4,161 tonnes, bringing year to date production to 13,005 tonnes Cu, being 2% ahead of nameplate, Tschudi C1 costs increased to USD5,608 per tonne for the quarter, due largely to strengthening of the Namibia dollar and that dewatering in the open pit mine continued to be managed.

In April 2018, Weatherly announced that it had retained advisers to evaluate strategic options for the company following operational challenges at its key asset, the Tschudi open pit copper mine, in Namibia. The 2016/2017 year began on the back foot with Tschudi needing to recover from the high groundwater inflow rates encountered in the open pit in the last quarter of the previous year. These inflow rates far exceeded the worst case scenarios foreseen within the Bankable Feasibility Study, making it impossible to prepare for these excessive inflows in advance and making it equally impossible to provide the required volumes of ore from the pits to the crushing and stacking plant in the short term. As described in Weatherly's Interim Results announced on 19 March 2018, open pit groundwater inflows in the Tschudi open pit, and the costs of dealing with them, continued to increase as pit mining proceeded to greater depths. However, the flow rates were managed adequately, to ensure a reliable supply of ore for stacking.

On 26 April 2018, Weatherly announced that it has engaged Numis Securities Limited ("Numis") and Treadstone Resource Partners ("Treadstone") as its financial advisers to lead a review of strategic alternatives for the company and its assets where all opportunities for maximising shareholder value would be considered (the "Strategic Review").

The scope of the options considered under the Strategic Review included, but were not limited to, the sale of the entire issued, and to be issued, share capital of the company; the restructuring of the company's debt; the disposal of certain company asset(s); or the raising of capital via equity issuance.

The position of the Tschudi mine remained fundamentally uncertain as a result of further significant water ingress in May 2018. Whilst water levels were stabilised, it was not possible for Weatherly to assess the length of time required before full mining operations could be recommenced, nor the full financial impact be assessed during this time. On 1 June 2018, Weatherly announced that as a result of this material uncertainty, Orion Mine

Finance (Master) Fund I LP ("Orion") had confirmed to Weatherly, in writing, that they were unlikely to permit further drawdowns under the existing uncommitted loan facility with Orion, details of which were announced by Weatherly on 28 July 2017. Weatherly's Directors considered that no further reliance could be placed on Orion supporting the company financially and therefore sought to temporarily suspend the company's shares from trading on AIM and seek advice in relation to administration. Subsequently, on the same day, the company announced the appointment of Simon Kirkhope and Andrew Johnson of FTI Consulting LLP ("FTI") as administrators to the company.

On 13 June 2018, Weatherly announced that it had concluded the acquisition of a further 65% interest in China Africa Resources Namibia Limited ("CARN"). Weatherly now has a 90% interest in CARN, which owns 100% of the high-grade Berg Aukas underground zinc-lead-vanadium project near Grootfontein, Namibia.

Post the Reporting Period:

On 31 July 2018 the Administrators' Statement of Proposals were released by Weatherly and can be found at the following website:
https://www.fticonsulting-emea.com/cip/weatherly-international-plc

On 7 August 2018, Strand Hanson Limited, Weatherly's Nominated Adviser and Broker resigned and in light of the Administrators' Statement of Proposals, Weatherly did not seek the services of another Nominated Adviser and, as a result, the company was delisted from AIM the following month.
On 8 October 2018, Weatherly announced that following significant operational progress at Weatherly's Tschudi mine, the company has restarted the process of reviewing its strategic options (the "Process"). The Process is being led by Numis and Treadstone. This follows Weatherly's announcement on 1 June 2018, detailing the appointment of Administrators.
Weatherly reports that since June 2018 there have been material improvements to the dewatering capabilities and a strategy enabling stable path to growth has been implemented.

The scope of the options being considered by Weatherly include, but are not limited to, the sale of certain subsidiaries of Weatherly, or the disposal of certain assets of the company (or of its subsidiary undertakings).

Polo's current portfolio includes:

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

Coal and power assets
- GCM Resources Plc (17.83%)
- Universal Coal Resources Pte Ltd (redeemable convertible note)

Phosphate asset
- Celamin Holdings NL (20.53%)

Lithium, iron and vanadium
- PRISM Diversified Ltd (19.5%)

Gold assets
- Blackham Resources Limited (1.53%) (diluted following a rights issue)
- Nimini Holdings Limited (90%)

Copper asset
- Weatherly International Plc (5.2%)

Various liquid short-term investments.

It was announced in our Annual Report for the year ended June 2017, that the Company had amended its investment strategy. This was predicated on the Board's belief 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 was supported by analyses undertaken by multilateral organisations. For example, 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 continues to 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. Moving forward, the company therefore maintains that its strategy will be to make direct and indirect investments in a portfolio of businesses, assets and early stage companies that have, or intend to have, at least the majority of their operations in Asia Pacific.

Summary

Polo's exposure to a basket of commodities that span bulk and precious metals, agri minerals and speciality metals that are commonplace in the new electric vehicle revolution, provide our shareholders with a good pricing and demand variance as the world moves into a new age that is looking for less dependence on hydrocarbons. On power generation, our exposure to the Bangladesh power sector, helps us retain a significant interest in a traditional and reliable sector of the energy market along with our oil and gas investments. By ensuring that we retain a balanced portfolio of commodity assets we can continue to offer our shareholders risk mitigation exposure to the broader commodity market.

The outlook moving into 2019 looks promising as we see stable economic growth continue to drive the demand for commodities in which we have investment exposure. Our focus for the period ahead is to look for investment opportunities that are entering investment horizons that offer positive shareholder returns.

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
20 December 2018

Investment Update

Oil and Gas

Hibiscus Petroleum Berhad (HIBI: MK)

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

Anasuria Hibiscus UK Limited (AHUK") has been a joint operator of the Anasuria Cluster since 10 March 2016. Prior to this, Shell had been the operator of Anasuria. The five discovered oil fields within Anasuria Hibiscus' licence boundaries include Guillemot A, Teal, Teal South, Cook and Kite. The Guillemot A, Teal, Teal South and Cook fields have the necessary infrastructure installed and have been producing to the Anasuria FPSO since the late 1990's.

Hibiscus' activities on the North Sabah PSC in FY2018 were primarily focused on completing the acquisition transaction. Hibiscus has only recently immersed its self in the day-to-day operations of the North Sabah PSC fields and is motivated by their potential. Net 2C Resources are estimated to be 29.2 million barrels and, in this respect, the management team at SEA Hibiscus is maturing several projects to convert some of these 2C Resources into producible 2P Reserves.

The North Sabah PSC comprises of four producing oil fields and associated infrastructure; i.e. St Joseph, South Furious, SF30, and Barton oilfields which are located in a key hydrocarbon province in Malaysia and have delivered reliable production since coming on stream in 1979. The PSC also contains pipeline infrastructure and the Labuan Crude Oil Terminal, an onshore processing plant and oil export terminal. The North Sabah PSC also provides long-term production rights until 2040. Given the readily available infrastructure, Hibiscus expects that to begin to observe an increase in production volumes and a reduction in unit production costs by financial year ending 30 June 2020.

Hibiscus produces crude oil and sells it in cargoes. From the Anasuria FPSO facility, Hibiscus sells its crude oil in cargoes of approximately 250,000 barrels. BP Oil International Limited ("BPOI") has been appointed to lift its cargoes and to market them to refineries in the region. The parent organisation of BPOI is BP plc, a global energy company. To date, BPOI has successfully marketed all cargoes at competitive prices.

In North Sabah, oil is lifted from the Labuan Crude Oil Terminal (which is operated by Hibiscus). Cargoes from Labuan are sold in parcels of approximately 300,000 barrels directly to the Trafigura Group, a large global commodities trader.

Hibiscus is pleased with both oil trading arrangements in Anasuria and in North Sabah. Its counter-parties are reputable and have a large pool of clients. Working with major global players also ensures transparency and allows Hibiscus to gradually develop business relationships with some of the largest oil traders.

The average uptime and daily oil equivalent production rate in FY2018 reduced by 11% and 15%, respectively, compared to FY2017. The primary reason for this reduction was the execution of a 30 day planned turnaround of the Anasuria FPSO, which entailed a full shutdown of production operations during the period commencing mid-September 2017. The turnaround covered critical maintenance work undertaken to improve the reliability of the topside facilities and to ensure a safe working environment for the company's personnel offshore.

Production was also impacted by an unplanned, temporary failure of a gas compression facility on board the Anasuria FPSO. This failure affected gas lift operations on the Guillemot A field. These planned and unplanned events had an unfavourable effect on the average oil production rate and further resulted in increased operating costs for the financial year. Thus, the average unit production cost (OPEX/boe) also increased to USD23.46/boe in FY2018 from USD15.12/boe compared to FY2017.

Operational performance of the Anasuria Cluster

Metric	Units	FY2018[1] Jul 2017 – Jun 2018	FY2017[2] Jul 2016 – Jun 2017
Average uptime	%	76	85
Av. daily oil production rate	bbl/day	2,705	3,197
Av. daily gas export rate[3]	boe/day	240	356
Average daily oil equivalent production rate	boe/day	2,945	3,552
Total oil sold	bbl	791,823	1,128,868
Total gas exported (sold)	MMscf	523	779
Av. realised oil price	USD/bbl	60	48
Av. OPEX/ boe	USD/boe	23	15\

Notes
1 Financial year ended 30 June 2018.
2 Financial year ended 30 June 2017.
3 Conversion rate of 6,000 scf/boe.

Bbl = barrel
Boe = barrels of oil equivalent
Mmscf = million standard cubic feet
OPEX = operational expenditure

Over the past two years, the operating company has been able to conduct at least one cargo offtake per quarter. However, the cargo from the Anasuria FPSO, scheduled for delivery in the final quarter of FY2018, was deferred by several days before being conducted on 2 July 2018 (2 days post-closing of the quarter). This deferment ensured the overall safety and smooth running of operations at the Anasuria Cluster whilst the drilling of the GUA-P2 side-track well on the Guillemot A field was ongoing. The reduction of one offtake for the financial year thus resulted in total oil sold in FY2018 declining by approximately 30% to 0.8 million barrels compared to FY2017.

Anasuria Reserves Upgrade:

Hibiscus commissioned LEAP Energy to undertake an independent evaluation of in-place and recoverable hydrocarbons in the Anasuria Cluster attributable to AHUK. In a report dated 23 August 2018, LEAP Energy stated that, based on their evaluation, the 2P Reserves net to AHUK have increased to 24.4 MMbbls as of 1 July 2018.

This recent estimate by LEAP Energy represents a net 4.2 MMbbls or 20.8% increase in 2P reserves when compared to the 20.2 MMbbls forecasted by RPS Energy Consultants Limited (RPS Energy) as of 1 March 2016. Given that AHUK's production in the interim period between 1 March 2016 and 1 July 2018 was approximately 2.5 MMbbls of oil, then the net addition to the company's 2P Reserves since the acquisition of its participating interest in the Anasuria Cluster is 6.7 MMbbls.

Operational risk assessments conducted jointly by Shell and SEA Hibiscus determined that SEA Hibiscus was ready to fully operate the asset, effective 31 March 2018. Thus, on 2 April 2018, Hibiscus announced the completion of the North Sabah PSC transaction.

Since Hibiscus took over the operatorship of the North Sabah PSC, the asset has demonstrated a relatively high average uptime, peaking at 96%. The company is also encouraged that the average daily oil production rate has been gradually increasing over the course of FY2018. Average OPEX/boe has also been demonstrating a decreasing trend.

Production Licence P.198, UK Central North Sea:

Hibiscus recently concluded a strategic 50% acquisition of participating interests in new discovered oilfields offshore in the UK. The stake in Production Licence No. P.198 Blocks 15/13a and 15/13b increases the company's aggregate contingent oil resources to 68.5 million barrels, advancing it further towards achievement of our target of producing 20,000 barrels of oil per day and 100 million barrels of proven and probable oil reserves by 2021. The blocks consist of two discovered oil fields with a total of 30 MMbbl of net 2C Resources.

VIC/L31 and VIC/P57, Australia:

As operator of the West Seahorse field with proven and probable reserves under the VIC/L31 production licence, as well as the additional exploration opportunities under the VIC/P57 exploration licence, Australia holds significant potential for Hibiscus' future development plans.

Financial Performance
For the current twelve-month period, i.e. FY2018, Hibiscus posted revenue of RM394.3 million (USD93.8 million), up from RM261.3 million (USD61.18 million) achieved in the corresponding twelve-month period in the previous financial year ended 30 June 2017 (FY2017). Hibiscus achieved profit after taxation of RM203.7 million (USD48.48 million) in FY2018 compared to RM106.1 million (USD25.25 million) in FY2017.

Operational performance of North Sabah fields since taking-over operatorship of this asset as well as for the prior 15 months

Metric	Unit	FY2018			FY2017		
		Apr - Jun'18	Jan - Mar'18	Oct - Dec'17	Jul - Sep'17	Apr - Jun'17	Jan - Mar '17
Av. uptime	%	96	96	93	88	92	95
Av. gross oil production	bbl/day	15,954	15,167	14,866	14,048	14,614	14,992
Av. net oil production	bbl/day	5,903	5,710	5,500	5,198	5,407	5,547
Total oil sold	bbls	623,544	287,019	586,657	287,850	593,086	587,228
Av. realised oil price[2,3]	USD/bbl	73.26	71.44	67.2	55.8	56.93	59.41
Av. OPEX/bbl (unit production cost)	USD/bbl	8.15	12.92	18.5	15.25	11.75	10.81

Reserves and resource estimates for SEA Hibiscus' entitlement in the North Sabah PSC

	Units	Net
Remaining Reserves (2P)[4]	MMstb	15.1
Contigent Resources (2C)[5]	MMstb	29.2

Notes
1 Figures are provisional and may change subject to the PSC Statement audit for the period April to June 2018.
2 For quarterly periods between January 2017 to March 2018, the average realised oil price is the weighted average price of all the Labuan crude sales from various parties during the quarter.
3 For April to June 2018, the average realised oil price represents the weighted average price of all Labuan crude sales from SEA Hibiscus.
4 Based on SEA Hibiscus' net entitlement, as reported in the Annual Review of Petroleum Resources (ARPR) as of 1 January 2018 for the PSC life.
5 Based on SEA Hibiscus' net entitlement, derived by independent technical valuer, RISC Operations Pty Ltd, as of 1 January 2018 for the PSC life.
MMstb – million stock tank barrel.

Hibiscus' financial performance over the last five financial years/periods

Statutory Financial Year/Period End	30 Jun 2018	30 Jun 2017	30 Jun 2016	30 Jun 2015	31 Dec 2013
No. of months	12 months	12 months	12 months	18 months	9 months
Activity	**Production (Mature Fields) Centric**			**Exploration Centric**	
Revenue (RM million)	394.3	261.3	81.7	15.6	13.3
EBITDA/(LBITDA) (RM million)	334.1	156.5	(17.2)	(67.0)	13.9
PAT/(LAT) (RM million)	203.7	106.1	(60.0)	(74.2)	12.1
Net asset per Share (RM)	0.63	0.51	0.45	0.55	0.73
Debt (RM million)	-	-	-	-	-

Hibiscus completed the acquisition of 50% participating interests in the North Sabah PSC on 31 March 2018 ("Completion Date"). This acquisition together with the performance of the Anasuria Cluster were the main drivers of Hibiscus' financial performance.

From Completion Date to 30 June 2018, the North Sabah PSC contributed RM181.9 million (USD43.29 million) to revenue and RM96.9 million (USD23.06 million) to gross profit from the sale of crude oil. From this segment, 623,544 barrels of crude oil were sold in two cargoes, at an average realised price of USD73.26/bbl.

The acquisition of the North Sabah PSC has added significant scale to Hibiscus' operations. It has enlarged its portfolio of development and production assets and more importantly, it has provided a second positive cash flow stream after the Anasuria Cluster. This additional asset has also increased the company's capabilities and widened its geographical footprint to now cover the United Kingdom, Australia and Malaysia.

On 14 December 2018, Hibiscus' share price closed at MYR1.03 with a market capitalisation of USD391.04 million (MYR/USD = 0.23904).

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 USD14.8 million in the previous financial year 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
- 17.83% equity interest

In its Annual Report 2017 GCM announced two realisations that significantly changed its direction. Firstly, working with Bangladesh-based power consultants, GCM's team realised that utilising the latest highly energy efficient ultra-supercritical power plant technology the Phulbari coal mine is capable of supporting up to 6,000MW power generation. Previously it believed the mine would support 4,000MW but this was based on earlier studies which incorporated subcritical boiler technology with lower energy efficiency. This increase of 2,000MW (50%) for the same annual thermal coal production is a huge value add for the Phulbari Coal and Power Project ("the Project"), given the Government of Bangladesh ("Government) aims to deliver a major step-jump in the Country's electricity generation. This led GCM's management team to a second realisation being it needed to shift strategic focus from pursuing approval of the coal mine's Scheme of Development to pursuing approval of an integrated coal mine and power plant development delivering 6,000MW in line with the need of the Government and people of Bangladesh for large-scale affordable electricity. As a measure of this need, the Government is targeting an increase in power generation from some 12,000MW currently to 57,000MW by 2041, with 70% of the power from gas and coal.

GCM has made solid progress towards securing potential development partners for the 6,000MW with most or all power plants planned to be located at the mine-mouth to maximise synergy with mine development and minimise costly coal handling and transport requirements. In this way GCM believes it will become the cheapest and most reliable electricity provider in Bangladesh.

Working under an MOU with world renowned China Gezhouba Group International Engineering Co Limited ("CGGC"), CGGC delivered in July 2017 a technical pre-feasibility study for a 2,000MW power plant located at the mine site. Subsequently CGGC and GCM agreed a Contract Framework Agreement and a Joint Development Framework giving CGGC the exclusive right for the engineering, procurement, construction, and commissioning of the proposed power plant.

Throughout 2018 GCM has also been in discussion with Power Constructions Corporation of China Ltd ("PowerChina") which is a state-owned key enterprise of People's Republic of China and a world-leading integrated engineering construction group.

Post the Reporting Period:

In November 2018 PowerChina delivered a technical prefeasibility study for mine mouth power plants generating the remaining 4,000MW necessary to consume the Phulbari coal mine's planned full thermal coal production. Significantly the PowerChina report included due diligence that independently confirmed the Phulbari coal mine's capability of supporting 6,000MW.

Immediately following delivery of the power plant technical prefeasibility study, GCM and PowerChina signed an MOU setting out the steps towards a future Joint Development Agreement, obtaining approval from the Government of Bangladesh and subsequent development of both the mine and power plants (4,000MW PowerChina with 2,000MW being covered in the separate agreement with CGGC). The MOU also states intention that equity holdings of the coal mine and power plants shall be agreed in the future Joint Development Agreement and targets submitting a formal proposal to the new Government of Bangladesh early in 2019. Although PowerChina has expressed its interest to participate in coal mine development, GCM is still considering other potential partners with specific coal mine development experience.

Funding arrangements:

GCM announced in November 2017 that it had successfully raised £2 million (£1.8 million net of costs) at 34.4p 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 10p each in issue. No Ordinary Shares are held in treasury.

GCM announced in November 2018 that it had secured a £1.2 million increase to its existing short-term loan facility of £1.1 million with Polo Resources Limited bringing the total loan facility to £2.3 million. The original £1.1 million has already been utilised and this latest amount will be drawn down in equal quarterly instalments of £300,000 and will be used in progressing joint venture arrangements with development partners and preparation of a joint submission to the Government of Bangladesh.

On 14 December 2018, GCM's share price closed at GBP0.2375 with a market capitalisation of USD29.46 million (GBP/USD = 1.26416).

Universal Coal Resources Pte Ltd

- Coal Project, Indonesia
- Redeemable convertible note

In May 2016, Polo's subsidiary, PIL, entered into a secured SGD5 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.

Phosphate

Celamin Holdings NL (ASX: CNL)

- Phosphate, Tunisia
- 20.53% equity interest

Celamin continues to focus on restitution of its interest in Chaketma Phosphates SA ("CPSA"), the operating company responsible for development of the Chaketma Project. The Chaketma Project is a potential large scale phosphate development asset, which comprises six prospects over a total area of 56km2. It hosts a total JORC compliant Inferred Resource of 130Mt at 20.5% P_2O_5, confirmed from drilling at only two of the project's six prospects.
On 3 July 2018, the company appointed Simon Eley as Chief Executive Officer. Simon has been tasked with leading the recovery of the Chaketma Phosphate Project following the arbitration success announced in December 2017, the engagement of a local partner in Tunisia and the review and acquisition of new project opportunities. Simon replaces Tim Markwell, who served as Acting CEO since January 2018. Tim remains as a Non-Executive Director of the company.

In relation to the dispute between its wholly owned subsidiary Celamin Limited and its joint venture partner TMS in relation to the fraudulent purported transfer to TMS of Celamin's 51% interest in the joint venture company CPSA, the consolidated entity will continue to pursue all available legal and other avenues in order to secure the preservation and recognition of Celamin's rights, including restitution of its shares in CPSA and compensation for damages suffered.

The full details of the background of the dispute can be found at www.celaminnl.com.au and the Celamin's Annual Report for the year ended 30 June 2018.

Celamin also continues to review other new opportunities in Tunisia consistent with its strategy to build a portfolio of resource assets to add shareholder value.

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.

On 10 January 2018, the company secured a capital raising of AUD1,551,750 (USD1,133,452) to provide funding to pursue enforcement of the Final Award for recovery of its interest in Chaketma Phosphate, other legal actions in Tunisia, and for general working capital purposes. Under the placement agreement, Polo acquired a further 1,320,000,000 ordinary shares in Celamin for a total consideration of AUD330,000 (USD237,025).

On 4 June 2018, the company completed a consolidation of its issued capital on a one for one-hundred basis. The consolidation was approved by shareholders at the company's Annual General Meeting held on 28 May 2018. On 15 June 2018, the suspension of trading in the securities of the company was lifted.

Post the Reporting Period:

On 8 October 2018, Celamin announced a partially underwritten SPP Offer to raise up to AUD673,005 (USD491,966). The company also announced a Bonus Options Offer to be made to shareholders on a 1 for 2 basis, and a Placement Offer to sophisticated, institutional or professional investors to raise up to a further AUD250,000 (USD182,696).

The capital raised under the SPP Offer and the Placement Offer will be used to fund ongoing legal proceedings for recovery of Celamin's interest in the Chaketma Project, exploration programs on Celamin's new exploration permits in Tunisia prospective for zinc and lead, working capital and costs associated with the Offers.

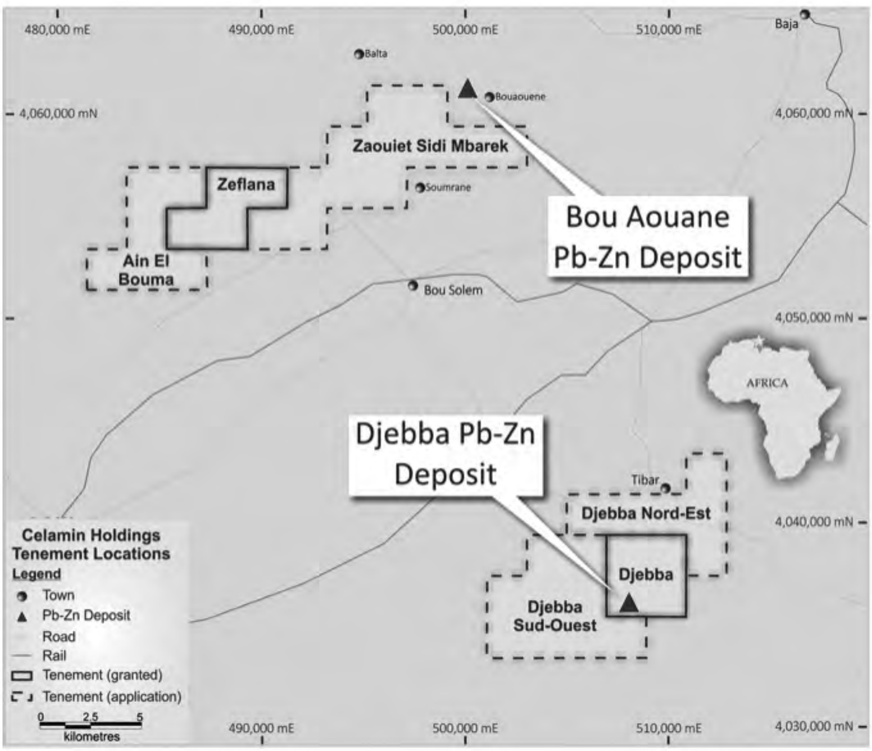
On 14 November 2018, Celamin announced that the Top Up Placement ("TUP") as contemplated by Celamin's Prospectus lodged with ASIC and ASX on 15 October 2018 successfully raised AUD336,502 (USD242,975), before costs, through the issue of 13,460,090 new fully-paid ordinary shares in Celamin at the same price per share as the SPP Offer that closed on 7 November 2018 (refer to CNL ASX Release dated 9 November 2018). Polo's interest in CNL following the SPP Offer and subsequent TUP stands at 26,214,915 shares representing 20.53% of CNL's Fully Paid Ordinary Shares. Under the terms of the Bonus Options Offer, Polo is eligible to receive 12,394,628 CNL Share Options representing 19.44% of the total Options issued.

Tunisian Zinc Permits Granted
In July 2018, Celamin was granted two new exploration permits in Tunisia prospective for Zinc and Lead. The Djebba and Zeflana permits cover 32 kilometres in the Atlas Zinc-Lead Province that runs through the north of the country.

Better results from the historical ONM drilling include:

- S-30bis 16.6m at 8.36% Zn & 1.8% Pb from 66.1m
- MDJ2 10.45m at 17.52% Zn & 1.57% Pb from 21.85m
- MDJ7 8 .55m at 9.55% Zn & 0.81% Pb from 32.85m

Figure 1. Location of granted permits, Djebba and Zeflana and recent applications



1 Celamin cautions that this resource estimate is a historical estimate and was not reported in accordance with the JORC Code. A competent person has not done sufficient work to classify the historical estimate as a mineral resource and/or reserve in accordance with the JORC Code and it is uncertain that following evaluation and/or further exploration work that the historical estimate will be able to be reported as a mineral resource or ore reserve in accordance with the JORC Code.

Since the grant of the exploration permits, Celamin has acquired the report on the mining study completed in 1989 by Montreal-based consultancy, Le Groupe SIDAM-Minorex, for the Office National des Mines ("ONM") in Tunisia and engaged CSA Global to review this study to enable announcement of the historical resource estimate.

The mining study, titled "Etude de faisabilité preliminaire de l'exploitation du gite plomb-zincifere de Djebba" (Pre-feasibility study on mining the Djebba Zinc-Lead deposit) documents historical resource estimates and mining studies for the deposit completed in the period 1986-89. The study was based on drilling completed by ONM at the historical Djebba mine site which was used to estimate and report the historical resource of 2.7 Mt at 6.1% Zn and 3.3% Pb[1].

Celamin cautions that this resource estimate is a historical estimate and was not reported in accordance with the JORC Code. A Competent Person has not done sufficient work to classify the historical estimate as a Mineral Resource and/or Ore Reserve in accordance with the JORC Code and it is uncertain that following evaluation and/or further exploration work that the historical estimate will be able to be reported as a Mineral Resource or Ore Reserve in accordance with the JORC Code.

ASX Listing Rule 5.12 specifies the additional information that must be provided in a market announcement that contains historical estimates. This information is contained in the Annexure to Celamin's 31 October 2018 Release together with further details on the historic mineral resource estimate.

Reporting of the historical estimate is considered material as it provides an indication of the presence of potentially economic mineralisation on the property. Although it can only be considered a qualitative indication at this time, it provides an indication of the prospectivity of the area and supports investment in further exploration.

Subsequent to the 1989 study, additional drilling and other exploration work was completed at Djebba by ONM (1992), ONM-Metallgesellschaft (1993-94), VSX-listed Consolidated Global Minerals Ltd (2001-04), and AIM-listed Maghreb Minerals (2002-2008). Celamin is in the process of acquiring, compiling, and assessing the available data and reports for this subsequent work.

Celamin will now focus on validation of the historical resource based on confirmatory drilling and target generation work to define new targets for drill testing as this style of mineralisation can be extensive and form large deposits.

This is a very encouraging outcome and one that underpins Celamin's continued presence in Tunisia. While Celamin awaits the return of its interest in Chaketma, the company will concentrate on completing the confirmatory work required on the resource as well as target generation on both the Djebba and Zeflana projects.

Planned Work Programme
Celamin is in the process of acquiring, compiling, and assessing all the available historical data. A full assessment will not be possible until all data has been obtained, and a detailed planned work program will be formulated at that time.

Celamin is focused on exploration of the Djebba trend, not just the historical resource area. Celamin will bring an exploration model to bear that is based on work completed in Tunisia in the 2000s by CSA Global Ltd based on targeting deposits in Neogene basins in northern Tunisia. This setting has many analogies with the Himalayan foreland in Yunnan that hosts the giant Jinding deposit.

The Djebba work program is therefore expected to be two-pronged, with validation of the historical resource based on confirmatory drilling, and target generation work to define new targets for drill testing. The latter is expected to include geological mapping, geochemical and geophysical surveys.

The extent of the actual work programs and the amount of drilling completed will be subject to market conditions and funding for the proposed programs.

As noted in figure 1, Celamin has lodged applications for larger permits covering the geological trends of both the Djebba and Zeflana permits. The applications areas are expected to improve the possibility of delineating extensions to the mineralisation at both locations.

For further information on the Djebba and Zeflana permits, including past ownership and historical data, please refer to ASX releases 17 July 2018 and 31 October 2018 which can be found at http://www.celaminnl.com.au/.

On 14 December 2018, Celamin's share price closed at AUD0.028 with a market capitalisation of USD2.58 million (AUD/USD = 0.72279).

Lithium, Iron, Vanadium and Precious Metals

PRISM Diversified Ltd (formerly Ironstone Resources)

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

With development starting in 2007 under Ironstone Resources' tutelage, the Clear Hills Project will serve as the locus for the 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 vanadium and lithium electric metals to meet the demands of renewable energy storage projects.

Production of Lithium Carbonate from lithium-rich formation brines
In early 2018, Ironstone Resources was renamed to PRISM Diversified Ltd. to mark the company's entry into its commercialization stage of development.

Through three diamond core drilling programs, a resource of 557 million tonnes of mineralized material has been defined (182 million tonnes contained iron and 2.45 billion pounds of contained vanadium pentoxide), with the results reported in a NI 43-101 technical resource report (July 2012) released by SRK Consulting (Canada) Inc. on behalf of Ironstone Resources.

In early 2017, PRISM 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.

Lithium-rich brines in Devonian-age oil and gas reservoirs underlie PRISM's Clear Hills permits supported by several regional studies and government reports. The company is currently evaluating the formation brines to determine the most effective method to extract, concentrate and refine the lithium into battery-grade lithium carbonate for use in rechargeable batteries for electric automobiles and consumer products. 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 hold a 100% undivided interest in 1.91 million acres (776,322 hectares), the largest contiguous block of metallic and industrial mineral permits held in Alberta today.

In conjunction with HATCH Associates, the company conducted an extensive research and development program to fine-tune and scale a novel process – dubbed as the HICS Process – for upgrading oolitic ironstone into high-grade iron metallics to be sold as alternative iron units into the US steel industry or to support steel production in western Canada. Further commercialisation work will be conducted after carbonyl iron powder operations commence, anticipated in 2020.

The overlying overburden is comprised of bentonite-rich expandable clays for potential use in the production of light-weight expandable clay aggregates (LECA), or which can be manufactured into a variety of environmentally-friendly building and road construction products.

The Clear Hills Project is situated in the heart of Peace Country, 200 kms north of the city of Grande Prairie in northwestern Alberta. The region hosts a near-surface polymetallic iron-vanadium deposit that extends along the eastern flanks of the Clear Hills.

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

Gold

Blackham Resources Limited (ASX: BLK)

- Gold, Western Australia
- Coal, Southwest Australia
- Combined direct and indirect 1.53% equity interest (diluted following a rights issue)

The Matilda-Wiluna Gold Operation ('Operation') is located in Australia's largest gold belt which stretches from Norseman to Wiluna and passes through Kalgoorlie and Leinster. Over the last seven years, Blackham has consolidated the entire Wiluna Goldfield within one tenement package covering over 1,100km2. This consolidated tenement package has historically produced over 4.4 million ounces. In October 2016, Blackham produced first gold from the Operation.

Production
Gold production in the financial year was 70,565oz, with demonstrably stronger performance for the six months to 30 June 2018. The second half of the year saw a 31% increase in production on the previous half. This was driven by lower open pit mining strip ratios, higher mill grade and continuous improvements made by the processing team to the plant. Mill throughput improved in each successive quarter of FY18 with record throughput achieved in the Jun'18 quarter (535kt milled).

Mining during the six months to December 2017 involved extensive stripping, enabling access to higher grade zones in the M4 and Galaxy pits during the second half of the year. In the six months to December 2017, geotechnical incidents and related mine sequencing issues experienced resulted in a high proportion of mill feed from low grade stockpiles (454,000t at 0.7g/t). This compared to low grade stockpile feed of only 24,000t at 0.7g/t in the second half of the year.

The successful move in November 2017 to an owner operator with predominately air leg mining method has significantly de-risked mining of the Golden Age Underground orebody. The air leg mining method is considered a lower-risk method and has resulted in lower tonnes being mined at a higher grade. Golden Age has consistently generated cash and is forecast to continue to do so.

Production, Cost and Capital Guidance for FY19
Production guidance for FY2019 is 77k-89koz at an AISC of AUD1,250-AUD1,450/oz. FY2019 AISC is expected to be higher than Life of Mine AISC, particularly in the September quarter, due to the investment required to strip new mining areas in the Matilda Mine, increase stockpiles and to maintain a high mill throughput.

Exploration and Resource Definition Drilling
During the year, Blackham completed several projects aimed at increasing its gold reserves and ongoing exploration drilling targeted at new oxide deposits to extend the current free milling mine life. Reserves at 30 June 2018 are currently being re-estimated and will be published imminently.

In the six months to June 2018, Blackham's exploration team concentrated on further delineating free-milling open pit reserves over the 4km strike at the Wiluna mine. Blackham believes the Wiluna free-milling material is an attractive feed stock for the current operating mill and has fast tracked mining approvals to access these mining areas in FY2019.

The Lake Way drill programme was completed in the June 2018 quarter and is aligned with Blackham's strategy to extend the free milling life to five years. Results from the RC and diamond drilling programmes confirm extensions to shallow high grade mineralisation south of the planned pit cutback.

Blackham remains focused on extending the life of the Golden Age underground in line with the recent exploration success close to existing mine access. Results released in June 2018 identified high grade extensions at Golden Age, confirming that mineralisation is open both down plunge and down dip and future mining is planned to increasingly target the extensions defined from this drilling.

Wiluna Expansion Study
The Expansion Preliminary Feasibility Study ("Expansion PFS") published on 30 August 2017, confirmed the robust economics for a +200kozpa long mine life operation. Key outcomes were life-of-mine AISC of AUD1,058/oz, IRR 123% and NPV8 of AUD360m before tax at an AUD1,600/oz gold price.
The Expansion Definitive Feasibility Study ("DFS) is well advanced with the bulk of expenditure already incurred. Processing optimisation studies continue with a view to further de-risking the expansion opportunity. Work over the June 2017 quarter focused on improvements to the floatation circuit. Wiluna oxide/transition open pit mining is expected to commence in the first quarter of this year, further de-risking the geology and mining risks prior to committing further capital to the sulphide processing plant.

Resources and Reserves
Post reporting period, Blackham announced an increased Ore Reserve estimate for the Operation of 26Mt at 1.8g/t for 1.53Moz of gold as at 30 June 2018. Blackham continues to progressively assess the Operation's Resource base total of 96Mt at 2.2g/t for 6.7Moz (58% Indicated), with further conversion expected into reserves. There are currently 3.2Moz at 4.6g/t Au in underground resources sitting outside of Reserves.

Results
The loss after tax for the financial year was AUD20,027,000 (USD14,482,421) (2017: AUD6,844,000 (USD4,949,206)). Net assets at the end of the year were AUD103,126,000 (USD74,578,303) (2017: AUD86,325,000 (USD62,489,358)).

Equity Placements
On 19 February 2018, Blackham announced that it had raised gross proceeds of AUD35.9 million (USD26 million) through a placement of 898 million shares at a price of AUD0.04 per share.

Other equity financing
The Australian Special Opportunity Fund facility was terminated on 17 January 2018. A total of AUD2.4 million (USD1.74 million) was drawn down over the term of the facility.

Debt financing
Blackham refinanced its non-amortising term loan with Orion Fund JV Limited ("Orion"), via a new, secured AUD14.3 million (USD10.44 million) financing arrangement with its key mining contractor, MACA Limited.
The Orion Term Loan was fully repaid in February 2018. The company has a separate fully drawn Project Financing Facility of AUD23 million (USD16.52 million) that remains in place with Orion, which was reduced to AUD15.5 million (USD11.27 million) by 30 June 2018.
Events subsequent to reporting date:

Convertible Security Funding Agreement
On 25 September 2018, Blackham announced the execution of an agreement with an entity managed by The Lind Partners ("Lind"), a New York based institutional fund manager, for up to AUD23 million (USD16.52 million) in total capital. The initial funding commitment of AUD7.5 million (USD5.42 million) is to be funded within 20 business days of execution.

Lind's initial AUD7.5 million (USD5.42 million) investment will be provided as a Secured Convertible Note with a 24 month term, the proceeds of which will be used, along with Blackham's current cash, to fully repay the short term secured debt owed to Orion Fund JV Limited. With the Orion debt fully repaid, Blackham will be able to re-direct operational cash flows to expand its reserves and finalise the Wiluna Expansion DFS.

Controlled Placement Agreement
During July 2018, Blackham entered into a Controlled Placement Agreement ("CPA") with Acuity Capital. The CPA provides Blackham with up to AUD10 million (USD7.29 million) of standby equity capital over the coming 27 month period.

Importantly, Blackham retains full control of all aspects of the placement process, having sole discretion as to whether or not to utilise the CPA, the quantum of shares issued, the minimum issue price of shares and the timing of each placement tranche (if any). There are no requirements on Blackham to utilise the CPA and Blackham may terminate the CPA at any time, without cost or penalty. If Blackham does decide to utilise the CPA, Blackham is able to set a floor price (at its sole discretion) and the final issue price will be calculated as the greater of that floor price set by Blackham and a 10% discount to a Volume Weighted Average Price over a period of Blackham's choosing (again at the sole discretion of Blackham).

On 14 December 2018, Blackham's share price closed at AUD0.042 with a market capitalisation of USD40.76 million (AUD/USD = 0.72279).

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

Polo's Annual Report 2017 explained that given the lack of progress in negotiating an acceptable Mine Development Agreement ("MDA") with the Government of Sierra Leone ('GoSL") for Nimini's Komahun Gold Project (the "Nimini Project") it was forced to take a hardline approach to minimise costs which included suspending payment of all government fees. Furthermore, as Sierra Leone was heading to a General Election on 7 March 2018 it was felt the best chance of obtaining an acceptable MDA would come post the election with a new President, Parliament and local councils in place.

Unfortunately, despite the considerable lobbying efforts by our in-country representative who is a Director of our local subsidiary Nimini Mining Limited, the Nimini Project's mining licence was cancelled at the end of August 2018. This came a month after a blanket move by the GoSL cancelling over 30 mining licences at which time the GoSL cited it was facing serious revenue generation challenges. Its main revenue stream historically has come from the mining sector but it found many mining companies had either left or suspended operations. Ironically GoSL's logic in cancelling these mining leases was that it would create opportunities for other potential investors in its fledgling mining industry.

Polo is both disappointed and perplexed by the GoSL's action in cancelling the Nimini Project's mining licence and has written to the President and the Minister of Mines and Mineral Resources appealing for the decision to be reversed. The Cancellation Letter was directed at the non-payment of fees and lack of mine development and paid no attention to Polo's significant investment in the Nimini Project, the fact that it remains in the best position to develop the Nimini Project having done mining studies based on a very significant geological database and the fact that it was the GoSL itself that acknowledged the need for an MDA to assist Nimini develop the Komahun Gold Project. This is witnessed by the exhaustively negotiated MDA agreement of 2013, signed off by the then Minister of Mines and Mineral Resources but subsequently withdrawn as it was poised to be ratified by parliament and by the fact it was the GoSL that invited Nimini to renegotiate the MDA in 2015. After these negotiations failed on several subsequent occasions the GoSL continued to invite Nimini for discussions regarding the MDA, with the most recent being instigated by the Chief of Staff (State House) instigating a meeting between Nimini and the GoSL's Chief Negotiator on 19th of June 2017.

While Polo awaits the outcome of its appeal against the mining licence cancellation it has pointed out to the GoSL that Nimini and Polo reserve their rights to full reimbursement of all costs expended on the Komahun Gold Project and reserve their rights to benefit from any future cashflows over the entire productive life of the Komahun Gold Project.

Faced with the mounting risks and uncertainty surrounding development of the Nimini Project, Polo began recording impairments on the carrying value of its investment which at this point is USD3 million now based solely on the value of the very considerable Nimini Project database.

Copper

Weatherly International Plc (AIM; WTI)

- Copper, Namibia
- 5.2% equity interest

Weatherly International has restarted the process of reviewing its strategic options following the appointment of Simon Kirkhope and Andrew Johnson of FTI Consulting as joint administrators of the company in June 2018. This follows the implementation of a recovery plan for its Tschudi copper mine in Namibia, following significant water ingress in May 2018. Since the appointment of the joint administrators in June, there have been material improvements to the dewatering capabilities and a strategy enabling stable path to growth has been implemented.

The strategic review process is being led by financial advisors Numis and Treadstone, and the scope of the options being considered by Weatherly include, but are not limited to, the sale of certain subsidiaries of Weatherly, or the disposal of certain assets of the company.

Weatherly has a diverse portfolio of base metal production and development assets with multiple low capital spend growth opportunities. These include the Tschudi Mine, the Otjihase and Matchless mines (together, "Central Operations") which were placed on care and maintenance in September 2015 and the Berg Aukas project in Namibia. Key highlights of Weatherly's main assets are provided below.

Tschudi

- Producing copper mine located in Tsumeb, northern Namibia
- Currently running at 17ktpa (the SX-EW plant's minimum design capacity)
- Ore Reserves 1 of 15.6Mt at 0.89% Cu for 138.2kt and Mineral Resources[1] of 51.0Mt at 0.76% Cu for 387.7kt
- Materially improved dewatering capabilities and strategy enabling stable path to growth
- Strong Resource base could support further production enabling potential mine life extensions
- Underexplored project area
- Modern processing facilities and robust infrastructure base

Central Operations

- Three underground mines and an 800ktpa copper concentrator, currently on care and maintenance
- The operations were in production until September 2015, producing high quality concentrate sought after for blending
- Mineral Resources[2] of 4.40Mt at 2.27% Cu for 99.7kt (Otjihase) and 1.34Mt @ 2.40% for 31.8Kt (Matchless)
- Otjihase and Matchless mines represent a significant low capital intensity restart opportunity with substantial cash flow enhancing opportunities including:

  – Capital realisation through optimised design
  – Improvement of exploration target through expansion and access to neigbouring compartments
  – Backfill optimisation to increase recovery

Berg Aukas

- Past-producing zinc-lead-vanadium project located near Tsumeb, Namibia
- Shafts and access development to 800m depth
- Ore Reserves[3] of 1.69Mt at 11.16% Zn, 2.76% Pb and 0.23% V2O5 (Cut off 5% Zn eq) and Mineral
- Resources[3] of 1.26Mt at 15.47% Zn, 3.84% Pb and 0.33% V2O5 (Cut off 3.0% Zn)
- Significant value enhancing opportunities including:

  – Shaft stripping / decline addition options allowing for larger equipment and mill expansion
  – Unlocking value from metal recovery from stock of historical tailings
  – Favourable vanadium pricing environment

Notes

1 Total as at 30 June 2017. 100% basis.
2 100% basis. Mineral Resource statement for the Otjihase Mine is declared in terms of the JORC Code (2012 Edition) with an effective date of 31 March 2018. Matchless estimated tonnage based on Bara polygonal calculation.
3 As at April 2013.

Financial Review

The purpose of this review is to provide a further analysis of the Group's consolidated 2018 results and the main factors that affected this financial performance. The Financial Review should be read in conjunction with the financial statements and associated notes.

During the year, the Group recorded a loss on ordinary activities after taxation of USD7.60 million (2017: USD6.45 million). This loss was mainly attributable to a total impairment charge of USD4.0 million written down against Weatherly International Plc, Verolube Inc and Celamin Holdings Ltd.

The Group balance sheet strengthened with net assets expanded by 28% to USD60.28 million from the previous financial year (2017: USD47.22 million).

Basic loss per share for the year ended 30 June 2018 was USD2.44 cents (2017: USD2.07 cents). It should be noted that this figure is not necessarily indicative of a weakening financial performance as such variances are in the very nature of a natural resource investment company whose strategic focus extends beyond a single reporting year.

Focus sectors for our portfolio of investments in this reporting period centre largely on investments across the oil & gas, gold, and coal sectors. In the 2017/18 financial year, the Board has continued to support the on-going development of its key assets and acquired new investments.

In January 2018, Polo acquired a further 1,320,000,000 ordinary shares in Celamin for a total consideration of AUD330,000 (USD0.254 million) by way of a share placement.

During the year under review, Polo's investment in Hibiscus Petroleum Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad, continued with its uptrend in the share price. As of 14 December 2018, the share price of Hibiscus closed at MYR1.03 (30 June 2017: MYR0.41).

The Board of Polo is still sensitive to the impact of current market sentiment towards junior exploration-stage resource companies and of the correction in the prices of many commodities, such as gold, copper and oil during the reporting period under review. Whilst these factors have combined to create a difficult operating environment across the board for junior resource companies, Polo's strategy of developing a broad-based portfolio of projects and investments capable of delivering positive shareholder returns has enabled the Company to retain the financial flexibility to optimise asset value over the medium and longer-terms.

Financial Position

The Directors have reviewed the Group's budgets for 2019, 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 Group's cash balances. Additionally, the Directors have assessed the likelihood of future funding requirements. Based on these activities, the Directors are satisfied that the Group 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.

As at 14 December 2018, the Group had a net position of cash, receivables and short term investments of USD13.41 million (30 June 2018: USD15.02 million). Listed and unlisted investments at marked to market value, cost and valuation amounted to USD54.53 million (30 June 2018: USD52.92 million). The combined total of cash, receivables, payables, listed and unlisted investments was USD62.0 million as of 14 December 2018 (30 June 2018: USD60.28 million) which is equivalent to a Net Asset value of approximately 15.73 pence per Polo share (30 June 2018: 14.70 pence per share).

Outlook

Polo continues to investigate potential investments and will allocate financial resources to investments on the basis of anticipated future returns.

Although all natural resource investments remain vulnerable to near-term market instabilities, I remain positive 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
20 December 2018

Management and Leadership

Good governance ensures that the highest standards are maintained across all aspects of the Company's operations. The commitment to responsible governance begins at Board level and flows throughout the Polo Resources operation.

Datuk Michael Tang, PJN (aged 45)

Executive Chairman

Datuk Michael is the founder of Mettiz Capital Limited, an investment company with a diversified portfolio comprising natural resources, power generation, manufacturing, healthcare and real estate, and which has a major shareholding in the Company. He is an investor and entrepreneur with significant corporate, commercial and financial experience. Datuk Michael holds a Bachelor of Laws degree from the London School of Economics and Political Science and was called to the Bar of the Honourable Society of the Lincoln's Inn of England and Wales. On the community front, Datuk Michael was the founding trustee of the Gold Coast Dharma Realm in Australia and 1Malaysia Community Alliance Foundation. In recognition of his invaluable service and contribution to the nation, he was conferred the Distinguished Order for Meritorious Service ("Panglima Jasa Negara") which carries the honorific title of "Datuk" by His Majesty The King of Malaysia.

Kian Meng Cheah (aged 45)

Senior Non-Executive Director

Mr. Kian Meng Cheah has more than 16 years banking and investment management experience with financial institutions in South East Asia including Standard Chartered Bank and Merrill Lynch International. He holds a number of private company directorships in Singapore and Malaysia involved in private equity and real estate investment. Mr. Cheah is also an Executive Director of the Select Equity Growth Ltd. fund with a focus across diversified sectors in South East Asia, Hong Kong and Australia. He holds a Bachelor of Commerce (Accounting) from Curtin University of Technology, Australia.

Gary Lye (aged 65)

Non-Executive Director

Mr. Lye has over 40 years' experience in natural resources having held senior positions with several leading mining companies. He is currently CEO of Asia Energy Corporation (Bangladesh) Pty Ltd, the operating subsidiary of GCM Resources Plc where he is COO. From 1994 - 2003 he was with Kalgoorlie Consolidated Gold Mines Pty Ltd as manager of strategic mine development at their Super Pit operations in Kalgoorlie, Western Australia. He has previously acted as Manager of Mining Research for CRA in Perth, Western Australia and spent many years with Bougainville Copper Ltd. in Papua New Guinea. Gary has a Master's Degree (Rock Mechanics) from the Royal School of Mines and a Diploma from Imperial College in London, and an Honours Degree in Geology specialising in coal and petroleum geology from the University of Queensland, Australia. He is a member of the Australian Institute of Mining and Metallurgy (AUSIMM).

Forward-looking Statements

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

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

This Annual 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.

Group Annual Financial Statements

For the year ended 30 June 2018

Directors' Report

The Directors are pleased to present this year's Annual Report together with the group financial statements for the year ended 30 June 2018.

Principal Activity

The principal activity of the Group is that of a natural resources investment company focused on investing in undervalued companies and projects with strong fundamentals and attractive growth prospects. Polo aims to build a diversified portfolio of mineral and hydrocarbon assets which the Board of Directors consider as offering substantial growth potential, pursuing both short and long-term value enhancing investments.

Business Review and Future Developments

A review of the current and future development of the Group's business is given in the Chairman's Statement, Strategic Report and Finance Review on pages 4 to 19.

Results and Dividends

Loss on ordinary activities of the Group after taxation amounted to US$7.6million (2017: Loss US$6.5million). The Directors do not recommend payment of a dividend in respect of the financial year under review.

Key Performance Indicators

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

Events after the end of the reporting period

At the date these financial statements were approved, being 20 December 2018, the Directors were not aware of any significant events after the end of the reporting period, other than those set out in the notes to the financial statements.

Directors

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

Executive Directors
Michael Tang

Non-Executive Directors
Kian Meng Cheah
Gary Lye

Directors' Remuneration

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

Directors' Interests

The total beneficial interests of the serving Directors in the shares and options of the Company during the year to 30 June 2018 were as follows:

	30 June 2018		**30 June 2017**	
Director	Shares	Options*	Shares	Options*
Michael Tang	39,218,775	20,000,000	39,218,775	2,000,000
Kian Meng Cheah	-	-	-	-
Gary Lye	-	-	-	-

* The option details have been fully disclosed in Note 19 to the financial statements.

Directors' Report (continued)

For the year ended 30 June 2018

Corporate Governance

A statement on Corporate Governance is set out on pages 26 to 31.

Environmental Responsibility

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

Employment Policies

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

Health and Safety

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

Payment to Suppliers

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

Political Contributions and Charitable Donations

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

Annual General Meeting ("AGM")

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

Statement of Disclosure of Information to Auditors

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

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

Auditors

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

Going Concern

The financial statements have been prepared on a going concern basis, notwithstanding the loss for the year ended 30 June 2018. This basis assumes that the Group will have sufficient funding to enable it to continue to operate for the foreseeable future and the Directors have taken steps to ensure that they believe that the going concern basis of preparation remains appropriate.

The Group made a loss for the year of $7,596,000 after taxation. The Group had net assets of $60,281,000 and cash balances of $1,260,000 at 30 June 2018. The Directors have prepared financial forecasts which cover a period of at least 12 months from date that these financial statements are approved. These forecasts show that the Group expects to have sufficient financial resources to continue to operate as a going concern.

The Directors anticipate that the Group will have a controlled level of operating costs for the next 12 months, principally the costs of maintaining the AIM listing and of pursuing investment opportunities for the Group. Therefore, they are confident that existing cash balances and the sale of short term investments, are adequate to ensure that costs can be covered.

Consequently, the Directors have a reasonable expectation that the Group has adequate resources to continue to operate for the foreseeable future and that it remains appropriate for the financial statements to be prepared on a going concern basis.

Statement of Directors' Responsibilities

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

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

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are also responsible for ensuring that the Annual Report includes information required by AIM, the market of that name operated by The London Stock Exchange.

Electronic Communication

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

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

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

By order of Board:

Datuk Michael Tang, PJN
Executive Chairman
20 December 2018

Corporate Governance Statement

For the year ended 30 June 2018

Changes to corporate governance regime

The board of Polo Resources Ltd are committed to the principles of good corporate governance and believe in the importance and value of robust corporate governance and in our accountability to our shareholders and stakeholders.

The AIM Rules for companies, updated in early 2018, required AIM companies to apply a recognised corporate governance code from 28 September 2018. Polo has chosen to adhere to the Quoted Company Alliance's Corporate Governance Code for Small and Mid-Size Quoted Companies (the "QCA Code") and listed below are the 10 broad principles of the QCA Code and the Company's disclosure with respect to each point.

THE PRINCIPLES OF THE QCA CODE

1. **Establish a strategy and business model which promote long-term value for shareholders**

   The principal activity of the Group is that of a natural resources investment company focused on investing in undervalued companies and projects with strong fundamentals and attractive growth prospects. Polo aims to build a diversified portfolio of mineral and hydrocarbon assets which the Board of Directors consider as offering substantial growth potential, pursuing both short and long-term value enhancing investments.

   The Group's strategy is explained fully within our Investing Policy included within our website and on page 3 of our Annual Report & Accounts for the year ended 30 June 2018. A review of the current and future development of the Group's business is given in the Chairman's Statement, Strategic Report and Finance Review on pages 4 to 19 of the 2018 Annual Report & Accounts.

2. **Seek to understand and meet shareholder needs and expectations**

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

   The Board maintains regular contact with its advisers and public relations consultants in order to ensure that the Board develops an understanding of the views of major shareholders about the Company.

   The Company lists contact details on its website and on all announcements released via RNS, should shareholders wish to communicate with the Board.

3. **Take into account wider stakeholder and social responsibilities and their implications for long-**term **success**

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

   The Group's responsibilities to stakeholders including staff, suppliers, consultants and wider society are also recognised.

4. **Embed effective risk management, considering both opportunities and threats, throughout the organisation**

   Internal Controls

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

Risk Management

The Board considers risk assessment to be important in achieving its strategic objectives and is an essential part of the Group's planning and an important aspect of the Group's internal control system. There is a process of evaluation of performance targets through regular reviews by senior management to budgets and forecasts. Project milestones and timelines are regularly reviewed.

The Audit Committee assists the Board in discharging its duties regarding the financial statements, accounting policies and the maintenance of proper internal business, and operational and financial controls.

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

Risks and Uncertainties

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

General and Economic Risks

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

Funding Risk

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

Commodity Risk

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

Exploration and Development Risks (relating to investments)

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

Market Risk

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

Insurance

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

Treasury Policy

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

Securities Trading

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

5. Maintain the board as a well-functioning, balanced team led by the chair

The Board of Directors currently comprises one Executive Director, whom is the Chairman, and two Non-Executive Directors, one of whom also acts as Senior Independent Director. The Directors are of the opinion that the Board currently comprises a suitable balance and that the recommendations of the QCA Code have been implemented to an appropriate level.

All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. All Directors have access to the advice of the Company's solicitors and other professional advisers as necessary and information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively. All Directors have access to independent professional advice, at the Company's expense, as and when required.

The Company will hold timely board meetings periodically as issues arise which require the attention of the Board. The Directors will be responsible for formulating, reviewing and approving the Company's strategy, budget, major items of capital expenditure and senior personnel appointments.

Board Committees

The Company has established a Remuneration Committee and also an Audit Committee with formally delegated duties and responsibilities.

Audit Committee

The Audit Committee considers the Group's financial reporting (including accounting policies) and internal financial controls. The Audit Committee comprises the Executive Director, and one Non-Executive Director; Kian Meng Cheah (Chairman), and Michael Tang and are responsible for ensuring that the financial performance of the Group is properly monitored and reported on. In addition, the Audit Committee receives and reviews reports from management and the auditors relating to the interim report, the annual report and accounts and the internal control systems of the Company.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board in respect of Directors' and senior executives' remuneration with due regard to the interests of the Shareholders and the performance of the Company. It comprises the Executive Director and one Non-Executive Director; Kian Meng Cheah (Chairman), and Michael Tang. Non-Executive Directors' remuneration and conditions are considered and agreed by the Board. Financial packages for Executive Directors are established by reference to those prevailing in the employment market for executives of equivalent status both in terms of level of responsibility of the position and their achievements and of recognised job qualifications and skills. The Committee will also have regard to the terms which may be required to attract an equivalent experienced executive to join the Board from another company.

In accordance with the provisions of the AIM Rules, which require the nominated adviser and the Company to maintain regular contact so as to enable: i) the nominated adviser to ensure the Company and the Directors continue to understand their obligations under the AIM Rules for Companies: and ii) that the nominated adviser is kept up to date with developments at the Company, the Directors have considered it appropriate to appoint a committee to ensure compliance with those rules ("AIM Rules Compliance Committee").

The AIM Rules Compliance Committee established by the Company comprises any two Directors of the Company and they have been given full power and authority to perform, approve, execute, deliver and/or issue all things which the AIM Rules Compliance Committee considers necessary or expedient in connection with the Company's Admission to and trading on AIM, or any matter incidental thereto including, without limitation raising and discussing or issuing notification to the nominated adviser of:

a. any deals by Directors in respect of any Ordinary Shares in which the Directors are interested;
b. any changes by any Shareholder holding 3% or more of any Ordinary Shares which increase or decrease such holding through any single percentage;
c. the resignation, dismissal or appointment of any Director from time to time;
d. any change in the Company's accounting reference date, registered office address or any change in its legal name;
e. any material change between the Company's actual trading performance or financial condition and any profit forecast, estimate or projection made public on behalf of the Company;
f. any decision to make any payment in Ordinary Shares;
g. the reason for the application for admission to trading on AIM or cancellation of any Ordinary Shares; the occurrence and number of Ordinary Shares taken into and out of treasury;
h. the resignation, dismissal or appointment of the Company's nominated advisor or broker from time to time;
i. any change in the website address operated by the Company including any changes in order to ensure continued compliance with Rule 26 of the AIM Rules for Companies;
j. the admission to any other exchange or trading platform of the Ordinary Shares; and
k. any changes relating to the Company in connection with its financial condition, sphere of activity, performance of its business and the expectation of its performance.

Memorandum and Articles of Association in PDF format

http://www.poloresources.com/PDF/Polo-Resources-Memorandum-and-Articles.pdf

6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The Board believes that its broad collective experience in investing together with their extensive network of contacts will assist them in the identification, evaluation, structuring and funding of appropriate investment opportunities. When necessary, external consultants and professionals are engaged to assist in the evaluation of prospective targets, their management teams and the respective market place.

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Board carries out an evaluation of its performance annually, taking into account the Financial reporting Council's Guidance on Board Effectiveness.

The Board makes decisions regarding the appointment and removal of Directors, and there is a formal, rigorous and transparent procedure for appointments. No directors have joined or stepped down from the Board since its last AGM.

Taking due regard of the principles of Good Governance, the Directors offer themselves for re-election at intervals of no more than three years.

8. Promote a corporate culture that is based on ethical values and behaviours

Confidentiality
In accordance with legal requirements and agreed ethical standards, Directors and all staff have agreed to maintain confidentiality of non-public information except where disclosure is authorised or legally mandated.

Bribery
In accordance with the provisions of the Bribery Act, all Directors and staff have been informed and have acknowledged that it is an offence under the Act to engage in any form of bribery. The Company has an anti-bribery and whistleblowing policy in force.

The Directors' Report section of our Corporate Governance Report on page 24 of our Annual Report & Accounts for the year ended 30 June 2018 details the ethical values of the Polo Resources Group including environmental, social and community and relationships.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The Chairman & Chief Executive Officer is the leading representative of the Company presenting the Company's aims and policies to Shareholders. His responsibilities include taking the Chair at Board Meetings and General Meetings, where he is responsible for ensuring the appropriate supply of information. He is also responsible for leading the development and execution of the Company's long-term strategy. The Company considers that having the same person as Chairman and Chief Executive Officer is appropriate to the Company and Group at its current stage of development, and that sufficient experience and compliance structures exist within the Company to ensure that the governance functions that would be part of an independent Chairman's responsibility are carried out. Independent Directors will sit on the Audit and Remuneration Committees and will be responsible for reporting to the full board their conclusions, and for keeping up to date with the work of the Corporate Governance.

Matters reserved for the Board
The Board has a formal schedule of matters reserved to it for its decision. This schedule is reviewed annually and includes approval of:

- Group objectives, strategy and policies;
- Corporate Governance;
- Structure and capital;
- Financial reporting and control
- Substantial transactions, contracts and commitments;
- Board membership and other appointments;
- Review of performance;
- Risk assessment;
- Dividends; and
- Remuneration

Other specific responsibilities are delegated to Board Committees, which operate within clearly defined terms of reference. Our Corporate Governance Statement on pages 26 to 31 of our 2018 Annual Report & Accounts details the Company's governance structures and why they are appropriate and suitable for the Company.

10. Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board recognises the AGM as an important opportunity to meet private shareholders.

The Group's financial reports can be found here. http://www.poloresources.com/Investors_Reports.htm

Notices of General Meetings of the Company can be found here.
http://www.poloresources.com/Investors_Reports.htm

The results of voting on all resolutions in future general meetings will be posted to the Group's website, including any actions to be taken as a result of resolutions for which votes against have been received from at least 20 per cent of independent shareholders.

By order of Board:

Datuk Michael Tang, PJN
Executive Chairman
20 December 2018

Independent auditor's report to the members of Polo Resources Ltd

Opinion

We have audited the financial statements of Polo Resources Ltd (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2018 which comprise the Consolidated and Company Statements of financial position, the Consolidated and Company Statements of Comprehensive Income, the Consolidated and Company Cash Flow Statements, the Consolidated and Company Statements of Changes in Equity, and the related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2018 and of the Group's and the Parent Company's results for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the BVI Business Companies Act 2004 as amended and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit. Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying value of Available for sale financial assets

The Group's Available for sale financial assets represent a significant asset on its statement of financial position totalling $50,787,000 as at 30 June 2018, which includes $10,324,000 of unlisted investments which we considered to be the key audit area.

Management and the Board are required to ensure that Available for sale financial assets are carried in the statement of financial position at fair value and accord with the Group's accounting policy.

Given the significance of the Available for sale financial assets on the Group's statement of financial position and the significant management judgement involved in the determination of the valuation methodology on the class of unquoted equity investments and the assessment of the carrying values of these investments there is an increased risk of material misstatement.

How the Matter was addressed in the Audit

The procedures included, but were not limited to, assessing and evaluating management's assessment and valuation methodology as applicable to its holdings in unlisted investments within the category of Available for Sale financial assets with consideration of:

- the investment in Fusionex International Plc, which was de-listed from the London Stock Exchange in June 2017, and has continued to progress as seen by its last annual report to 31 March 2018 which showed increased revenues and profitability;
- the long-standing investment in Prism Diversified Ltd (formally Ironstone Resources Ltd) and its potential for future value creation, and the Company continues to raise equity funds to purse its activities;
- the long-standing investment in Verolube Inc, which has after consideration and evaluation been further provided against by the value $225,000 in the current year, writing down the carrying value to $nil;
- the outstanding Convertible Loan Note with Universal Coal Resources Pte Ltd, which had failed to list on the Singapore Stock Exchange, but is now considering other areas of asset realisation, including repayment of the loan note by way of asset transfers.

We also assessed the disclosures included in the financial statements and our results found the methodology used to ascertain the carrying value for Available for sale financial assets and the $10,324,000 value for unlisted investments to be acceptable.

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified. Based on professional judgement, we determined overall materiality for the financial statements as a whole to be £700,000, based on a 1% percentage consideration of the total assets and 10% consideration of the loss for the year.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditor's report to the members of Polo Resources Ltd (continued)

Opinions on other matters prescribed by the UK Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit we have not identified material misstatements in the Strategic Report or the Directors' Report. We have nothing to report in respect of the following matters in relation to which the UK Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our Report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Keith Fulton (Senior Statutory Auditor)
for and on behalf of Chapman Davis LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
20 December 2018

Group Statement of Comprehensive Income

For the year ended 30 June 2018

	Notes	**Year ended 30 June 2018 $ 000's**	Year ended 30 June 2017 $ 000's
(Loss) on sale of investments		**-**	(4)
Investment income	**5**	**241**	59
Impairment of AFS investments	**15**	**(2,749)**	(325)
Administrative & Exploration expenses		**(2,291)**	(2,284)
Share options expensed	**8, 19**	**(216)**	-
Expensed exploration costs		**-**	(454)
Impairment of exploration and evaluation costs	**12**	**-**	(2,026)
Group operating (loss)	**3**	**(5,015)**	(5,034)
Share of associates results	**14**	**(785)**	(1,799)
Impairment of associate	**24**	**(1,250)**	-
Other loan provision	**16**	**(916)**	-
Finance revenue	**7**	**370**	383
Other income	**6**	**-**	-
(Loss) before taxation	**2**	**(7,596)**	(6,450)
Income tax expense	**9**	**-**	-
Retained (loss) for the year		**(7,596)**	(6,450)
Other comprehensive income			
Gain on market value revaluation of available for sale investments		**20,334**	1,713
Currency translation differences		**107**	(559)
Other comprehensive income for the year net of taxation		**20,441**	1,154
Total comprehensive income for the year		**12,845**	(5,296)
Retained (loss) for the year attributable to:			
Equity holders of the parent		**(7,596)**	(6,202)
Non-controlling interests		**-**	(248)
		(7,596)	(6,450)
Total comprehensive income for the year attributable to:			
Equity holders of the parent		**12,867**	(5,009)
Non-controlling interests		**(22)**	(287)
		12,845	(5,296)
(Loss) per share (US cents)			
Basic	**11**	**(2.44)**	(2.07)
Diluted	**11**	**(2.44)**	(2.06)

Company Statement of Comprehensive Income

For the year ended 30 June 2018

	Notes	Year ended 30 June 2018 $ 000's	Year ended 30 June 2017 $ 000's
Administrative expenses		**(2,287)**	(2,189)
Share options expensed	**8, 19**	**(216)**	-
Provision on loan to subsidiary	**16**	**(2)**	(2,452)
Operating (loss)	**3**	**(2,505)**	(4,641)
Other loan provision	**16**	**(916)**	-
Finance revenue	**7**	**370**	383
Other income	**6**	**-**	-
(Loss) before taxation		**(3,051)**	(4,258)
Income tax expense	**9**	**-**	-
Retained (loss) after taxation		**(3,051)**	(4,258)
Other comprehensive income			
Currency translation differences		**66**	(38)
Other comprehensive income for the year net of taxation		**66**	(38)
Total comprehensive income for the year		**(2,985)**	(4,296)

Strategic Report

Corporate Governance

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Group Statement of Financial Position

For the year ended 30 June 2018

	Note	30 June 2018 $ 000's	$ 000's	30 June 2017 $ 000's	$ 000's
ASSETS					
Non-current assets					
Tangible assets	**12**	**2,475**		2,475	
Interest in associates	**14**	**2,134**		3,084	
Available for sale investments	**15**	**43,971**		27,662	
Trade and other receivables	**16**	**3,941**		3,757	
Total non-current assets			**52,521**		36,978
Current assets					
Trade and other receivables	**16**	**3,004**		3,961	
Available for sale investments	**15**	**6,816**		5,501	
Cash and cash equivalents		**1,260**		4,010	
Total current assets			**11,080**		13,472
TOTAL ASSETS			**63,601**		50,450
LIABILITIES					
Current liabilities					
Trade and other payables	**17**	**(3,320)**		(3,230)	
TOTAL LIABILITIES			**(3,320)**		(3,230)
NET ASSETS			**60,281**		47,220
EQUITY					
Equity contribution	**18**	**306,714**		306,714	
Retained earnings		**(280,215)**		(273,073)	
Available for sale investment reserve		**19,674**		(682)	
Foreign exchange reserve		**17,234**		17,127	
Share based payments reserve	**19**	**216**		454	
			63,623		50,540
Non-controlling interest			**(3,342)**		(3,320)
TOTAL EQUITY			**60,281**		47,220

These financial statements were approved by the Board of Directors on 20 December 2018 and signed on its behalf by:

Datuk Michael Tang
EXECUTIVE CHAIRMAN

Kian Meng Cheah
NON-EXECUTIVE DIRECTOR

Company Statement of Financial Position

For the year ended 30 June 2018

	Notes	30 June 2018 $ 000's	$ 000's	30 June 2017 $ 000's	$ 000's
ASSETS					
Non-current assets					
Investment in subsidiaries	**13**	**-**		-	
Trade and other receivables	**16**	**71,271**		70,241	
Total non-current assets			**71,271**		70,241
Current assets					
Trade and other receivables	**16**	**2,050**		3,008	
Available for sale of investments	**15**	**797**		797	
Cash and cash equivalents		**1,250**		4,004	
Total Current Assets			**4,097**		7,809
TOTAL ASSETS			**75,368**		78,050
LIABILITIES					
Current Liabilities					
Trade and other payables	**17**	**(287)**		(200)	
TOTAL LIABILITIES			**(287)**		(200)
NET ASSETS			**75,081**		77,850
EQUITY					
Equity contribution	**18**	**306,714**		306,714	
Retained earnings		**(235,618)**		(233,021)	
Foreign exchange reserve		**3,769**		3,703	
Share based payments reserve	**19**	**216**		454	
TOTAL EQUITY			**75,081**		77,850

These financial statements were approved by the Board of Directors on 20 December 2018 and signed on its behalf by:

Datuk Michael Tang
EXECUTIVE CHAIRMAN

Kian Meng Cheah
NON-EXECUTIVE DIRECTOR

Group Statement of Cash Flows

For the year ended 30 June 2018

	Notes	**Year ended 30 June 2018 $ 000's**	Year ended 30 June 2017 $ 000's
Cash flows from operating activities			
Operating (loss)		**(5,015)**	(5,034)
(Increase) in trade and other receivables		**(513)**	(1,512)
Increase/(decrease) in trade and other payables		**90**	(21)
(Increase) in available for sale investments		**(39)**	(1,608)
Foreign exchange loss/(gain)		**1**	(11)
Share options expensed		**216**	-
Impairment of AFS investments		**2,749**	325
Loss on sale of PPE		**-**	51
Depreciation & impairment		**-**	2,026
Net cash (outflow) from operating activities		**(2,511)**	(5,784)
Cash flows from investing activities			
Finance revenue		**370**	383
Equity purchases in associates		**(530)**	-
Loan (advanced) to third party		**(184)**	(154)
Net cash inflow from investing activities		**(344)**	229
Cash flows from financing activities			
Issue of ordinary share capital		**-**	-
Net cash inflow from financing activities		**-**	-
Net (decrease) in cash and cash equivalents		**(2,855)**	(5,555)
Cash and cash equivalents at beginning of year		**4,010**	9,615
Exchange gain on cash and cash equivalents		**105**	(50)
Cash and cash equivalents at end of year	20	**1,260**	4,010

Company Statement of Cash Flows

For the year ended 30 June 2018

	Notes	Year ended 30 June 2018 $ 000's	Year ended 30 June 2017 $ 000's
Cash flows from operating activities			
Operating (loss)		**(2,505)**	(4,641)
Decrease/(increase) in trade and other receivables		**(512)**	(1,597)
Increase in trade and other payables		**87**	12
Share options expensed		**216**	-
Provision on loan to subsidiary		**2**	2,452
Foreign exchange loss/(gain)		**1**	11
Net cash (outflow) from operating activities		**(2,711)**	(3,763)
Cash flows from investing activities			
Finance revenue		**370**	383
Other income		**-**	-
Loans (advanced) to subsidiaries		**(293)**	(2,003)
Loan (advanced) to third party		**(184)**	(154)
Net cash (outflow) from investing activities		**(107)**	(1,774)
Cash flows from financing activities			
Issue of ordinary share capital		**-**	-
Net cash inflow from financing activities		**-**	-
Net (decrease) in cash and cash equivalents		**(2,818)**	(5,537)
Cash and cash equivalents at beginning of year		**4,004**	9,589
Exchange gain/(loss) on cash and cash equivalents		**64**	(48)
Cash and cash equivalents at end of year	**20**	**1,250**	4,004

Group Statement of Changes in Equity

For the year ended 30 June 2018

	Equity contribution	Available for sale investment reserve	Foreign currency translation reserve	Share based payment reserve	Retained earnings	Total	Non-controlling interest	Total equity
Group	**$ 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 year	-	-	-	-	(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	**-**	**-**	**-**
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**
(Loss) for the year	-	-	-	-	(7,596)	**(7,596)**	**-**	**(7,596)**
Gain on market value revaluation of available for sale investments	-	20,356	-	-	-	**20,356**	**(22)**	**20,334**
Currency translation differences	-	-	107	-	-	**107**	**-**	**107**
Total comprehensive income	**-**	**20,356**	**107**	**-**	**(7,596)**	**12,867**	**(22)**	**12,845**
Share options expired	-	-	-	(454)	454	**-**	**-**	**-**
Share options charge	-	-	-	216	-	**216**	**-**	**216**
Total contributions by and distributions to owners of the Company	-	-	-	(238)	454	**216**	**-**	**216**
As at 30 June 2018	**306,714**	**19,674**	**17,234**	**216**	**(280,215)**	**63,623**	**(3,342)**	**60,281**

Company Statement of Changes in Equity

For the year ended 30 June 2018

	Equity contribution	Foreign exchange reserve	Share based payment reserve	Retained earnings	Total equity
Company	**$ 000's**	**$ 000's**	**$ 000's**	**$ 000's**	**$ 000's**
As at 1 July 2016	**306,714**	**3,741**	**908**	**(229,217)**	**82,146**
(Loss) for the year	-	-	-	(4,258)	**(4,258)**
Currency translation differences	-	(38)	-	-	**(38)**
Total comprehensive income	**-**	**(38)**	**-**	**(4,258)**	**(4,296)**
Share options expired	-	-	(454)	454	**-**
Total contributions by and distributions to owners of the Company	-	-	(454)	454	**-**
As at 30 June 2017	**306,714**	**3,703**	**454**	**(233,021)**	**77,850**
(Loss) for the year	-	-	-	(3,051)	**(3,051)**
Currency translation differences	-	66	-	-	**66**
Total comprehensive income	**-**	**66**	**-**	**(3,051)**	**(2,985)**
Share options expired	-	-	(454)	454	**-**
Shares options charge	-	-	216	-	**216**
Total contributions by and distributions to owners of the Company	**-**	**-**	**(238)**	**454**	**216**
As at 30 June 2018	**306,714**	**3,769**	**216**	**(235,618)**	**75,081**

Notes to the Financial Statements

For the year ended 30 June 2018

1 Summary of Significant Accounting Policies

(a) Authorisation of financial statements

The Group financial statements of Polo Resources Limited for the year ended 30 June 2018 were authorised for issue by the Board on 20 December 2018 and the balance sheets signed on the Board's behalf by Michael Tang and Kian Meng Cheah. The Company is registered in the British Virgin Islands under the BVI Business Companies Act 2004 with registered number 1406187. The Company's Ordinary Shares are traded on the AIM, the market of that name operated by the London Stock Exchange.

(b) Statement of compliance with IFRS

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

Future changes in accounting policies

IASB (International Accounting Standards Board) and IFRIC (International Financial Reporting Interpretations Committee) have issued the following standards and interpretations with an effective date after the date of these financial statements. Their adoption is not expected to have a material effect on the financial statements.

New/Revised International Financial Reporting Standards (IAS/IFRS)	**Effective date** (accounting periods commencing on or after)
Amendments to IFRS9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019
IFRS 17 Insurance contracts	1 January 2021

(c) Basis of preparation and Going Concern

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

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

The financial statements have been prepared on a going concern basis, notwithstanding the loss for the year ended 30 June 2018. This basis assumes that the Group will have sufficient funding to enable it to continue to operate for the foreseeable future and the Directors have taken steps to ensure that they believe that the going concern basis of preparation remains appropriate.

The Group made a loss for the year of $7,596,000 after taxation. The Group had net assets of $60,281,000 and cash balances of $1,260,000 at 30 June 2018. The Directors have prepared financial forecasts which cover a period of at least 12 months from date that these financial statements are approved. These forecasts show that the Group expects to have sufficient financial resources to continue to operate as a going concern.

The Directors anticipate that the Group will have a controlled level of operating costs for the next 12 months, principally the costs of maintaining the AIM listing and of pursuing investment opportunities for the Group. Therefore, they are confident that existing cash balances and the sale of short term investments, are adequate to ensure that costs can be covered.

Consequently, the Directors have a reasonable expectation that the Group has adequate resources to continue to operate for the foreseeable future and that it remains appropriate for the financial statements to be prepared on a going concern basis.

(d) **Basis of consolidation**

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

(e) **Business combinations**

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are taken into consideration when assessing whether the group controls another entity. The Group also assesses existence of control where it does not have more than 50 per cent of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, for example the reappointment of directors in general meeting etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the Financial Statements

For the year ended 30 June 2018

(f) Interest in associates

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

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

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

(g) Goodwill and intangible assets

Intangible assets are recorded at cost less eventual amortisation and provision for impairment in value. Goodwill on consolidation is capitalised and shown within fixed assets. Positive goodwill is subject to an annual impairment review, and negative goodwill is immediately written-off to the income statement when it arises.

(h) Revenue

The Groups' principal income was derived from investment activities during the year ending 30 June 2018.

(i) Foreign currencies

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

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

(j) Significant accounting judgments, estimates and assumptions

Significant accounting estimates and assumptions

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

(i) Impairment of goodwill and intangibles with indefinite useful lives

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

(ii) Share-based payment transactions

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

(k) Finance costs/revenue

Borrowing costs are recognised as an expense when incurred.

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

(l) Cash and cash equivalents

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

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

(m) Trade and other receivables

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

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

(n) Available for sale Investments

Equity investments other than subsidiaries, associates and joint ventures are classified as available-for-sale investments. They are carried at fair value, where this can be reliably measured, with movements in fair value recognised directly in the available-for-sale reserve. Where the fair value cannot be reliably measured, the investment is carried at cost.

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

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

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

(o) Financial instruments

The Group's financial instruments, other than its investments, comprise cash and items arising directly from its operation such as trade debtors and trade creditors. The Group has held active overseas subsidiaries in BVI, Guernsey and Sierra Leone whose expenses are denominated in US Dollars, and Leone. Market price risk is inherent in the Group's activities and is accepted as such.

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

(p) Deferred taxation

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

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

Notes to the Financial Statements

For the year ended 30 June 2018

(q) Equity contribution

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

(r) Available for sale investment reserve

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

(s) Share based payments reserve

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

(t) Foreign currency translation reserve

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

(u) Property, plant and equipment

General

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

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

All assets are subject to annual impairment reviews.

Exploration and evaluation

Once a licence to explore an area has been secured, expenditures on exploration and evaluation activities are capitalised within property, plant and equipment.

The Company records its capitalised exploration and evaluation at cost. The capitalised cost is based on cash paid, the value of share consideration and exploration costs incurred. The recoverable values are not always readily determinable and are dependent on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

All costs related to the acquisition, exploration and evaluation of these interests are capitalised on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are moved into development or production, sold or management has determined there to be an impairment of the value.

Management reviews the carrying value of capitalised exploration and evaluation costs at least annually. In the case of undeveloped projects, there may be only inferred resources to form a basis for the impairment review. The review is based on a status report regarding the Company’s intentions for development of the undeveloped property. In some cases, the undeveloped properties are regarded as successors to ore bodies currently in production. Where this is the case, it is intended that these will be developed and go into production when the current source of ore is exhausted or to replace the reduced output.

Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to mining interests within property, plant and equipment.

Mining interests

Mining interests represent capitalised expenditures related to the development of mining properties, acquisition costs, capitalised borrowing costs, expenditures related to exploration and evaluation transferred in and estimated site closure and reclamation costs.

Capitalised costs are depleted using the unit of production method over the estimated economic life of the mine to which they relate.

(u) Property, plant and equipment (continued)

Plant and equipment

Plant and equipment are recorded at cost less accumulated depreciation, depletion and impairment charges.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment.

Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalised. Any remaining book value associated with the component being replaced is derecognised upon its replacement. Directly attributable expenses incurred for major capital projects and site preparation are capitalised until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognised as a provision.

Depreciation

Mining interests are depreciated to estimated residual value using the unit-of-production method based on the estimated total recoverable ounces contained in proven and probable reserves at the related mine when the production level intended by management has been reached ("commencement of commercial production").

The production level intended by management is considered to be reached when operational commissioning of major mine and plant components is completed, operating results are being achieved consistently for a period of time and there are indicators that these operating results will be sustained. Other factors include one or more of the following:

- A significant utilisation rate of plant capacity has been achieved;
- A significant portion of available funding is directed towards operating activities;
- A pre-determined, reasonable period of time of stable operation has passed; and
- A development project significant to the primary business objective of the Company has been completed and significant milestones have been achieved.

Management reviews the estimated useful lives, residual values and depreciation methods of the Company's property, plant and equipment at the end of each reporting period and when events and circumstances indicate that such a review should be made. Changes to estimated useful lives, residual values or depreciation methods resulting from such review are accounted for prospectively.

Plant and equipment cost is depreciated, using the straight-line method over their estimated useful lives, if shorter than the mine life, otherwise they are depreciated on the unit-of-production basis.

Plant and equipment includes building, plant and equipment, vehicles, furniture and fixtures and computer equipment and their estimated useful lives ranges from 2.5 years to 10 years.

Assets under construction are depreciated when they are complete and available for their intended use, over their estimated useful lives.

(v) Impairment of assets

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

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

(v) Impairment of assets (continued)

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

(w) Trade and other payables

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

(x) Provisions

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

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

(y) Share-based payment transactions

(i) Equity settled transactions:

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

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Polo Resources Limited (market conditions) if applicable.

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

The Income Statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

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

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

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

(z) Earnings per share

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

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

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential Ordinary Shares that have been recognised as expenses; and

• other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential Ordinary Shares; divided by the weighted average number of Ordinary Shares and dilutive potential of Ordinary Shares, adjusted for any bonus element.

2 Segmental analysis - Group

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

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

By geographical area

2018	**BVI/Parent**	**Americas**	**Oceania & Australasia**	**Africa**	**Europe**	**Total**
	$ 000's	**$ 000's**	**$ 000's**	**$ 000's**	**$ 000's**	**$ 000's**
Result						
Operating (loss)	(2,262)	(225)	(4)	-	(2,524)	**(5,015)**
Share of associates results	-	-	-	656	(1,441)	**(785)**
Impairment of associate	-	-	-	(1,250)	-	**(1,250)**
Other loan provision	(916)	-	-	-	-	**(916)**
Finance revenue	370	-	-	-	-	**370**
(Loss) before taxation	(2,808)	(225)	(4)	(594)	(3,965)	**(7,596)**
Other information						
Depreciation and amortisation	-	-	-	-	-	**-**
Assets						
Segment assets	4,488	7,296	37,492	2,475	3,645	**55,396**
Financial assets	5,991		928	26		**6,945**
Cash	1,250	-	-	10	-	**1,260**
Consolidated total assets	11,729	7,296	38,420	2,511	3,645	**63,601**
Liabilities						
Segment liabilities	-	-	-	-	-	**-**
Financial liabilities	287	-	14	3,019	-	**3,320**
Consolidated total liabilities	287	-	14	3,019	-	**3,320**

2 Segmental analysis – Group (continued)

By geographical area

2017	BVI/Parent	Americas	Oceania & Australasia	Africa	Europe	Total
	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's
Result						
Operating (loss)	(2,554)	-	-	(2,480)	-	**(5,034)**
Share of associates results	-	-	-	(1,447)	(352)	**(1,799)**
Finance revenue	383	-	-	-	-	**383**
(Loss) before taxation	(2,171)	-	-	(3,927)	(352)	**(6,450)**
Other information						
Depreciation and amortisation	-	-	-	-	-	**-**
Assets						
Segment assets	4,488	6,538	19,670	2,753	5,273	**38,722**
Financial assets	6,764	-	928	26	-	**7,718**
Cash	4,004	-	-	6	-	**4,010**
Consolidated total assets	15,256	6,538	20,598	2,785	5,273	**50,450**
Liabilities						
Segment liabilities	-	-	-	-	-	**-**
Financial liabilities	200	-	11	3,019	-	**3,230**
Consolidated total liabilities	200	-	11	3,019	-	**3,230**

3 Operating (loss)

	2018	2018	2017	2017
	Group	**Company**	Group	Company
Operating (loss) is arrived at after charging:	**$ 000's**	**$ 000's**	$ 000's	$ 000's
Auditors' remuneration – audit of Group and Company financial statements	**46**	**46**	47	45
Auditors' remuneration – audit of the Subsidiary financial statements	**1**	**-**	6	-
Directors' emoluments – fees and salaries	**693**	**693**	656	656
Directors' emoluments – share based payments	**157**	**157**	-	-
Currency exchange loss/(gain)	**(1)**	**(1)**	(11)	(11)
Bad debt provision	**-**	**-**	91	-
Loss on disposal/Depreciation	**-**	**-**	51	-

4 Employee information – Group

	2018	2017
Staff Costs comprised:	**$ 000's**	$ 000's
Wages and salaries (#)	**-**	137

(#) Wages and salaries incurred within the Nimini Holdings Limited ("group") have been in prior years capitalised as Mining exploration & evaluation costs in accordance with group policies. For the year ended 30 June 2017, these costs have been expensed as part of the care and maintenance program in regards to the Sierra Leone exploration licences.

Average Number of employees (excluding Directors)	**Number**	Number
Exploration	**-**	7
Administration	**1**	2
	1	9

5 Investment income

	2018 Group	**2018 Company**	2017 Group	2017 Company
	$ 000's	**$ 000's**	$ 000's	$ 000's
Dividend income from investments	**111**	**-**	59	-
Income from sale of rights	**130**	**-**	-	-
	241	**-**	59	-

6 Other income

	2018 Group	**2018 Company**	2017 Group	2017 Company
	$ 000's	**$ 000's**	$ 000's	$ 000's
Consultancy fees	**-**	**-**	-	-
	-	**-**	-	-

7 Finance revenue

	2018 Group	**2018 Company**	2017 Group	2017 Company
	$ 000's	**$ 000's**	$ 000's	$ 000's
Loan interest receivable	**358**	**358**	266	266
Loan commitment fees	**-**	**-**	110	110
Bank interest receivable	**12**	**12**	7	7
	370	**370**	383	383

8 Directors' emoluments

Group

	2018	2017
	$ 000's	$ 000's
Directors' remuneration	**850**	656

2018	**Directors Fees $ 000's**	**Consultancy Fees $ 000's**	**Share Options Issued $ 000's**	**Total $ 000's**
Executive Directors				
Michael Tang (*)	8	600	157	**765**
Non-Executive Directors				
Cheah Kian Meng	8	-	-	**8**
Gary Lye	8	69	-	**77**
	24	**669**	**157**	**850**

2017	**Directors Fees $ 000's**	**Consultancy Fees $ 000's**	**Share Options Issued $ 000's**	**Total $ 000's**
Executive Directors				
Michael Tang (*)	8	500	-	**508**
Non-Executive Directors				
Cheah Kian Meng	8	-	-	**8**
Gary Lye	8	132	-	**140**
	24	**632**	**-**	**656**

(*) The amount for consultancy services was paid to a company in which Michael Tang has an interest.

No pension benefits are provided for any Director.

9 Taxation – Group

	2018	2017
Analysis of charge in year	**$ 000's**	$ 000's
Tax on ordinary activities	**-**	-

As an International Business Group, the British Virgin Islands imposes no corporate taxes or capital gains tax. However the Group may be liable for taxes in the jurisdictions of the underlying investments.

No deferred tax asset, or any deferred tax liability has currently been recognised during the year under review. In Sierra Leone there are tax losses accrued to date. However, the tax losses can be carried forward for a maximum period of ten years after the commencement of commercial production; and the related deferred tax asset can be recognized if the Company generates sufficient taxable profits within the stipulated period.

Notes to the Financial Statements

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10 Dividends

No dividends were paid in the year to 30 June 2018. (2017: US$: Nil).

11 Loss 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 year:

	2018	2017
(Loss) after taxation ($000's)	**(7,596)**	(6,450)
Weighted average number of Ordinary Shares used in calculating basic earnings per share (millions)	**311.79**	311.79
Basic (loss) earnings per share (expressed in US cents)	**(2.44)**	(2.07)
Weighted average number of Ordinary Shares used in calculating fully diluted earnings per share (millions)	**311.79**	313.79
Diluted (loss) earnings per share (expressed in US cents)	**(2.44)**	(2.06)

12 Tangible assets – Property, Plant & Equipment

	Group		
	Mining exploration & evaluation costs	Property, plant & equipment	Total
	$ 000's	$ 000's	$ 000's
Cost			
As at 1 July 2016	48,077	169	48,246
Additions	-	-	-
Disposals	(46)	(169)	(215)
As at 30 June 2017	**48,031**	**-**	**48,031**
As at 1 July 2017	48,031	-	48,031
Additions	-	-	-
Disposals	-	-	-
As at 30 June 2018	**48,031**	**-**	**48,031**
Depreciation & Impairment			
As at 1 July 2016	43,530	118	43,648
Eliminated on disposal	-	(118)	(118)
Impairment provision	2,026	-	2,026
As at 30 June 2017	**45,556**	**-**	**45,556**
As at 1 July 2017	45,556	-	45,556
Eliminated on disposal	-	-	
Impairment provision		-	
As at 30 June 2018	**45,556**	**-**	**45,556**
Net Book Value			
As at 30 June 2018	**2,475**	**-**	**2,475**
As at 30 June 2017	2,475	-	2,475

12 Tangible assets – Property, Plant & Equipment (continued)

Impairment Reviews

As at 30 June 2018, no further impairment has been recognized against the Nimini ("Komahun") evaluation and exploration assets. The Board of Directors continue to be of the opinion the exploration costs remain at their recoverable value based on the below. The Group has received interest in the technical data and is continue to pursue these discussions accordingly. All costs related to Nimini in the year have been bourne by the Parent Company and these amounted to $15,000 which were expensed during the year.

As at 30 June 2017, a further impairment amounting to US$2.0m has been recognized against the Nimini ("Komahun") evaluation and exploration assets. After the prior year decision of the directors of Nimini Holdings Limited having instructed the Boards of their subsidiary companies in Sierra Leone to commence an orderly withdrawal from Sierra Leone and to transfer ownership, right and title to the technical database of the Project to Nimini Holdings Limited, the directors of Nimini believe they have recoverable assets in the form of technical data, and as such have further written the value of costs relating to the exploration areas down accordingly to their estimated recoverable value.

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13 Investment in subsidiaries

Shares in Group undertakings	2018	2017
Company	**$ 000's**	$ 000's
Cost		
At beginning of the year	-	-
Additions	-	-
As at 30 June	-	-

As at 30 June 2018, the Directors are of the opinion that the carrying value of the subsidiaries, represents at least their fair and recoverable values.

The parent company of the Group holds more than 50 per cent of the share capital of the following companies as at 30th June 2018:

Company	Country of Registration	Proportion held	Functional Currency	Nature of business
Direct				
Polo Investments Limited	Guernsey	100%	US$	Investment Company
Polo Gold Limited	BVI	100%	US$	Holding Company
Polo Direction Limited	BVI	100%	US$	Holding Company
Andina Gold Corporation	BVI	62%	US$	Holding Company
Indirect				
Via Polo Gold Limited:				
Nimini Holdings Limited	BVI	90%	US$	Holding Company
Via Nimini Holdings Limited:				
Nimini Mining Limited	Sierra Leone	90%	US$	Mining Company
Matatoka Mining Limited	Sierra Leone	90%	US$	Mining Company
Via Polo Investments Limited:				
Perfectus Management Limited	RMI	98%	US$	Investment Company

Andina Gold Corporation
The Joint Venture in Colombian gold explorer Andina Gold Corporation was terminated in the year ending 30 June 2012, following unacceptable delays in the registration of licences, resulting in a loss of US$2.2 million. There still remains a secured recoverable value of approximately US$800,000, whereby the Company had expected to receive 50 per cent within 12 months, and the remainder in the following year. The Company now holds 62 per cent of Andina resulting from a settlement agreement with its former joint venture partner. The amount of US$800,000 remains outstanding as at 30 June 2018, and the Company previously commenced action to recover the outstanding balance due through legal channels and the successful Court Judgement found in the Companies favour. The Company expected to receive full settlement within the previous financial year, however the full amount due to the Company has not at the date of this report been paid and the Company continues its legal action to recover this amount and costs.

As a result of the above the recoverable investment value continues to remain accountable within available for sale investments/current assets in the current and prior year, as disclosed in Note 16.

14 Interest in associates

Group	2018 $ 000's	2017 $ 000's
At beginning of the year	**3,084**	4,883
Investments in associates – equity purchases	**1,085**	-
Share of associates' (losses) for the year	**(785)**	(1,799)
Impairment charge (see below)	**(1,250)**	-
As at 30 June	**2,134**	3,084

The breakdown of the carrying values and fair values at 30 June 2018 of the Group's interest in listed and unlisted associates is as follows:

Non-current assets	Carrying Value $ 000's	Fair Value $ 000's
GCM Resources Plc (listed)	1,593	1,593
Celamin Holdings Ltd (listed)	541	541
	2,134	2,134

In July 2017 Polo increased its stake in Celamin with additional shares of 595,979,557 following a share placement and loan conversion, and added a further 1.32million shares in February 2018 by way of a share placing. Following Celamin's 2017 AGM in May 2018 the issued capital of Celamin was consolidated on the basis that every 100 shares consolidated into 1 share. In November 2018 Polo secured a further 3,755,120 shares via share placements. Subsequent to the reporting date the market value of the investment in associates was US$5,783,000 as at 14 December 2018.

Impairment charge

The Directors have as at 30 June 2018 reviewed the carrying value of the Groups Associate Investments, and consequently on a review of available Market and/or Fair value's through the information available, assessed that an impairment charge of $1.25million was reasonable against the carrying value of the Associate Companies in the current year (2017: nil).

Details of the Group associates at 30 June 2018 are as follows:

Name	Place of Incorporation	Proportion held	Date associate interest acquired	Reporting Date of associate	Principal activities
GCM Resources Plc	UK	17.83%	01/02/08	30/06/18	Coal exploration
Celamin Holdings Ltd	Australia	25.03%	18/12/14	30/06/18	Phosphate exploration

Summarised financial information for the Group's associates, where made publicly available, as at 30 June 2018 is given below:

	For the year ended 30 June 2018			As at 30 June 2018	
	Revenue '000's	(Loss) '000's	Total comprehensive income '000's	Assets '000's	Liabilities '000's
Celamin Holdings Ltd	-	A$1,207	-	A$653	A$(773)
GCM Resources Plc	-	£5,351	-	£41,143	£(1,763)

15 Available-for-sale investments

	2018		2017	
	Group	**Company**	Group	Company
Listed & Unlisted Investments	**$ 000's**	**$ 000's**	$ 000's	$ 000's
At beginning of the year	**33,163**	**797**	30,619	797
Acquired during the year	**-**	**-**	2,665	-
Disposals during the year	**-**	**-**	(1,505)	-
Realised (loss)/gains on disposals	**-**	**-**	(4)	-
Exchange difference on Weatherly Impairment	**39**	**-**	-	-
Impairment of unlisted investment (see below)	**(2,749)**	**-**	(325)	-
Movement in market value	**20,334**	**-**	1,713	-
At 30 June	**50,787**	**797**	33,163	797
The available-for-sale investments splits are as below;				
Non-current assets – listed	**34,444**	**-**	17,911	-
Non-current assets – unlisted	**9,527**	**-**	9,751	-
Current assets – listed	**6,019**	**-**	4,704	-
Current assets – unlisted	**797**	**797**	797	797
	50,787	**797**	33,163	797

Available-for-sale investments comprise investments in unlisted and listed securities which are traded on stock markets throughout the world and are held by the Group as a mix of strategic and short term investments. Subsequent to the reporting date the market value of the available-for-sale investments has increased to US$52,392,000 as at 14 December 2018.

Impairment of unlisted investments

The Directors have as at 30 June 2018 reviewed the carrying value of the Groups Unlisted Investments, and consequently on a review of available Fair value's through the information available, written down the carrying value of the following Unlisted Company Investments:

	2018 Impairment Charge $ 000's	2017 Impairment Charge $ 000's
Regalis Petroleum Ltd	**-**	100
Verolube Inc.	**225**	225
Weatherly International Plc	**2,524**	-
Total impairment charge	**2,749**	325

16 Trade and other receivables

	2018		2017	
	Group $ 000's	**Company $ 000's**	Group $ 000's	Company $ 000's
Current trade and other receivables				
Other debtors	**1,095**	**149**	2,010	1,064
Loan due from Associates	**1,723**	**1,723**	1,853	1,853
Prepayments	**186**	**178**	98	91
Accrued income	**-**	**-**	-	-
Total	**3,004**	**2,050**	3,961	3,008
Non-Current trade and other receivables				
Loans due from subsidiaries	**-**	**165,715**	-	164,867
Provision in respect of subsidiaries loans	**-**	**(98,385)**	-	(98,383)
Net due from subsidiaries	**-**	**67,330**	-	66,484
Other loans	**3,941**	**3,941**	3,757	3,757
	3,941	**71,271**	3,757	70,241

Loans outstanding and due from subsidiaries, are interest free and repayable on demand.

As at 30 June 2018, the Company provided in full for the outstanding loan to Advest Ventures Corporation a provision of $916,000.

Subsidiary Loan Provisions

As at 30 June 2018, a further $2,000 has been provided against the loan to Nimini Holdings Ltd. As per prior year the Directors remain positive as to the recovery of $3 million in respect of the loan from Nimini Holdings Ltd by way of the realization of sale of the underlying data and information in respect of the Sierra Leone exploration areas from prior years activities.

As at 30 June 2017, the Directors have further assessed the carrying values of the Parent Company loans to its subsidiaries. As a result of the prior year decision to cease activities in Sierra Leone, the Directors have further provided another $2 million against the loans to Nimini Holdings Ltd and Polo Gold Ltd. This further provision writes the loans down to an estimated recoverable value of $3 million.

17 Trade and other payables

	2018		2017	
	Group	**Company**	Group	Company
	$ 000's	**$ 000's**	$ 000's	$ 000's
Current trade and other payables:				
Trade creditors	**140**	**103**	93	57
Other loan (Note 23)	**2,940**	**-**	2,940	-
Accruals	**240**	**184**	197	143
	3,320	**287**	3,230	200

18 Equity Contribution - Share capital

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

Called up, allotted, issued and fully paid	Number of shares	Nominal value $000's
As at 1 July 2016	**311,789,151**	**-**
No shares issued during the year.	-	-
As at 30 June 2017	**311,789,151**	**-**
No shares issued during the year.	**-**	**-**
As at 30 June 2018	**311,789,151**	**-**

There were nil shares issued during the year ended 30 June 2018 (2017: nil shares issued). There were no shares cancelled during the year ended 30 June 2018 (2017: no shares cancelled).

Total share options in issue

During the year ended 30 June 2018, the Company granted 27,500,000 options over Ordinary Shares. (2017: Nil options issued)

As at 30 June 2018 the unexercised options in issue were;

Exercise Price	Expiry Date	Options in Issue 30 June 2018
4.5p	1 July 2028	27,500,000
		27,500,000

2,000,000 options lapsed and no options were exercised during the year to 30 June 2018 (2017: 2,000,000 options lapsed). No options were cancelled during the year ended 30 June 2018 (2017: no options).

Total warrants in issue

During the year ended 30 June 2018, the Company granted no warrants to subscribe for Ordinary Shares. (2017: Nil). No warrants were exercised during the year to 30 June 2018 (2017: Nil), and no warrants lapsed during the year ended 30 June 2018. (2017: Nil).

As at 30 June 2018 no warrants were in issue (2017: Nil).

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19 Share Based Payments

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

The following options were in issue and charged during the year ended 30 June 2018 according to their vesting period, all other options in issue, had been charged in previous years:

Name	Date Granted	Date Vested	Number	Exercise Price (pence)	Expiry Date	Fair Value at Grant Date (cents)
Michael Tang	27/06/2018	See 1 below	20,000,000	4.5p	01/07/2028	1.79p
Mei Ling Yeung	27/06/2018	See 1 below	7,500,000	4.5p	01/07/2028	1.79p
Michael Tang	14/05/2013		2,000,000	25p	13/05/2018	14.50
Expired options			(2,000,000)			
Totals			**27,500,000**			

The above share options shall vest in equal instalments annually from the 1 July 2018 over a 3 year period. The options are exercisable at any time after vesting during the grantees' period as an eligible option holder and must be exercised no later than the expiry date on which all of the options will lapse.

The fair value of the options granted during the year ended 30 June 2018 amounted to US$216,000. The assessed fair value at grant date is determined using the Black-Scholes Model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. As a result of the expiry of 2 million options during the year, the amount of US$0.454 million was transferred to retained earnings by way of a reserve transfer from the share option reserve.

The following table lists the inputs to the models used for the prior year ended 30 June 2018:

	27 June 2018 issue
Dividend Yield (%)	-
Expected Volatility (%)	40.4
Risk-free interest rate (%)	0.75
Share price at grant date (£)	0.039

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

20 Analysis of changes in net funds

	2018		2017	
	Group	**Company**	Group	Company
	$ 000's	**$ 000's**	$ 000's	$ 000's
Balance at beginning of year	**4,010**	**4,004**	9,615	9,589
Net change during the year	**(2,750)**	**(2,754)**	(5,605)	(5,585)
Balance at the end of the year	**1,260**	**1,250**	4,010	4,004

21 Financial instruments

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

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

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

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

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

Cash and short term deposits	2018		2017	
	Group	**Company**	Group	Company
	$ 000's	**$ 000's**	$ 000's	$ 000's
Sterling	**44**	**44**	281	281
US Dollars	**829**	**819**	1,903	1,897
Australian Dollars	**360**	**360**	450	450
Canadian Dollars	**27**	**27**	1,376	1,376
At 30 June	**1,260**	**1,250**	4,010	4,004

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

21 Financial instruments (continued)

Currency risk

The Group has a policy of not hedging and therefore takes market rates in respect of foreign exchange risk. It does however review its currency exposure on a regular basis. All of the Group's active companies, including parent and subsidiaries all operate with a functional currency of US Dollar, and thus the majority of cash balances are now held in that currency.

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

	As at 30 June 2018	Average for the year to 30 June 2018	As at 30 June 2017	Average for the year to 30 June 2017
Australian Dollar (A$)	0.73852	N/A	0.76627	N/A
Canadian Dollar (CA$)	0.75760	N/A	0.76776	N/A
Pound Sterling (GB£)	1.31515	N/A	1.29687	N/A
Singapore Dollar(SGD)	0.73308	N/A	0.72434	N/A

Equity price risk

The Group held listed and unlisted investments classified as available for sale during the year. The listed equity investments were listed on various major stock exchanges around the world. The sensitivity analysis in respect of listed equity investments, was based on the assumption that if the respective market increased/decreased by 10 per cent, the equity share price of the relevant companies invested therein would move accordingly to the correlation with the market it is listed on.

Changes in market index %	Effect on profit after tax $ 000's	Effect on equity $ 000's
10%	-	4,046
(10%)	-	(4,046)

22 **Commitments & Contingent Liabilities**

As at 30 June 2018, the Group had entered into the following material commitments:

Exploration commitments

As at 30 June 2018, Nimini Holdings Limited or its directly related subsidiary companies had no material commitments as a result of the prior year decision to cease operations in Sierra Leone.

23 **Related party transactions**

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

During the year ended 30 June 2018, Nimini Holdings Limited received a loan from Plinian Guernsey Limited (Plinian), who own 10 per cent of the ordinary share capital of Nimini. The loan is non-interest bearing and was advanced over the course of the year in respect of Plinian's contribution to all project expenditure during the period. The outstanding balance due at 30 June 2018 from Nimini to Plinian was US$2,940,000 (2017: US$2,940,000).

Remuneration of Key Management Personnel

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

	2018	2017
	$ 000's	$ 000's
Short-term employee benefits	**693**	656
Share-based payments	**216**	-
	909	656

24 **Events after the end of the reporting period**

On 30 November 2018, the Company announced a £1.2 million increase in an existing short-term loan facility of £1.1 million provided to its investee company GCM Resources Plc ("GCM"). Prior to this amendment, the principal terms of the loan were: a loan facility of up to £1.1 million to be repaid within 90 days upon request and attracting an interest rate of 12% per annum. This existing loan facility has been fully drawn down. The revised terms provide for an increase in the loan facility amount by £1.2 million, to £2.3 million. The £1.2 million will be drawn down by GCM in equal quarterly instalments of £300,000. Polo ("the Lender") will have the right to convert the outstanding loan balance to new ordinary shares of 10p each at a price of 11p per ordinary share within 14 days upon request. Any share issue to the Lender is conditional upon the Lender's interest, together with the interest of any parties with which it is in concert, remaining below 30% of GCM's issued capital. All other principal terms of the loan facility remain unchanged.

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