

POLO RESOURCES LTD

Interim Report

for the period ended 31 March 2008

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CHAIRMAN'S STATEMENT

I am pleased to report to shareholders the first interim financial statements for Polo Resources Ltd ("Polo Resources" or the "Company"). Following incorporation on 23 May 2007, Polo is on track to establish itself as a major international coal mining and exploration group. Polo has acquired a diversified portfolio of coal and uranium licences in Mongolia and more recently a strategic interest in GCM Resources plc, an AIM listed (ticker code: GCM) resource development company with a wholly owned subsidiary operating in Bangladesh and investments in South Africa. The significant progress made during the period to 31 March 2008 is summarised as follows:

- In September 2007, Polo Resources was successfully admitted to AIM raising gross proceeds of £6.6million.
- In September 2007, Polo Resources announced that it had issued and allotted a total of 131,422,000 ordinary shares at a price of 5p per share to institutional and other investors raising £6,571,100, increasing the available cash resources to support the Company's investment strategy and enable the Company to consider significant investment opportunities.
- In October 2007, Polo Resources announced that it, had signed a binding agreement to acquire a 100% interest in a large coal exploration licence in the South Gobi Coal Basin for a total consideration of US\$350,000.

The exploration project, with excellent logistics and situated 73 km from the Chinese border in the South Gobi Desert, covers 550 km² of Permian Sediments known to host some of the region's better coal deposits.

- In November 2007, Polo Resources announced the conditional acquisition of 26 Mongolian Coal, Uranium and Tungsten Mineral exploration licences from a number of special purpose vehicles; namely MUC Resources LLC, and Polo Resources LLC, which together with Asia Intercept Mongolia LLC jointly comprised the vendors who held the portfolio of Coal, Uranium and Tungsten licences in Mongolia. The total consideration payable to the vendors was US\$2m together with the issuance of 25 million ordinary shares.

As the proposals amounted to a reverse takeover for the purposes of the AIM Rules, trading in the Company's issued share capital was suspended pending the publication of a shareholder circular; comprising an AIM Admission Document. This was published on 20 February 2008 and shares were re admitted to trading following shareholder approval at an EGM, on 4 March 2008.

- In February 2008, Polo Resources announced the successful placing of 281,680,000 New Ordinary Shares at 9p per share raising gross proceeds of £25.4m for use in the acquisition and development of coal interests throughout the world.
- Subsequently, on 13 March 2008, Polo Resources announced the successful placing of 362,000,000 new ordinary shares at a price of 12 pence per New Ordinary Share, raising gross proceeds of approximately £43.4 million. The proceeds are being used to develop existing assets in Mongolia and pursue further acquisitions.
- On 1 February 2008 Polo Resources announced the acquisition of an important strategic interest in GCM Resources plc, formerly known as Asia Energy plc, representing approximately 20.5 per cent of GCM's issued share capital. GCM is engaged in developing a world class coal mine and power plant project in Bangladesh, the Phulbari Project. The mine life is expected to be more than 30 years, with forecast production of 15 million tonnes at full capacity of mostly export quality metallurgical and thermal coal. This acquisition, has served to enhance our strategy of becoming a major international coal mining and exploration group.

On 19 May 2008, Polo Resources subsequently made a preliminary approach to Board of GCM resources plc.

CHAIRMAN'S STATEMENT (continued)

The approach to GCM is a pre-conditional cash offer for all the issued and to be issued share capital of GCM at 175p per share (which represents an approximately 50.7% premium to the volume weighted average price for the 20 trading days ending on 16 May 2008) and is subject to financing. Such an offer would be consistent with Polo Resources' strategy of building a significant and diversified portfolio of coal producing, development and exploration assets. Polo Resources intends to work with the management of GCM and, if a formal offer is made, Polo proposes to seek shareholder approval to change its name to GCM Resources Limited.

The Company's approach is subject to the arrangement of necessary funding. This does not amount to a firm intention to make an offer and, accordingly, there can be no certainty that any offer will be made even if the necessary funding is arranged.

- On 15 May 2008 Polo Resources announced that it had agreed an option to acquire interests in Australian coal exploration licences with Baradine Bay Pty Limited ("BBL"), a private limited company registered and incorporated in Australia. This option provides the right to acquire an 80% interest in 'Exploration Permits for Coal' 1097 and 1098 owned by BBL.

The Coal Permits cover 1,725 square kilometres of the edge of the Galilee Basin of central Queensland, Australia and are centred on a single drill hole (BEA 315) drilled in 1996. The hole encountered six metres of coal at a vertical depth of 41m beneath transported Tertiary cover. The coal appears to be situated in a sub-basin related to the Galilee Basin. To the south west in the Galilee Basin proper, a number of companies, including Xstrata, are actively exploring and developing coal resources.

In the relatively short period since incorporation, Polo has taken significant strides towards its goal of establishing itself as a major player within the coal sector. The increasing global demand for coal represents a significant opportunity for Polo. Polo is keen to maximise the benefits derived from its existing licences and will continue to seeking new and exciting opportunities.

Acknowledgement is also made of the scope for growth and development of our uranium portfolio.

The Board is satisfied with the progress made by the Company in such a relatively short period of time and remain confident about future growth prospects and maximising the returns from existing investments.

Stephen Dattels
Executive Chairman

23 May 2008

POLO RESOURCES LTD
CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD 23 MAY 2007 TO 31 MARCH 2008

	Note	Period 23 May to 31 March 2008 (unaudited) £'000
Administrative expenses		(729)
Share of results of associate		(41)
Share options expensed	5	(413)
Operating (loss)		(1,183)
Interest receivable		374
Loss on ordinary activities before taxation		(809)
Taxation on loss on ordinary activities		-
Loss for the financial period		(809)
Attributable to:		
Equity holders of the parent		(809)
Basic loss per share expressed in pence	3	(0.21)

POLO RESOURCES LTD
CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2008

	Note	As at 31 March 2008 (unaudited) £'000
Non-current assets		
Intangible assets		17,323
Property, plant and equipment	8	127
Interest in associate		21,206
Available for sale investments		5,403
Total non-current assets		44,059
Current assets		
Trade and other receivables		1,514
Cash and cash equivalents		42,265
Total current assets		43,779
Total Assets		87,838
Current Liabilities		
Trade and other payables		(3,075)
Total Liabilities		(3,075)
Net Assets		84,763
Shareholders' equity		
Share capital	4	-
Share premium account		84,838
Share based payment reserve	5	413
Foreign exchange reserve		(131)
Available for sale investments reserve		452
Retained earnings		(809)
Total Equity		84,763

POLO RESOURCES LTD
CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD 23 MAY 2007 TO 31 MARCH 2008

	Period 23 May to 31 March 2008 (unaudited) £'000
Cash outflow from operating activities	
Operating Loss	(1,183)
(Increase) in trade and other receivables	(1,514)
Increase in trade and other payables	3,075
Share of associate result	41
Share options expensed	413
Net cash inflow from operating activities	832
Cash flows from investing activities	
Interest received	374
Payments to acquire intangible assets	(14,293)
Payments to acquire tangible assets	(127)
Acquisition of interest in associates	(14,736)
Purchase of available for sale investments	(4,866)
Net cash outflow from investing activities	(33,648)
Acquisitions and disposals	
Payments to acquire subsidiaries	(1,005)
Cash acquired with subsidiaries	8
Net cash outflow from acquisitions and disposals	(997)
Cash flows from financing activities	
Issue of ordinary share capital	82,089
Share issue costs	(6,011)
Net cash inflow from financing activities	76,078
Net increase in cash and cash equivalents	42,265
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	42,265

POLO RESOURCES LTD
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)
FOR THE PERIOD ENDED 31 MARCH 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	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
As at 23 May 2007		-	-	-	-	-	
(Loss) for the period	-	-	-	-	-	(809)	(809)
Currency translation differences	-	-	(131)	-	-	-	(131)
Gain on revaluation of available for sale investments	-	-	-	452	-	-	452
Total recognised income and expense	-	-	(131)	452	-	(809)	(488)
Share capital issued	-	90,849	-	-	-	-	90,849
Cost of share issue	-	(6,011)	-	-	-	-	(6,011)
Share based payments	-	-	-	-	413	-	413
	-						
As at 31 March 2008	-	84,838	(131)	452	413	(809)	84,763

POLO RESOURCES LTD
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2008

1. Basis of preparation

The Company was registered as Ormond Natural Resources Inc. in British Virgin Islands having been incorporated on 23rd May 2007 under the BVI Business Companies Act 2004 with registered number 1406187. On 24th July 2007 a resolution was passed to change the name of the Company to Polo Resources Limited.

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 March 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 to be adopted in the statutory accounts for the period ended 30 June 2008.

The financial information contained in this document does not constitute statutory accounts as defined by Section 240 of the Companies Act 1985 (England & Wales). 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 23 May 2008.

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.

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

The functional currency of each entity is determined after consideration of the primary economic environment of the entity. The group's presentational currency is Sterling (£).

POLO RESOURCES LTD
NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2008

2. Segmental analysis

	Period ended 31 March 2008 (unaudited) £'000
Retained loss by geographical area	
BVI / United Kingdom	(703)
Mongolia	(25)
Australia	(40)
Bangladesh	(41)
	(809)
Segment assets	
BVI / United Kingdom	41,450
Mongolia	18,970
Australia	6,009
Bangladesh	21,409
Total assets	87,838

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:

	Period ended 31 March 2008 (unaudited) £'000
Net loss after taxation	(809)
Weighted average number of ordinary shares used in calculating basic earnings per share	384.4m
Basic loss per share (expressed in pence)	(0.21)pence

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

POLO RESOURCES LTD
NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2008

4. Share capital

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

		£'000
		Authorised
Unlimited ordinary shares of no par value each		-
		£'000
	Number of shares	Nominal value
		£'000
Called up, allotted, issued and fully paid		
Incorporation	1	-
3 August 2007 for cash at 0.05p per share	165,000,000	-
3 August 2007 – original incorporation share cancelled	(1)	-
24 August 2007 for cash at 5p per share	132,880,000	-
4 September 2007 for non-cash consideration	300,000	-
25 September 2007 for cash at 5p per share	131,422,000	-
31 January 2008 for cash at 9p per share	281,680,000	-
1 February 2008 for non-cash consideration	72,340,425	-
3 March 2008 for non-cash consideration	25,000,000	-
17 March 2008 – for cash at 12p per share	362,000,000	-
As at 31 March 2008	1,170,622,425	-

Total share options in issue

During the period ended 31 March 2008, the Company granted 77,000,000 options over ordinary shares.

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

Exercise Price	Expiry Date	Options in Issue
		31 March 2008
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
		77,000,000

The Company also granted a warrant to subscribe for 8,450,400 ordinary shares at 9p per share, to BMO Nesbitt Burns inc. for 12 months from date of placing of 31 January 2008.

No options or warrants lapsed or were cancelled and no options or warrants were exercised during the period to 31 March 2008.

POLO RESOURCES LTD
NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2008

5. 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 recognises the amount as an expense in the income statement with a corresponding increase in equity.

Name	Date Granted	Date Vested	Number	Exercise Price (pence)	Expiry Date	Fair Value at Grant Date (pence)
Guy Elliott	04/09/2007	04/09/2007	2,000,000	5	04/09/2012	2.82
Harald van Hoeken	04/09/2007	04/09/2007	2,000,000	5	04/09/2012	2.82
Suresh Hiremath	04/09/2007	04/09/2007	2,000,000	5	04/09/2012	2.82
Consultant	04/03/2008	04/03/2008	500,000	9	04/03/2013	8.59
Stephen Dattels	04/03/2008	See 1 below	5,000,000	9	04/03/2018	10.46
Paul Ingram	04/03/2008	See 1 below	12,000,000	9	04/03/2018	10.46
Danny Sun	04/03/2008	See 1 below	5,000,000	9	04/03/2018	10.46
Guy Elliott	04/03/2008	See 1 below	3,000,000	9	04/03/2018	10.46
Anthony Bainbridge	04/03/2008	See 1 below	5,000,000	9	04/03/2018	10.46
Consultant	04/03/2008	See 1 below	15,000,000	9	04/03/2018	10.46
Consultant	04/03/2008	See 1 below	5,000,000	9	04/03/2018	10.46
Neil Herbert	04/03/2008	See 1 below	12,000,000	9	04/03/2018	10.46
Consultant	04/03/2008	See 1 below	2,000,000	9	04/03/2018	10.46
Consultant	04/03/2008	See 1 below	1,000,000	9	04/03/2018	10.46
Employees	04/03/2008	See 1 below	500,000	9	04/03/2018	10.46
Employees	04/03/2008	See 1 below	500,000	9	04/03/2018	10.46
Employees	25/03/2008	See 1 below	4,500,000	12	25/03/2018	7.67
Totals			77,000,000			

1. The above share options vest equally over a 3 year period from the date of grant. The options are exercisable at any time after vesting during the Directors period as an eligible employee until the tenth anniversary of admission.

POLO RESOURCES LTD
NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2008

5. Share based payments (continued)

The fair value of the options granted during the period ended 31 March 2008 amounted to £0.413million. 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.

The following table lists the inputs to the models used for the period ended 31 March 2008:

	4 September 2007 issue	4 March 2008 issue	25 March 2008 issue
Dividend Yield (%)	-	-	-
Expected Volatility (%)	60.0	60.0	60.0
Risk-free interest rate (%)	4.8	4.8	4.8
Share price at grant date (£)	0.050	0.133	0.107

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

6. Investment in subsidiaries

Company	Country of Registration	Proportion held	Nature of business
Direct			
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
Indirect			
<i>Via MUC Resources Ltd</i>			
MUC Resources LLC	Mongolia	100%	Mineral Exploration
<i>Via Polo Australasia Ltd</i>			
Polo Resources Australia Pty Ltd	Australia	100%	Mineral Exploration
<i>Via World Coal Works Corporation</i>			
Polo Resources LLC	Mongolia	100%	Mineral Exploration
<i>Via Polo Resources LLC</i>			
Kimko LLC	Mongolia	100%	Dormant Company

POLO RESOURCES LTD
NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2008

7. Business Combinations

Acquisition of MUC Resources LLC (“MUC”)

On 29th February 2008 Polo Resources Ltd through its subsidiary MUC Resources Ltd acquired 100% of MUC, a company based in Mongolia. This transaction has been accounted for by the purchase method of accounting. The fair value of identifiable assets and liabilities of MUC as at the date of acquisition are:

	Book value	Fair value	Fair value
	£'000	adjustment	£'000
		£'000	£'000
Property, plant and equipment	57	-	57
Cash and cash equivalents	-	-	-
Trade and other receivables	310	-	310
License costs	1,326	1,313	2,639
	<u>1,693</u>	<u>1,313</u>	<u>3,006</u>
Other creditors	(1,703)	-	(1,703)
	<u>(1,703)</u>	<u>-</u>	<u>(1,703)</u>
Fair value of net assets			<u><u>1,302</u></u>
<i>Consideration:</i>			
Cash paid			402
Shares issued			900
			<u><u>1,302</u></u>
<i>The cash outflow on acquisition was as follows;</i>			
Net cash acquired with subsidiary			-
Cash paid			402
Net cash outflow			<u><u>402</u></u>

POLO RESOURCES LTD
NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2008

7 Business Combinations (continued)

Acquisition of Polo Resources LLC (“Polo LLC”)

On 29th February 2008 Polo Resources Ltd through its subsidiary World Coal Works Corporation acquired 100% of Polo LLC, a company based in Mongolia. This transaction has been accounted for by the purchase method of accounting. The fair value of identifiable assets and liabilities of Polo LLC as at the date of acquisition are:

	Book value	Fair value	Fair value
	£'000	adjustment	£'000
		£'000	£'000
Property, plant and equipment	61	-	61
Cash and cash equivalents	8	-	8
Trade and other receivables	57	-	57
Other debtors	1,703	-	1,703
License costs	7,070	2,116	9,186
Exploration costs	525	-	525
	<u>9,424</u>	<u>2,116</u>	<u>11,540</u>
Trade and other payables	(666)	-	(666)
Other creditors	(8,921)	-	(8,921)
	<u>(9,587)</u>	<u>-</u>	<u>(9,587)</u>
Fair value of net assets			<u><u>1,953</u></u>
<i>Consideration:</i>			
Cash paid			603
Shares issued			1,350
			<u><u>1,953</u></u>
<i>The cash outflow on acquisition was as follows;</i>			
Net cash acquired with subsidiary			(8)
Cash paid			603
Net cash outflow			<u><u>595</u></u>

POLO RESOURCES LTD
NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2008

8. Property, plant and equipment

Group	Plant and equipment	Total
	£ 000's	£ 000's
At 23 May 2007		
Additions	127	127
As at 31 March 2008	127	127

9. Post balance sheet events

On 14 May 2008, the Company announced the appointment of Neil Herbert as Executive Deputy Chairman of the Company.

On 15 May 2008, the Company announced that it has entered an option agreement (the "Option Agreement") with Baradine Bay Pty Limited ("BBL"), a private limited company registered and incorporated in Australia, giving the Company the option to acquire an 80 per cent. interest in 'Exploration Permits for Coal' 1097 and 1098 (the "Coal Permits") owned by BBL. The Company has paid BBL \$150,000 in cash and agreed to issue \$250,000 worth of Polo shares to BBL.

On 16 May 2008, the Company acquired the 100% share capital of CM Logisitics Ltd, a company incorporated in the British Virgin Islands, for par value.

On 19 May 2008, the Company announced it had made an approach to the board of GCM Resources plc ("GCM") which may or may not lead to an offer being made by the Company for GCM. The Company currently owns 29.72% of the issued shares of GCM. The approach to GCM is a pre-conditional cash offer for all the issued and to be issued share capital of GCM at 175p per share (which represents an approximately 50.7% premium to the volume weighted average price for the 20 trading days ending on 16 May 2008) and is subject to financing. Such an offer would be consistent with the Company's strategy of building a significant and diversified portfolio of coal producing, development and exploration assets. The Company intends to work with the management of GCM and, if a formal offer is made, intends to seek shareholder approval to change its name to GCM Resources Limited. The Company's approach is subject to the arrangement of necessary funding. This does not amount to a firm intention to make an offer and, accordingly, there can be no certainty that any offer will be made even if the necessary funding is arranged.

On 14 May 2008, prior to his appointment as Executive Deputy Chairman the Company issued 2,500,000 ordinary shares to Neil Herbert as remuneration for consultancy services performed prior to this date.

On 21 May 2008, the Company issued 1,117,391 ordinary shares to Baradine Bay Pty Limited, as part of the option agreement as detailed above.

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 Anthony Bainbridge – Chief Operating Officer Guy Elliott – Non Executive Director Suresh Hiremath – Non Executive Director Harald Van Hoeken - Non Executive Director Danny Sun – Non Executive Director
Registered Office	Craigmuir Chambers Road Town, Tortola British Virgin Islands VG 1110 Email: info@poloresources.com Website: www.poloresources.com
Auditors	Chapman Davis LLP 2 Chapel Court London SE1 1HH United Kingdom
Solicitors	Charles Russell LLP 8-10 New Fetter Lane London EC4A 1RS United Kingdom
Nominated Advisor	Canaccord Adams Limited Cardinal Place, 7 th Floor 80 Victoria Street London SW1E 5JL United Kingdom
Broker	Canaccord Adams Limited Cardinal Place, 7 th 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	Bank of Ireland 20 Berkeley Square London W1J 6LL United Kingdom