

**POLO RESOURCES LTD**

**Interim Report**

**for the 6 months ended 31 December 2008**

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## EXECUTIVE DEPUTY CHAIRMAN'S STATEMENT

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

### Interim Results for the 6 Months Ended 31 December 2008

Polo Resources (AIM: "PRL"), the mining and investment company with interests in coal and uranium, announces results for the 6 months ended 31 December 2008.

#### Operational Highlights To Date

- Today, Polo announced an agreement with Peabody Energy Corporation (NYSE: "BTU") ("Peabody"), pursuant to which Peabody will acquire up to a 50% interest in a Joint Venture formed to hold all of Polo's coal and mineral assets in Mongolia. Peabody is the world's largest private-sector coal company. Its coal products fuel approximately 10% of all U.S. electricity generation and 2% of worldwide electricity.
- Continued progress at the Company's coal and uranium assets in Mongolia including the completion of a NI 43-101 Technical Report for the Union Project in March 2009.
- Strategic interest of 29.8% in GCM Resources plc currently valued at £8.9 million.\*
- Strategic interest of 26.3% in Caledon Resources plc currently valued at £19.1 million\*
  - In March 2009 Polo acquired £4.7 million 8.5% unsecured 2010 convertible loan notes issued by Caledon consolidating Polo's interests in the company.
- Conditional agreement signed to acquire strategic interest of up to 12.76% in Berkeley Resources Ltd. If all conditions are met and the options granted to the Company are exercised, such an interest would currently be valued at approximately £4.0 million.\*
- Strategic interest of 5.7% in Extract Resources Limited held by the Company and its Directors.
- Working capital of US\$44 million as at 30 March 2009. The Company has no debt.

#### Neil Herbert, Executive Deputy Chairman of Polo, said:

*"Our planned joint venture agreement with Peabody will provide both the funds and additional expertise to accelerate the development of our highly prospective coal assets in the South Gobi basin, in Mongolia. Polo recently entered into a conditional agreement to take a strategic interest in Berkeley Resources, a leading uranium explorer developer in the Iberian Peninsula, in addition to announcing today, its strategic interest in Extract Resources Limited. Going forward Polo will expand its uranium interests, as well as continuing its focus on its coal interests.*

*"With significant funds available to invest in new projects, and numerous acquisition opportunities arising due to the difficult present economic conditions, Polo is well-placed to invest in further value enhancing opportunities during 2009."*

\* Based on the closing prices on 27 March 2009

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### **About the Company**

Polo is an emerging energy company focused on investing in or acquiring and developing advanced stage coal and uranium properties. For further details visit [www.poloresources.com](http://www.poloresources.com)

### **CAUTIONARY STATEMENT**

The AIM Market of London Stock Exchange plc does not accept responsibility for the adequacy or accuracy of this release. No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein. All statements, other than statements of historical fact, in this news release are forward-looking statements that involve various risks and uncertainties, including, without limitation, statements regarding potential values, the future plans and objectives of Polo Resources Limited. There can be no assurance that such statements will prove to be accurate, achievable or recognizable in the near term. Actual results and future events could differ materially from those anticipated in such statements. These and all subsequent written and oral forward-looking statements are based on the estimates and opinions of management on the dates they are made and are expressly qualified in their entirety by this notice. Polo Resources Limited assumes no obligation to update forward-looking statements should circumstances or management's estimates or opinions change.

## **Executive Deputy Chairman's Statement**

I am pleased to report Polo's interim financial results for the six months ended 31 December 2008. Since foundation, the business has developed a diversified portfolio of coal and uranium licenses in Mongolia and also holds substantial interests in GCM Resources plc and Caledon Resources plc.

In addition, since the period end, Polo has announced a conditional agreement to take a significant investment in Berkeley Resources Ltd, the leading uranium explorer and developer in the Iberian peninsula. Subject to conditions, the company will subscribe for 10million new ordinary shares in Berkeley at A\$0.50 each, and will be granted 5million attaching options over the new ordinary shares in Berkeley, exercisable at A\$0.75 each, within 4 years of the date of issue.

### **Mongolian Assets**

Polo holds a total of 58 coal assets and 26 uranium licenses in Mongolia.

### **Coal Assets**

Today, Polo announced an agreement with Peabody Energy Corporation (NYSE: BTU) ("Peabody"), pursuant to which Peabody will acquire a 50% interest in a joint venture formed to hold all of Polo's coal interests in the South Gobi basin, Mongolia by investing US\$25.8 million in the joint venture and re-paying to Polo approximately US\$5m for its past expenditures. Polo will also retain a 1% royalty payable on all minerals which may be sold by the joint venture. Both Polo and Peabody have been working together to complete initiation of the joint venture which is expected to close by 17 April 2009.

This alliance provides the mining expertise and funding required to develop and unlock the full potential of our Mongolian interests.

Polo currently holds 37 exploration licenses in the prolific South Gobi Basin, a substantial holding in that basin, which hosts some of the largest coking and thermal coal deposits in close proximity to China. Of the 22 coal occurrences known in the basin, Polo has acquired eleven, with drilling having commenced during the period at the Hud and Val projects and a full drill programme scheduled for 2009.

In September 2008, Polo announced a significant coal seam of 16.5 metres intersected at the Hud project following the completion of a 1,029 drill programme. The Hud project is located 75 kilometres from the world class Tavan Tolgoi Mine site. Multiple coal seams were discovered in early drilling at the Val project. Hole VAL-005 intersected a total of 4 seams each with apparent thickness of greater than four metres, being nine metres, seven metres and 19 metres in a hole 96 metres deep. Work will continue in 2009 to establish a code compliant resource at these projects. A total of 144 samples from the 2008 Val drilling program are being analysed by ActLabs Asia LLC, an internationally certified laboratory operating in Ulaanbaatar.

Outside of the South Gobi Basin, Polo has 21 Mongolian coal licenses and exploration progress has continued to reaffirm their potential. In March 2009, following the period end, the Company announced a NI 43-101 Technical Report for the Union Project completed by Micromine Pty Ltd. The report demonstrates Measured and Indicated coal resources of 44.5 and 50.2 million tonnes (Mt), respectively, giving a total of 94.7 Mt. An additional 38.4 Mt are classified as Inferred. The Union Mine was in production prior to its acquisition by Polo in early 2008. The coal is subbituminous B grade with an average air-dried thermal content of 4,916 kcal/kg and 14.4% ash. It is well suited for producing a quality energy coal for the Mongolian and Chinese power generation markets.

Polo began trial production at its Ereen coal mine in Mongolia in October 2008. However, the planned 2009 ramp-up in production was discontinued following a severe and unexpected decline in the Asian coal market in late 2008. The future plans for the Ereen mine are now under review.

### **Uranium Assets**

In addition to its coal assets, Polo holds a 100% interest in 26 uranium licenses within the Dornogovi and Dornod districts of Mongolia. Both areas have a long history of exploration and mining of uranium.

Polo's tenements in the Dornod district are located near two significant deposits recently identified by Khan Resources Inc. and Western Prospector Group Ltd. In October 2006 Khan Resources announced NI 43-101 indicated resources of 12.96 million tonnes of ore averaging 0.159% U<sub>3</sub>O<sub>8</sub> at its Dornod project. Recently, in February 2009, Western Prospector announced NI 43-101 measured and indicated resources of 4.28 million tonnes of ore averaging 0.189% U<sub>3</sub>O<sub>8</sub> at its Gurvanbulag project 25 km west of the Dornod project.

Polo's tenements in the Dornod region cover more than 180 square kilometres of the same rock formations that host the Dornod and Gurvanbulag deposits. Historical airborne and radiometric surveys by the Russian Scientific Geological Institute in 1972 identified numerous anomalies that lie within Polo's tenements. In 2008, Polo conducted a ground spectrometer survey over the Dornod tenements which confirmed the historical anomalies. Historical sampling conducted on Polo's tenements 22 kilometres northwest of Gurvanbulag returned numerous anomalies from drilling and trenching.

Polo's uranium licenses in the Dornogovi district contain numerous historical airborne (Russian, 1987) radiometric anomalies and anomalous drilling intersections that warrant follow up.

### **Strategy Update**

As well as a continued focus on its coal projects and investments, Polo will increasingly seek additional investment opportunities in uranium. This strategy plays to the strength of the management team which has significant experience in the uranium sector including the development of UraMin Inc. which was subsequently sold to Areva for US\$2.5 billion in 2007.

As the demand for energy rises, particularly in developing economies, an increased reliance on nuclear power generation is expected in the medium and longer term. Looking beyond the volatility that has recently affected the global commodities sector, value predictions for uranium are generally positive and should continue to maintain upward pricing pressure.

### **Strategic Investments**

Polo currently holds a 26.3% interest in the ordinary share capital of Caledon Resources plc (AIM: "CDN" & ASX: "CCD"), a coking coal producer and explorer in the Bowen Basin of Queensland, Australia. Caledon's main assets are the Cook Coal Mine which has JORC compliant resources of 152 Mt, and the Minyango Project, which has JORC compliant resources of 292 Mt. The Cook Mine achieved a production level of 548,000 tonnes of coal in 2008. Forecast saleable production for 2009 is scheduled to be greater than 400,000 tonnes. In January 2009, Caledon announced that the company is in discussions with a number of parties about a variety of potential transactions, some of which may or may not lead to an offer for Caledon's entire issued and to be issued share capital. Caledon has engaged RBC Capital Markets ("RBC") to conduct a strategic review which will include soliciting further interest in the company and its assets, to solicit further interest in the company and its assets and RBC recently made formal contact with several potentially interested parties. Following the period end in March 2009, Polo announced the acquisition of a total of £4.7 million 8.5% unsecured 2010 convertible loan notes issued by Caledon consolidating Polo's interests in the company.

Polo also holds a 29.8% interest in the ordinary share capital of GCM Resources plc (AIM: "GCM"), a London-based resource and exploration development company engaged in developing a world class coal mine and power plant project in Bangladesh, the Phulbari Project. The project holds export quality metallurgical and thermal coal with a JORC compliant resource of 572 Mt. Permitting is considered to be the only limiting factor, but GCM is hopeful that the newly elected Government of Bangladesh will move the project forward.

On 23 March 2009, Polo announced the expansion of its energy interests with the significant investment in Berkeley Resources Ltd (ASX & AIM: "BKY") which is currently evaluating a restart of the Salamanca Regional Mine in Spain. The subscription by Polo is conditional on the approval of the Spanish Council of Ministers approval for the transaction and the approval of Berkeley shareholders at a general meeting of the company. Berkeley is a leading uranium explorer and developer in the Iberian Peninsula and has acquired a number of advanced uranium exploration projects in Spain totalling approximately 300,000ha, covering the main historic uranium mining and exploration areas in the country.

On 31 March 2009, Polo announced together with its Executive Chairman Stephen R. Dattels and Deputy Chairman Neil Herbert, (directly and indirectly) owned a relevant interest in 12,608,239 ordinary shares of Extract Resources Limited ("Extract") representing 5.7 % of the issued ordinary share capital of Extract. The

investment in Extract, the owner of the Rossing South uranium deposit in Namibia, is a further major commitment of Polo's financial resources in the Uranium sector.

### **Financing**

As at 30 March 2009, Polo had a working capital of US\$44 million and no debt.

### **Outlook**

Polo is positioned advantageously with a strong cash position, a prospective asset base in the South Gobi and other coal basins in Mongolia, and with strategic and undervalued investments in Caledon Resources plc and GCM Resources plc. Polo has reviewed its cost base to preserve cash and put the business in the best shape to face current economic uncertainty. The agreement with Peabody Energy ensures that the value of our exploration, appraisal and production assets in Mongolia are given the best chance possible to become realised, whilst enabling Polo to maintain a meaningful equity stake for its shareholders.

Looking ahead we will continue to manage our costs and seek out value enhancing opportunities for our shareholders, with a focus on near term coal and, increasingly, uranium assets.

Neil Herbert

Executive Deputy Chairman

**POLO RESOURCES LTD**  
**CONSOLIDATED INCOME STATEMENT**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2008**

		6 months ended 31 December 2008 (unaudited) \$ 000's	Period 23 May to 31 March 2008 (unaudited) \$ 000's	Period 23 May 2007 to 30 June 2008 (audited) \$ 000's
	Note			
Exploration costs		(2,161)	-	(2,234)
Impairment charge	7	(5,408)	-	-
Administrative expenses		(2,706)	(1,465)	(4,690)
Share options expensed		-	(831)	(1,392)
<b>Operating (loss)</b>		<b>(10,275)</b>	<b>(2,296)</b>	<b>(8,316)</b>
Share of associates results	6	(1,036)	(82)	(426)
Finance revenue		1,678	753	2,000
<b>(Loss) on ordinary activities before taxation</b>		<b>(9,633)</b>	<b>(1,625)</b>	<b>(6,742)</b>
Income tax expense		-	-	-
<b>(Loss) for the financial period</b>		<b>(9,633)</b>	<b>(1,625)</b>	<b>(6,742)</b>
<b>Attributable to:</b>				
Equity holders of the parent		<b>(9,633)</b>	<b>(1,625)</b>	<b>(6,742)</b>
<b>Basic &amp; diluted loss per share (US cents)</b>	3	<b>(0.51)</b>	<b>(0.42)</b>	<b>(1.12)</b>



**POLO RESOURCES LTD**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2008**

	31 December 2008	31 March 2008	30 June 2008	
Note	(unaudited)	(unaudited)	(audited)	
	\$ 000's	\$ 000's	\$ 000's	
<b>Non-current assets</b>				
Intangible assets	7	70,132	34,543	72,161
Property, plant and equipment	8	3,232	254	755
Interest in associates	6	111,172	42,287	148,529
Available for sale investments		7,054	10,774	285
<b>Total non-current assets</b>		<b>191,590</b>	<b>87,858</b>	<b>221,730</b>
<b>Current assets</b>				
Trade and other receivables		6,879	3,018	4,356
Cash and cash equivalents		70,747	84,280	115,974
<b>Total current assets</b>		<b>77,626</b>	<b>87,298</b>	<b>120,330</b>
<b>Total Assets</b>		<b>269,216</b>	<b>175,156</b>	<b>342,060</b>
<b>Current Liabilities</b>				
Trade and other payables		(7,310)	(6,132)	(8,259)
<b>Total Liabilities</b>		<b>(7,310)</b>	<b>(6,132)</b>	<b>(8,259)</b>
<b>Net Assets</b>		<b>261,906</b>	<b>169,024</b>	<b>333,801</b>
<b>Shareholders' equity</b>				
Share capital	4	-	-	-
Share premium		245,897	169,175	338,861
Share based payment reserve		1,472	824	2,029
Foreign exchange reserve		30,679	(250)	(285)
Available for sale investments reserve		233	900	(62)
Retained earnings		(16,375)	(1,625)	(6,742)
<b>Total Equity</b>		<b>261,906</b>	<b>169,024</b>	<b>333,801</b>

**POLO RESOURCES LTD**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2008**

	6 months ended 31 December 2008 (unaudited) \$ 000's	Period 23 May 2007 to 31 March 2008 (unaudited) \$ 000's	Period 23 May 2007 to 30 June 2008 (audited) \$ 000's
<b>Cash outflow from operating activities</b>			
Operating Loss	(10,275)	(2,296)	(8,316)
(Increase) in trade and other receivables	(2,523)	(3,018)	(4,356)
(Decrease)/increase in trade and other payables	(949)	6,132	8,259
Foreign exchange translation	(1,781)	-	57
Share options expensed	-	831	1,392
Impairment charge	5,408	-	-
Loss on sale of fixed assets	146	-	-
Depreciation	162	-	46
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(9,812)</b>	<b>1,649</b>	<b>(2,918)</b>
<b>Cash flows from investing activities</b>			
Interest received	1,678	753	2,000
Payments to acquire intangible assets	(12,433)	(28,502)	(33,142)
Payments to acquire tangible assets	(3,241)	(253)	(801)
Investments in associates	(5,387)	(29,385)	(135,968)
Purchase of available for sale investments	(6,469)	(9,703)	(347)
<b>Net cash outflow from investing activities</b>	<b>(25,852)</b>	<b>(67,090)</b>	<b>(168,258)</b>
<b>Acquisitions and disposals</b>			
Payments to acquire subsidiaries	(577)	(2,004)	(17,389)
Cash acquired with subsidiaries	-	16	(58)
<b>Net cash outflow from acquisitions and disposals</b>	<b>(577)</b>	<b>(1,988)</b>	<b>(17,447)</b>
<b>Cash flows from financing activities</b>			
Issue of ordinary share capital	-	163,693	325,586
Share issue costs	-	(11,987)	(21,617)
<b>Net cash inflow from financing activities</b>	<b>-</b>	<b>151,706</b>	<b>303,969</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(36,241)</b>	<b>84,277</b>	<b>115,346</b>
Cash and cash equivalents at beginning of period	115,974	-	-
Exchange gain on cash and cash equivalents	(8,986)	3	628
<b>Cash and cash equivalents at end of period</b>	<b>70,747</b>	<b>84,280</b>	<b>115,974</b>

**POLO RESOURCES LTD**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2008**

Group (unaudited)	Attributable to equity holders of the parent						
	Called up share capital \$ 000's	Share premium reserve \$ 000's	Foreign currency translation reserve \$ 000's	Available for sale investment reserve \$ 000's	Share based payment reserve \$ 000's	Retained earnings \$ 000's	Total \$ 000's
<b>As at 23 May 2007</b>		-	-	-	-	-	
(Loss) for the period	-	-	-	-	-	(1,625)	(1,625)
Currency translation differences	-	-	(250)	-	-	-	(250)
Gain on revaluation of available for sale investments	-	-	-	900	-	-	900
<b>Total recognised income and expense for the period</b>	-	-	(250)	900	-	(1,625)	(975)
Share capital issued	-	181,162	-	-	-	-	181,162
Cost of share issue	-	(11,987)	-	-	-	-	(11,987)
Share based payments	-	-	-	-	824	-	824
<b>As at 31 March 2008</b>	-	169,175	(250)	900	824	(1,625)	169,024

Group (audited)	Attributable to equity holders of the parent						
	Called up share capital \$ 000's	Share premium reserve \$ 000's	Foreign currency translation reserve \$ 000's	Available for sale investment reserve \$ 000's	Share based payment reserve \$ 000's	Retained earnings \$ 000's	Total \$ 000's
<b>As at 23 May 2007</b>		-	-	-	-	-	
(Loss) for the period	-	-	-	-	-	(6,742)	(6,742)
Currency translation differences	-	-	(285)	-	-	-	(285)
Gain on revaluation of available for sale investments	-	-	-	(62)	-	-	(62)
<b>Total recognised income and expense for the period</b>	-	-	(285)	(62)	-	(6,742)	(7,089)
Share capital issued	-	361,120	-	-	-	-	361,120
Cost of share issue	-	(22,259)	-	-	-	-	(22,259)
Share based payments	-	-	-	-	2,029	-	2,029
<b>As at 30 June 2008</b>	-	338,861	(285)	(62)	2,029	(6,742)	333,801

**POLO RESOURCES LTD**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited) (continued)**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2008**

	Attributable to equity holders of the parent						
	Called up share capital	Share premium reserve	Foreign currency translation reserve	Available for sale investment reserve	Share based payment reserve	Retained earnings	Total
Group (unaudited)	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's
<b>As at 1 July 2008</b>	-	338,861	(285)	(62)	2,029	(6,742)	333,801
(Loss) for the period	-	-	-	-	-	(9,633)	(9,633)
Currency translation differences	-	(92,964)	30,964	95	(557)	-	(62,462)
Gain on revaluation of available for sale investments	-	-	-	200	-	-	200
<b>Total recognised income and expense for the period</b>	-	(92,964)	30,964	295	(557)	(9,633)	(71,895)
Share capital issued	-	-	-	-	-	-	-
Cost of share issue	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>As at 31 December 2008</b>	-	<b>245,897</b>	<b>30,679</b>	<b>233</b>	<b>1,472</b>	<b>(16,375)</b>	<b>261,906</b>

**POLO RESOURCES LTD**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2008**

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**1. Basis of preparation**

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

The financial information for the period ended 31 December 2008 has not been audited or reviewed in accordance with the International Standard on Review Engagements 2410 issued by the Auditing Practices Board. The figures were prepared using applicable accounting policies and practices consistent with those adopted in the statutory accounts for the period ended 30 June 2008. The figures for the period ended 30 June 2008 have been extracted from these accounts, which have been delivered to the AIM Market operated by the London Stock Exchange, and contained an unqualified audit report.

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

This Interim Financial Report was approved by the Board of Directors on 30 March 2009.

**Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ('IAS') 34 – Interim Financial Reporting as adopted by the European Union. Accordingly the interim financial statements do not include all of the information or disclosures required in the annual financial statements and should be read in conjunction with the Group's 2008 annual financial statements.

**Basis of consolidation**

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

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All inter-company balances and transactions have been eliminated in full.

**Foreign currencies**

*(a) Functional and presentation currency*

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

*(b) Group companies*

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

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

**POLO RESOURCES LTD**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2008**

**Foreign currencies (continued)**

*(c) Rates of exchange*

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

	As at 31 December 2008	Average for the 6 months to 31 December 2008	As at 30 June 2008	Average for the period to 30 June 2008
Pound Sterling	0.6910	0.5830	0.5014	0.49968
Mongolian Tugrik	1,267.51	1,165.92	1,158.12	1,165.13

**2. Segmental analysis - Group**

The Group has not commenced commercial mining production and therefore recorded no revenue for the period under review.

The analysis of the operating loss before taxation and the net assets employed by geographical segment of operations is shown below;

**By geographical area**

<b>6 Months ended December 2008</b>	<b>BVI/Parent</b>	<b>Mongolia</b>	<b>Australia</b>	<b>Total</b>
	<b>\$ 000's</b>	<b>\$ 000's</b>	<b>\$ 000's</b>	<b>\$ 000's</b>
<b>Result</b>				
Operating loss	(5,963)	(4,312)	-	<b>(10,275)</b>
Share of associates results	(1,036)	-	-	<b>(1,036)</b>
Investment revenue	901	777	-	<b>1,678</b>
Loss before & after tax				<b>(9,633)</b>
<b>Other information</b>				
Depreciation and amortisation	-	162	-	<b>162</b>
Capital additions	4	15,673	-	<b>15,677</b>
<b>Assets</b>				
Segment assets	118,228	73,362	-	<b>191,590</b>
Financial assets	128	6,751	-	<b>6,879</b>
Cash				<b>70,747</b>
Consolidated total assets				<b>269,216</b>
<b>Liabilities</b>				
Segment liabilities	-	-	-	<b>-</b>
Financial liabilities	(1,469)	(5,841)	-	<b>(7,310)</b>
Consolidated total liabilities				<b>(7,310)</b>

**POLO RESOURCES LTD**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2008**

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**2. Segmental analysis – Group (continued)**

**By geographical area**

<b>Period 23 May 2007 to 30 June 2008</b>	<b>BVI/Parent</b>	<b>Mongolia</b>	<b>Australia</b>	<b>Total</b>
	<b>\$ 000's</b>	<b>\$ 000's</b>	<b>\$ 000's</b>	<b>\$ 000's</b>
<b>Result</b>				
Operating loss	(7,725)	(411)	(180)	<b>(8,316)</b>
Share of associates results	(426)	-	-	<b>(426)</b>
Investment revenue	1,999	1	-	<b>2,000</b>
Loss before & after tax				<b>(6,742)</b>
<hr/>				
<b>Other information</b>				
Depreciation and amortization	-	1,473	-	<b>1,473</b>
Capital additions	-	74,389	-	<b>74,389</b>
<hr/>				
<b>Assets</b>				
Segment assets	148,815	72,444	471	<b>221,730</b>
Financial assets	745	3,550	61	<b>4,356</b>
Cash				<b>115,974</b>
Consolidated total assets				<b>342,060</b>
<hr/>				
<b>Liabilities</b>				
Segment liabilities	-	-	-	<b>-</b>
Financial liabilities	(3,744)	(4,456)	(59)	<b>(8,259)</b>
Consolidated total liabilities				<b>(8,259)</b>
<hr/>				

**POLO RESOURCES LTD**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2008**

**2. Segmental analysis – Group (continued)**

<b>By geographical area</b>				
<b>Period 23 May 2007 to 31 March 2008</b>	<b>BVI/Parent</b>	<b>Mongolia</b>	<b>Australia</b>	<b>Total</b>
	<b>\$ 000's</b>	<b>\$ 000's</b>	<b>\$ 000's</b>	<b>\$ 000's</b>
<b>Result</b>				
Operating loss	(2,166)	(50)	(80)	<b>(2,296)</b>
Share of associates results	(82)	-	-	<b>(82)</b>
Investment revenue	753	-	-	<b>753</b>
Loss before & after tax				<b>(1,625)</b>
<b>Other information</b>				
Depreciation and amortisation	-	-	-	-
Capital additions	-	34,797	-	<b>34,797</b>
<b>Assets</b>				
Segment assets	53,061	34,797	-	<b>87,858</b>
Financial assets	2,433	585	-	<b>3,018</b>
Cash				<b>84,280</b>
Consolidated total assets				<b>175,156</b>
<b>Liabilities</b>				
Segment liabilities	-	-	-	-
Financial liabilities	(4,370)	(1,682)	(80)	<b>(6,132)</b>
Consolidated total liabilities				<b>(6,132)</b>

**3. 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 period:

	<b>6 Months ended 31 December 2008 (unaudited) \$ 000's</b>	<b>Period ended 31 March 2008 (unaudited) \$ 000's</b>	<b>Period ended 30 June 2008 (audited) \$ 000's</b>
Net loss after taxation	(9,633)	(1,625)	(6,742)
Weighted average number of ordinary shares used in calculating basic earnings per share	1,874.2m	384.4m	603.26m
Basic loss per share (expressed in US cents)	(0.51)cents	(0.42)cents	(1.12)cents

As the inclusion of the potential ordinary shares would result in a decrease in the loss per share they are considered to be antilutative and as such, a diluted loss per share is not included.



**POLO RESOURCES LTD**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
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**4. Share capital**

The authorised share capital of the Company and the called up and fully paid amounts at 31 December 2008 were as follows:

		<b>\$ 000's</b>
		<b>Authorised</b>
Unlimited ordinary shares of no par value each		-
	<b>Number of shares</b>	<b>Nominal value</b>
<b>Called up, allotted, issued and fully paid</b>		<b>\$ 000's</b>
As at 1 July 2008	1,874,239,816	-
No shares issued in the period	-	-
<b>As at 31 December 2008</b>	<b>1,874,239,816</b>	<b>-</b>

***Total share options in issue***

During the 6 months ended 31 December 2008, no options were granted over ordinary shares.

As at 31 December 2008 the unexercised options in issue were;

<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Options in Issue</b>
		<b>31 March 2008</b>
5p	4 September 2012	6,000,000
9p	4 March 2013	500,000
9p	4 March 2018	66,000,000
12p	25 March 2018	4,500,000
		<b>77,000,000</b>

As at 31 December 2008 the unexercised warrants in issue were;

<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Options in Issue</b>
		<b>31 March 2008</b>
9p	31 January 2009	8,450,000
13p	4 June 2009	18,600,000
		<b>27,050,000</b>

No options or warrants lapsed or were cancelled and no options or warrants were exercised during the 6 months to 31 December 2008. Subsequent to the balance sheet date, 8,450,000 warrants expired as they were not exercised by 31 January 2009.

**POLO RESOURCES LTD**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2008**

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**5. Investment in subsidiaries**

During the 6 months to 31 December 2008, the commencement of a Group re-organisation of our Mongolian holdings was implemented. The resultant subsidiary ownership at 31 December 2008 is shown below. The composition of the group as a whole has not changed, and the parent retains a 100% interest in all subsidiaries which were held at 30 June 2008.

<b>Company</b>	<b>Country of Registration</b>	<b>Proportion held</b>	<b>Nature of business</b>
<b>Direct</b>			
MUC Resources Ltd	BVI	100%	Holding Company
Polo Australasia Ltd	BVI	100%	Holding Company
Polo Bangladesh Ltd	BVI	100%	Holding Company
World Coal Works Corporation	BVI	100%	Holding Company
MUC Resources LLC	Mongolia	100%	Mineral Exploration
Polo Resources LLC	Mongolia	100%	Mineral Exploration
Polo Resources BV	Dutch BV	100%	Holding Company
<b>Indirect</b>			
<i>Via Polo Australasia Ltd</i>			
Polo Resources Australia Pty Ltd	Australia	100%	Mineral Exploration
<i>Via Polo Resources LLC</i>			
Kimko LLC	Mongolia	100%	Mineral Exploration
BGGT LLC	Mongolia	100%	Mineral Exploration
North Tonghe Gobi LLC	Mongolia	100%	Mineral Exploration
UMUH LLC	Mongolia	100%	Mineral Exploration
<i>Via MUC Resources LLC</i>			
Gravi Mag LLC	Mongolia	100%	Mineral Exploration

**POLO RESOURCES LTD**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
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**6. Interest in associates**

	<b>\$ 000's</b>
<b>Group</b>	
At 1 July 2008	148,529
Investments in associates – purchases	5,387
Foreign exchange translation	(41,708)
Share of associates loss for the period	(1,036)
<b>As at 31 December 2008</b>	<b>111,172</b>

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

	<b>Carrying Value</b>	<b>Fair Value</b>
	<b>\$ 000's</b>	<b>\$ 000's</b>
GCM Resources Plc	<b>30,652</b>	<b>5,783</b>
Caledon Resources Plc	<b>80,520</b>	<b>6,804</b>
	<b>111,172</b>	<b>12,587</b>

Subsequent to 31 December 2008 the market value of the investment in Associates has increased significantly over the fair value noted above. The market value of the equity interests in associates was \$35,715,000 at 30th March 2009

Details of the Group and Company's associates at 31 December 2008 are as follows:

<b>Name</b>	<b>Place of Incorporation</b>	<b>Proportion held</b>	<b>Date associate interest acquired</b>	<b>Reporting Date of associate</b>	<b>Principal activities</b>
GCM Resources Plc	UK	29.84%	01/02/08	30/06/08	Coal exploration
Caledon Resources Plc	UK	26.27%	05/06/08	31/12/08	Coal Mining

**POLO RESOURCES LTD**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2008**

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**7. Impairment review**

The Board of Directors undertook an impairment review of the Group's key Mongolian intangible assets as at 31 December 2008 and in view of subsequent events to the Balance Sheet date. The format of the review was by assessing the carrying value of assets as at 31 December 2008 and comparing to the lower of net realisable value or NPV of expected future cash flows.

Following the review, a resultant impairment charge arose as follows:

<b>Mongolia</b>	Costs capitalised to 31 December 2008	Impairment charge	Net costs carried forward
	\$ 000's	\$ 000's	\$ 000's
Intangible assets - Deferred exploration & development expenditure	11,008	-	11,008
Intangible assets - Mining & exploration licences	64,532	(5,408)	59,124
<b>Total intangible assets</b>	<b>75,540</b>	<b>(5,408)</b>	<b>70,132</b>

At this stage of the Groups development, the Board of Directors' are of the opinion that it remains prudent to carry forward the net carrying cost as set out above.

**8. Property, plant and equipment**

<b>Group</b>	<b>Property, plant and equipment</b>	<b>Total</b>
	<b>\$ 000's</b>	<b>\$ 000's</b>
<b>At 1 July 2008</b>	755	755
Additions	3,241	3,241
Disposals	-	-
Foreign exchange translation	(764)	(764)
<b>As at 31 December 2008</b>	<b>3,232</b>	<b>3,232</b>

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**9. Post balance sheet events**

On 27 January 2009, the Group announced the execution of an agreement with Peabody Energy Corporation, pursuant to which Peabody would have an option to acquire up to a 50% interest in a joint venture formed to hold all of Polo's coal and mineral interests in Mongolia. This option deed expiry date has been extended from 21 March 2009 to 31 March 2009.

On 30 January 2009, the Company issued 33,776,057 shares to Directors of the company in lieu of services as part of revised remuneration agreements. Included within the issue of the shares was 15million shares issued each to Stephen Dattels and Neil Herbert in consideration of additional services rendered to the company.

On 30 January 2009, the Company granted 109 million share options to directors, employees, and approved grantees, at a price of 3.5pence per share in accordance with the terms of the company's existing option scheme. In addition the company agreed to cancel 52 million of share options previously issued to directors, employees, and approved grantees.

On 4 March 2009, the Group acquired a total of £4,700,000 8.5% unsecured convertible loan notes 2010 issued by Caledon Resources Plc, and in consideration issued 162,629,750 new Ordinary shares in the company.

On 23 March 2009, the Company announced it has signed a subscription agreement with Berkeley Resources Ltd, pursuant to which, and subject to conditions, the company will subscribe for 10million new ordinary shares in Berkeley at A\$0.50 each, and will be granted 5million attaching options over the new ordinary shares in Berkeley, exercisable at A\$0.75 each, within 4 years of the date of issue.

As at 30 March 2009, the Company had acquired 10,450,439 shares in Extract Resources Limited.

Today, the Group announced the execution of an agreement with Peabody, pursuant to which Peabody will acquire a 50% interest in a joint venture formed to hold all of Polo's coal and mineral interests in Mongolia.

## Corporate Information

Registered number	1406187 registered in British Virgin Islands
Directors	Stephen Dattels – Executive Chairman Neil Herbert – Executive Deputy Chairman Paul Ingram – Chief Executive Officer Guy Elliott – Non Executive Director Tony Bainbridge – Executive Chief Operating Officer Harald Van Hoeken - Non Executive Director Danny Sun – Non Executive Director
Registered Office	Craigmuir Chambers Road Town, Tortola British Virgin Islands VG 1110  Email: <a href="mailto:info@poloresources.com">info@poloresources.com</a> Website: <a href="http://www.poloresources.com">www.poloresources.com</a>
Auditors	Chapman Davis LLP 2 Chapel Court London SE1 1HH United Kingdom
Solicitors	Kerman & Co LLP 7 Savoy Court Strand, London WC2R 0ER United Kingdom
Nominated Adviser	Canaccord Adams Limited Cardinal Place, 7 <sup>th</sup> Floor 80 Victoria Street London SW1E 5JL United Kingdom
Broker	Canaccord Adams Limited Cardinal Place, 7 <sup>th</sup> Floor 80 Victoria Street London SW1E 5JL United Kingdom
Registrars	Computershare Investor Services (Channel Islands) Ltd PO Box 83 Ordnance House, 31 Pier Road St Helier JE4 8PW Channel Islands
Principal Bankers	HSBC Bank plc, Mid-Essex Commercial Centre, 91 High Street, Brentwood, Essex, CM14 4RU United Kingdom