23 December 2008

Polo Resources Ltd

(“Polo”, “Polo Resources” or the “Company”)

Final Results for the 12 Months Ended 30 June 2008

Polo Resources (AIM: PRL), the coal focused natural resources investment and mining company, announces results for the 12 months ended 30 June 2008.

Highlights

- Acquired 58 coal exploration licenses in Mongolia
- Now second largest ground holding in prolific South Gobi coal basin
- Sizeable strategic investments in GCM Resources and Caledon Resources
- Commenced production at Ereen coal mine in October 2008
- Working capital balance of US$78.9 million as at 19 December 2008

Executive Deputy Chairman’s Statement

Since listing in 2007 Polo has made good progress in achieving its aim to become a major international coal mining and exploration group. Polo now holds a large and diversified portfolio of numerous coal and uranium licenses in Mongolia. These acquisitions include a large license area in the strategically important South Gobi Coal Basin, an area already producing both coking and thermal coal for the Chinese market. In addition, Polo has either directly or indirectly acquired stakes in mining companies operating in Bangladesh and Western Australia. The Company’s objective is to develop its respective interests in strategically located projects, which will serve the energy-driven demands for coal from China and Russia.

Financing

From its foundation in 2007 through to the end of June 2008, Polo has successfully raised a total of approximately US$320 million to pursue the Company’s investment strategy. As at 19 December 2008, Polo had a working capital position of US$78.9 million.

Mongolian Coal Exploration Assets

The geology of Mongolia is highly prospective for significant mineral deposits and the country’s resources have been vastly under-explored and under-developed. Polo has specifically targeted areas of known coal resources that are near the necessary infrastructure to export coal into the growing adjacent energy markets. Polo Resources commissioned its first mine in October 2008 with the opening of the Ereen Coal Mine. Currently mineral resources are being evaluated in two pits and exploration work continues.

Polo has continued to add quality properties to its portfolio with its holdings in Mongolia expanding to 58 coal licenses in major coal districts covering more than 803,930 hectares, all in close proximity to either railway networks or borders with coal importing countries. Polo Resources now has the second largest ground holding in the South Gobi Basin.

Management

In January 2008, the Board was strengthened with the appointment of Paul Ingram as Chief Executive Officer. Paul is a geologist with extensive experience in managing major mineral exploration programmes for several publicly listed companies. He has designed and implemented innovative techniques for exploration in remote areas, and has managed projects in countries throughout Australia and East Asia.

Outlook

Since incorporation, Polo has taken important strides towards its goal of establishing itself as a major player within the coal sector. Polo is keen to maximise the benefits derived from its existing licenses and will continue to seek new and exciting opportunities. In addition, there is also scope to grow and develop its uranium portfolio.

Polo is positioned advantageously with a working capital position in excess of US$78 million, strong growth prospects in the South Gobi and other coal basins in Mongolia, and with strategic and undervalued investments in Caledon Resources plc and GCM Resources plc. The Company has a significant producing asset at the Ereen mine and good prospectivity from its exploration and appraisal acreage. The management looks to 2009 with cautious confidence and remains upbeat about longer-term future growth prospects.

Post Balance Sheet Events

Since the period end Polo has continued the busy schedule of exploration activities and commenced production at its Ereen coal mine. However, the Company is conscious of the uncertain economic environment which has befallen the global economy, and as such has taken a number of economic measures to maintain its strong financial position.

To this end, as announced on 27 October 2008, the Executive Directors of the Company have agreed to an amendment of their annual compensation such that 50% of their salaries will be used to subscribe for shares in the Company on a quarterly basis and at the market price, effective from 1 October 2008. All of the Company's non-executive directors have agreed to an amendment to the payment of their annual compensation such that the entirety of their fees will be used to subscribe for shares in the Company on a quarterly basis and at the market price, effective from 1 October 2008.

In addition a series of other efficiencies and overhead reductions have been implemented to reduce cash burn by US$1 million per annum. Revenue generated from the Ereen coal mine will be applied to the exploration programme with the objective that Polo's Mongolian operations are self-funding.

On 17 December 2008 the Company announced that it had taken the prudent decision of delaying the planned ramp-up in production from its Ereen coal mine in response to the recent reduction in demand from Chinese customers; this decision is in line with the majority of mining companies which have also announced plans to reduce production and capex programmes until demand and prices for commodities recover. It is hoped that the ramp up in production will re-commence in the first quarter of 2009.

Neil Herbert
Executive Deputy Chairman

- Ends -

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About the Company

Polo is an emerging energy company focused on acquiring and developing advanced stage coal and uranium properties in Asia, Australia and Africa. For complete details on Polo Resources Limited, management encourages investors and interested parties to view its public documents at www.poloresources.com.

Group Income Statement
for the period ended 30 June 2008

	Notes	Period 23 May 2007 to 30 June 2008 $ 000's
Turnover		-
Exploration costs		(2,234)
Administrative expenses		(4,690)
Share options expensed	5, 19	(1,392)
Group operating loss	3	(8,316)
Share of associates results		(426)
Finance revenue	7	2,000
Loss before taxation	2	(6,742)
Income tax expense	8	-
Retained loss for the period attributable to members of the parent Company		(6,742)
Loss per share (US cents)		
Basic	10	(1.12)
Diluted	10	(1.12)

Turnover		-
Exploration costs		(2,881)
Administrative expenses		(4,100)
Share options expensed	5, 19	(1,392)
Group operating loss	3	(8,373)
Other income	6	3,099
Finance revenue	7	1,999
Loss before taxation		(3,275)
Income tax expense	8	-
Retained loss after taxation		(3,275)

Group Balance Sheet
as at 30 June 2008

	Note	30 June 2008	
		$ 000's	$ 000's
ASSETS			
Non-current assets			
Intangible assets	11	72,161	
Tangible assets	12	755	
Interest in associates	14	148,529	
Available for sale investments	15	285	
Total non-current assets			221,730
Current assets			
Cash and cash equivalents		115,974	
Trade and other receivables	16	4,356	
Total current assets			120,330
TOTAL ASSETS			342,060
LIABILITIES			
Current liabilities			
Trade and other payables	17	(8,259)	
TOTAL LIABILITIES			(8,259)
NET ASSETS			333,801
EQUITY			
Called-up share capital	18	-	
Share premium		338,861	
Retained earnings		(6,742)	
Available for sale investment reserve		(62)	
Foreign exchange reserve		(285)	
Share based payments reserve	19	2,029	
TOTAL EQUITY			333,801
ASSETS			
Non-current assets			
Investment in subsidiaries	13	24,842	
Trade and other receivables	14	199,021	

Total non-current assets			**223,863**
Current assets			
Cash and cash equivalents		**113,674**	
Trade and other receivables	**16**	**3,833**	
Total Current Assets			**117,507**
TOTAL ASSETS			**341,370**
LIABILITIES			
Current Liabilities			
Trade and other payables	**17**	**(3,744)**	
TOTAL LIABILITIES			**(3,744)**
NET ASSETS			**337,626**
EQUITY			
Called-up share capital	**18**	**-**	
Share premium		**338,861**	
Foreign exchange reserve		**11**	
Share based payments reserve	**19**	**2,029**	
Retained earnings		**(3,275)**	
TOTAL EQUITY			**337,626**

Group Cash Flow Statement
for the period ended 30 June 2008

	Notes	For the period ended 30 June 2008
		$ 000's
Cash flows from operating activities		
Operating Loss		**(8,316)**
(Increase) in trade and other receivables		**(4,356)**
Increase in trade and other payables		**8,259**
Foreign exchange translation		**57**
Share options expensed		**1,392**
Depreciation		**46**
Net cash outflow from operating activities		**(2,918)**
Cash flows from investing activities		
Interest Received		**2,000**
Investments in associates		**(135,968)**
Payments to acquire available for sale investments		**(347)**
Payments to acquire intangible assets		**(33,142)**
Payments to acquire tangible assets		**(801)**
Net cash outflow from in investing activities		**(168,258)**
Acquisitions and disposals		
Cash acquired with subsidiaries		**(58)**
Payments to acquire subsidiaries		**(17,389)**
Net cash outflow from acquisitions and disposals		**(17,447)**
Cash flows from financing activities		
Issue of ordinary share capital		**325,586**
Share issue costs		**(21,617)**
Net cash inflow from financing activities		**303,969**
Net increase in cash and cash equivalents		**115,346**
Cash and cash equivalents at beginning of period		**-**
Exchange gain on cash and cash equivalents		**628**
Cash and cash equivalents at end of period	**20**	**115,974**

Cash flows from operating activities		
Operating Loss		**(8,373)**
(Increase) in trade and other receivables		**(3,833)**
Increase in trade and other payables		**3,744**
Share options expensed		**1,392**
Foreign exchange loss		**58**
Net cash outflow from operating activities		**(7,012)**
Cash flows from investing activities		
Interest Received		**1,999**
Loans to subsidiaries		**(185,785)**
Net cash outflow from in investing activities		**(183,786)**
Acquisitions and disposals		
Payments to acquire subsidiaries		**(2,000)**
Net cash outflow from acquisitions and disposals		**(2,000)**
Cash flows from financing activities		
Issue of ordinary share capital		**325,586**
Share issue costs		**(21,617)**
Net cash inflow from financing activities		**303,969**
Net increase in cash and cash equivalents		**111,171**
Cash and cash equivalents at beginning of period		**-**
Exchange gain on cash and cash equivalents		**2,503**
Cash and cash equivalents at end of period	**20**	**113,674**

Group Statement of Changes in Equity
For the period ended 30 June 2008

Group	Called up share capital	Share premium reserve	Available for sale investment reserve	Foreign currency translation reserve	Share based payment reserve	Retained earnings	Total equity
	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's
As at 23 May 2007	**-**	-	-	-	-	-	-
Loss for the period	-	-	-	-	**-**	(6,742)	**(6,742)**
Loss on revaluation of available for sale investments	-	-	(62)	-	**-**	-	**(62)**
Currency translation differences	-	-	-	(285)	**-**	-	**(285)**
Total recognised income and expense	-	-	(62)	(285)	**-**	(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**
As at 30 June 2008	**-**	**338,861**	**(62)**	**(285)**	**2,029**	**(6,742)**	**333,801**

Company	Called up share capital	Share premium reserve	Foreign exchange reserve	Share based payment reserve	Retained earnings	Total equity
	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's
As at 23 May 2007	**-**	**-**	**-**	**-**	**-**	**-**
Loss for the period	-	-	-	-	**(3,275)**	**(3,275)**
Currency translation differences	-	-	11	-	**-**	**11**
Total recognised income and expense	**-**	**-**	**11**	**-**	**(3,275)**	**(3,264)**

Share capital issued	-	361,120	-	-	-	**361,120**
Cost of share issue	-	(22,259)	-	-	-	**(22,259)**
Share based payments	-	-	-	2,029	-	**2,029**
As at 30 June 2008	**-**	**338,861**	**11**	**2,029**	**(3,275)**	**337,626**

Notes to the Financial Statements
for the period ended 30 June 2008

1 Summary of Significant Accounting Policies

(a) Authorisation of financial statements

The Group financial statements of Polo Resources Ltd for the period ended 30 June 2008 were authorised for issue by the Board on 17 December 2008 and the balance sheets signed on the Board's behalf by Stephen Dattels and Neil Herbert. 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 Company's ordinary shares are traded on the AIM Market operated by the London Stock Exchange.

(b) Statement of compliance with IFRS

The Group's and Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The principal accounting policies adopted by the Group and Company are set out below.

New standards and interpretations not applied
IASB and IFRIC have issued the following standards and interpretations with an effective date after the date of these financial statements:

International Accounting Standards (IAS / IFRSs) and (Effective date)
IFRS 1 First time Adoption of International Financial Reporting Standards and Consolidated and Separate Financial Statements (1 January 2009)
IFRS 2 Amendment to IFRS 2 – Vesting Conditions and Cancellations (1 January 2009)
IFRS 3 Business Combinations - revised January 2008 (1 July 2009)
IFRS 8 Operating Segments (1 January 2009)
IAS 1 Presentation of Financial Statements - revised September 2007 (1 January 2009)
IAS 23 Borrowing Costs - revised March 2007 (1 January 2009)
IAS 27 Consolidated and Separate Financial Statements - revised January 2008 (1 July 2009)
IAS 32 Financial Instruments: Disclosure and Presentation and IAS 1 Presentation of Financial Statements (1 January 2009)
Improvements to IFRSs - May 2008 (1 January 2009)
IAS 39 Financial Instruments: Recognition and Measurement (1 January 2009)

International Financial Reporting Interpretations Committee (IFRIC)
IFRIC 13 Customer Loyalty Programmes (1 July 2008)
IFRIC 15 Agreements for the construction of real estate (1 January 2009)
IFRIC 16 Hedges of a net investment in a foreign operation (1 October 2008)

The amendment to IFRS 2 restricts the definition of vesting conditions to include only service conditions (requiring a specified period of service to be completed) and performance conditions (requiring the other party to achieve a personal goal or contribute to achieving a corporate target). All other features are not vesting conditions, and whereas a failure to achieve such a condition was previously regarded as a forfeiture (giving rise to a reversal of amounts previously charged to profit) it must be reflected in the grant date fair value of the award and treated as a cancellation, which results in either an acceleration of the expected charge, or a continuation over the remaining vesting period, depending on whether the condition is under the control of the entity or counterparty. The amendment is mandatory for periods beginning on or after 1 January 2009 and the Group is currently assessing its impact on the financial statements, although it is not expected to be material.

(b) Statement of compliance with IFRS (continued)

The Group does not anticipate early adoption of the revised IFRS 3 and so will apply it prospectively to all business combinations on or after 1 July 2009. Whilst it is not possible to estimate the outcome of adoption, the key features of the revised IFRS 3 include a requirement for acquisition-related costs to be expensed and not included in the purchase price; and for contingent consideration to be recognised at fair value on the acquisition date (with subsequent changes recognised in the income statement and not as a change to goodwill). The standard also changes the treatment of non-controlling interest (formerly minority interests) with an option to recognise these at full fair value as at the acquisition date and a requirement for previously held non-controlling interests to be fair valued as at the date control is obtained, with gains and losses recognised in the income statement.

IFRS 8 requires segment disclosure based on information presented to the Board. Whilst this is not expected to change the segment information currently provided, the future structure of the Group may change which would then impact the segment information provided.

Whilst the revised IAS 1 will have no impact on the measurement of the Group's results or net assets it is likely to result in certain changes in the presentation of the Group's financial statements from 2009 onwards.

The Directors do not anticipate that the adoption of the remaining standards and interpretations will have a material impact on the Group's financial statements in the period of initial application.

(c) Basis of preparation

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, and on a going concern basis.

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

(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 balance sheet, the acquiree's identifiable assets, 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.

Minority interests represent the portion of profit or loss and net assets in subsidiaries that are not held by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet.

(e) Business combinations

The acquisition of subsidiaries in a business combination is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *'Non Current Assets Held for Sale and Discontinued Operations'*, which are recognised and measured at fair value less costs to sell.

Where there is a difference between the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities and the cost of the business combination, any excess cost is recognised in the balance sheet as goodwill and any excess net fair value is recognised immediately in the income statement as negative goodwill on acquisition of subsidiary.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(f) Revenue

The Group had no revenue during the period ending 30 June 2008.

(g) Foreign currencies

The Company's functional currency is Sterling (£). 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 Ltd, 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.

(h) 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.

(i) Exploration and development costs

Exploration and development costs are carried forward in respect of areas of interest where the consolidated entity's rights to tenure are current and where these costs are expected to be recouped through successful development and exploration, or by sale. Alternatively, these costs are carried forward while active and significant operations are continuing in relation to the areas of interest and it is too early to make reasonable assessment of the existence or otherwise of economically recoverable reserves. When the area of interest is abandoned, exploration and evaluation costs previously capitalised are written off to the Income Statement.

In accordance with the full cost method, all costs associated with mining development and investment are capitalised on a project-by-project basis pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses but not general overheads. If a mining development project is successful, the related expenditures will be written-off over the estimated life of the commercial ore reserves on a unit of production basis. Impairment reviews will be carried out regularly by the Directors of the Company. Where a project is abandoned, or is considered to be of no further commercial value to the Company, the related costs will be written off.

The recoverability of deferred mining costs and mining interests is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition of recoverable reserves.

(j) 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.

(k) Significant accounting judgments, estimates and assumptions

(i) 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:
(ii) 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.
(iii) 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.

(l) 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.

(m) 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.

(n) 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.

(o) Investments

Investments in subsidiary undertakings are stated at cost less any provision for impairment in value, prior to their elimination on consolidation.

(p) 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 overseas subsidiaries in BVI, Mongolia and Australia whose expenses are denominated in US Dollars, Mongolian Turik, and Australian Dollars respectively. 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.

(q) 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.

(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 advisors 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

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% and 25%
All assets are subject to annual impairment reviews.

(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 revalued amount (in which case the impairment loss is treated as a revaluation decrease).

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 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, 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) of the Group in the form of share-based payments, whereby employees 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 Ltd (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 become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. 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, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 10).

(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) and preference share 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) and preference share 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 ordinary shares, adjusted for any bonus element.

2 Segmental analysis - Group

The Group has not commenced production and therefore recorded no revenue.

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

By geographical area

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

3 Operating loss

	2008	2008
	Group	**Company**
Operating loss is arrived at after charging:	**$ 000's**	**$ 000's**
Auditors' remuneration – audit	**64**	**50**
Auditors' remuneration – non audit services	**-**	**-**
Directors' emoluments – fees and salaries	**1,017**	**1,017**
Directors' emoluments – share based payments	**1,890**	**1,890**
Foreign exchange loss	**57**	**58**
Depreciation	**46**	**-**

Auditors remuneration for audit services above includes $13,420 charges by KPMG (Malaysia), relating to the audit of the subsidiary companies.

4 Employee information – Group

	2008
Staff Costs comprised:	**$ 000's**
Wages and salaries	**37**

Average Number of employees	**Number**
Exploration	**9**
Administration	**2**
	11

Notes to Financial Statements
for the period ended 30 June 2008, continued

5 Directors' emoluments

Group & Company

	2008
	$ 000's
Directors' remuneration	**2,907**

2008

	Directors Fees $ 000's	Consultancy Fees $ 000's	Shares & Options $ 000's	Total $ 000's
Executive Directors				
Stephen Dattels (#)	100	116	116	**332**
Neil Herbert (#)	195	-	855	**1,050**
Tony Bainbridge (#)	133	-	116	**249**
Paul Ingram (#)	167	102	279	**548**
Non-Executive Directors				
Guy Elliott	33	76	182	**291**
Harald Van Hoeken (#)	33	-	113	**146**
Danny Sun (#)	21	-	116	**137**
Suresh Hiremath (#)	33	8	113	**154**
	715	**302**	**1,890**	**2,907**

(#): These Directors were not employed during the full financial period.

No pension benefits are provided for any Director.

6 Other income

	2008 Group	2008 Company
	$ 000's	**$ 000's**
Management fees receivable	**-**	**3,099**

7 Finance revenue

	2008 Group	2008 Company
	$ 000's	**$ 000's**
Bank interest receivable	**2,000**	**1,999**

8 Taxation

	2008
Analysis of charge in period	**$ 000's**
Tax on ordinary activities	**-**

No taxation has been provided due to losses in the year.

The British Virgin Islands under the IBC imposes no corporate taxes or capital gains. However the Company as a group may be liable for taxes in the jurisdictions where it is developing mining properties.

In Mongolia, the Company provides for income taxes on the basis of its income for financial reporting purposes, adjusted for items which are not assessable or deductible for income tax purposes, in accordance with the regulations of the tax authorities. The tax rate is 10% for taxable profits up to MNT3 billion and 25% for taxable profits in excess of MNT3 billion

No deferred tax asset has been recognised because there is insufficient evidence of the timing of suitable future profits against which they can be recovered. No deferred tax liability has been recognised as a result of the losses in the period.

9 Dividends

No dividends were paid or proposed by the Directors.

10 Loss per share

The Loss for the period attributed to shareholders is $6.74 million.

This is divided by the weighted average number of Ordinary shares outstanding calculated to be 603.26 million to give a basic loss per share of 1.12 cents.

The share options and warrants in issue at 30 June 2008 are not considered dilutive as the Group made a loss in 2008. Therefore the Group has not presented a diluted loss per share

Notes to Financial Statements
for the period ended 30 June 2008, continued

11 Intangible assets

Group	$ 000's
Cost	
At 23 May 2007	-
Additions	73,588
As at 30 June 2008	**73,588**
Amortisation	
At 23 May 2007	-
Amortisation charge for the period	1,427
At 30 June 2008	**1,427**
Net book value	
At 30 June 2008	**72,161**

The cost is analysed as follows;

	$ 000's
Deferred exploration expenditure	**6,044**
Mining & exploration licences	**66,117**
	72,161

Impairment Review

At 30 June 2008, the Directors have carried out an impairment review and concluded no impairment provision is currently required.

12 Tangible assets

Group

	Property, plant & equipment $ 000's	Total $ 000's
Cost		
As at 23 May 2007	-	-
Additions	801	801
As at 30 June 2008	**801**	**801**
Depreciation		
As at 23 May 2007	-	-
Depreciation charge for the year	46	46
As at 30 June 2008	**46**	**46**
Net Book Value		
As at 30 June 2008	**755**	**755**

Impairment Review

At 30 June 2008, the Directors have carried out an impairment review and concluded no impairment provision is currently required.

13 Investment in subsidiaries

Shares in Group undertakings	**$ 000's**
Company	
Cost	
At 23 May 2007	-
Additions	24,842
As at 30 June 2008	**24,842**

The parent company of the Group holds more than 50% of the share capital of the following companies:

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
CM Logistics Ltd	BVI	100%	Holding Company
Indirect			
Via MUC Resources Ltd			
MUC Resources LLC	Mongolia	100%	Mineral Exploration
Via Polo Australasia Ltd			
Polo Resources Australia Pty Ltd	Australia	100%	Mineral Exploration
Via World Coal Works Corporation			
Polo Resources LLC	Mongolia	100%	Mineral Exploration
Via Polo Resources LLC			
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

Notes to Financial Statements
for the period ended 30 June 2008, continued

14 Interest in associates

	$ 000's
Group	
At 23 May 2007	-
Investments in associates – purchases	148,955
Share of associates loss for the period	(426)
As at 30 June 2008	**148,529**

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:

	Carrying Value	**Fair Value**
	$ 000's	**$ 000's**
GCM Resources Plc	**46,052**	**94,107**
Caledon Resources Plc	**102,477**	**127,967**
	148,529	**222,074**

Subsequent to 30 June 2008 the market value of the investment in Associates, has decreased substantially. It is considered that this decrease is a subsequent event that does not require adjustment at 30 June 2008. The market value of the interests in associates was $20,564,382 at 1 December 2008.

Details of the Group and Company's associates at 30 June 2008 are as follows:

Name	**Place of Incorporation**	**Proportion held**	**Date associate interest acquired**	**Reporting Date of associate**	**Principal activities**
GCM Resources Plc	UK	29.84%	01/02/08	30/06/08	Coal exploration
Caledon Resources Plc	UK	24.81%	05/06/08	31/12/07	Coal Mining

15 Investments – Non-current assets

Available for sale investments - Group	**2008**
	$ 000's
At 23 May 2007	**-**
Acquired during the year	**347**
Movement in market value	**(62)**
At 30 June	**285**

Available for sale investments comprise investments in listed securities, which are held by the Group as strategic investments. No unlisted available for sale investments are held. The market value of the listed investments as at 1 December 2008 was $185,419.

Notes to Financial Statements
for the period ended 30 June 2008, continued

16 Trade and other receivables

	2008	
	Group $ 000's	Company $ 000's
Current trade and other receivables		
Other debtors	**1,049**	**73**
Prepayments	**2,708**	**73**
Accrued income	**599**	**3,687**
Total	**4,356**	**3,833**
Non Current trade and other receivables		
Loans due from subsidiaries	**-**	**199,021**

The loans from subsidiaries are interest free and have no fixed repayment date.

17 Trade and other payables

	2008	
	Group	Company
	$ 000's	$ 000's
Current trade and other payables:		
Trade creditors	**2,288**	**1,575**
Taxation liabilities	**2,085**	**-**
Other creditors	**1,797**	**83**
Accruals	**2,089**	**2,086**
	8,259	**3,744**

18 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**
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	-
14 May 2008 for non-cash consideration	2,500,000	-
15 May 2008 for non-cash consideration	1,117,391	-
4 June 2008 for cash at 13p per share	620,000,000	-
20 June 2008 for non-cash consideration	80,000,000	-
As at 30 June 2008	1,874,239,816	**-**

Total share options in issue

During the period ended 30 June 2008, the company granted 77,000,000 options over ordinary shares.

As at 30 June 2008 the unexercised options in issue were;

Exercise Price	**Expiry Date**	**Options in Issue 30 June 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, and further warrants to subscribe for 13,020,000 and 5,580,000 at 13p per share to BMO Nesbitt Burns Inc., and Canaccord Adams Ltd respectively, for 12 months from the date of placing of 4 June 2008.

No options or warrants lapsed or were cancelled and no options or warrants were exercised during the period to 30 June 2008.

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 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
Consultant	04/03/2008	**See 1 below**	500,000	9	04/03/2018	10.46
Consultant	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.

19 Share Based Payments (continued)

The fair value of the options granted during the period ended 31 March 2008 amounted to $2.029million. 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.

20 Analysis of changes in net funds

	2008	
	Group	**Company**
	$ 000's	**$ 000's**
Balance at beginning of period	**-**	**-**
Change during the period	**115,974**	**113,674**
Balance at the end of the period	**115,974**	**113,674**

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, and in Australian Dollars. The Group's strategy for managing cash is to maximize 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 Company 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 considers 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.

21 Financial instruments (continued)

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	**2008**	
	Group	**Company**
	$ 000's	**$ 000's**
Sterling	**113,674**	**113,674**
USD	**2,300**	**-**
Australian Dollars	**-**	**-**
At 30 June 2008	**115,974**	**113,674**

The financial assets comprise cash balances in interest earning bank accounts at call. The financial assets in Sterling currently earn a range of interest rates from base rate (BR) set by the Bank of England to BR plus 2%.

Foreign currency risk

The following table details the Group's sensitivity to a 10% increase and decrease in the US Dollar against the relevant foreign currencies of Pound Sterling, Australian Dollar. 10% represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated investments and other financial assets and liabilities and adjusts their translation at the period end for a 10% change in foreign currency rates. The following table sets out the potential exposure, where the 10% increase or decrease refers to a strengthening or weakening of the US Dollar:

	Profit or loss sensitivity		**Equity sensitivity**	
	10% increase $ 000's	**10% decrease $ 000's**	**10% increase $ 000's**	**10% decrease $ 000's**
Pound Sterling	(267)	267	(1,138)	1,138
Australian Dollar	(17)	17	(53)	53
	(284)	284	(1,191)	1,191

22 Material non-cash transactions

On 1 February 2008, the company issued 72,340,425 shares in part consideration for the acquisition of MUC Resources LLC, and Polo Resources LLC, as detailed in Note 24.

On 20 June 2008, the company issued a further 80,000,000 shares as part of a contingent clause in the acquisition agreement for the above named Mongolian subsidiaries.

23 Commitments

As at 30 June 2008, the Company had entered into the following material commitments:

Exploration commitments
Ongoing exploration expenditure is required to maintain title to the Group's mineral exploration permits. No provision has been made in the financial statements for these amounts as the expenditure is expected to be fulfilled in the normal course of the operations of the Group.

As per the purchase agreement signed between Polo Resources and the seller, there is still an outstanding capital commitment of US$1,330,000 with regards to license purchases.

24 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 adjustment	Fair value
	$'000	$'000	$'000
Property, plant and equipment	17	-	17
Cash and cash equivalents	10	-	10
Trade and other receivables	991	-	991
License costs	3,035	2,612	5,656
Exploration costs	212	-	212
	4,265	2,612	6,886
Trade creditors	(1,119)	-	(1,119)
Other creditors	(3,181)	-	(3,181)
	(4,300)	-	(4,300)
Fair value of net assets			2,586
Consideration:			
Cash paid			800
Shares issued (1 February 2008)			1,786
			2,586
The cash outflow on acquisition was as follows;			
Net cash acquired with subsidiary			10
Cash paid			800
Net cash outflow			810

24 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 $'000	Fair value adjustment $'000	Fair value $'000
Property, plant and equipment	129	-	129
Cash and cash equivalents	(135)	-	(135)
Trade and other receivables	4,522	-	4,522
Other debtors	3,204	-	3,204
Investment in subsidiaries	9,260	-	9,260
License costs	10,402	22,828	33,230
Exploration costs	1,412	-	1,412
	28,794	22,828	51,622
Trade and other payables	(11,862)	-	(11,862)
Other creditors	(17,627)	-	(17,627)
	(29,489)	-	(29,489)
Fair value of net assets			22,133
Consideration:			
Cash paid			1,200
Shares issued (1 February 2008)			2,679
Shares issued (20 June 2008) (*)			18,254
			22,133
The cash outflow on acquisition was as follows;			
Net cash acquired with subsidiary			(135)
Cash paid			1,200
Net cash outflow			1,065

(*) On the 20 June 2008, the Company issued a further 80million ordinary shares to the sellers, as part of a contingent clause in the acquisition agreement for MUC Resources LLC, and Polo Resources LLC, the terms of which had been subsequent to the original agreement been met by the acquisition of further licences in the Mongolian regions.

Notes to Financial Statements
for the period ended 30 June 2008, continued

25 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 period, the Group paid costs of $423,338 to Asia Intercept Mongolia LLC, a Company related to Tony Bainbridge and Danny Sun, Director of Polo Resources Ltd. This amount was paid under a management services agreement dated 29 January 2008 and primarily related to the provision of labour, office and associated operational costs in Mongolia prior to Polo procuring its own facilities and resources.

The Group also incurred costs of £40,416 to Regent Mercantile Ltd during the period, a Company under the control of Mr. S Dattels, Chairman of Polo Resources Ltd. This was expended for the provision of administration and support services and recharge of direct related expenses.

During the period, the Group also paid £46,178 to its subsidiary Polo Australia Pty Ltd to meet costs due on a research project 'Pipeline' for the distribution of coal using a pipeline system. These costs were paid to an Australian based company in respect of which Mr P Ingram, Director of Polo Resources Ltd is a shareholder.

The terms and conditions for the above transactions are based on normal trade terms.

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.

	2008
	$ 000's
Short-term employee benefits	**1,017**
Share-based payments	**1,890**
	2,907

26 Post balance sheet events

Since the balance sheet to 23 September 2008, the Group increased its investment in its associate Caledon Resources Plc from 24.81% to 26.3% with the purchase of 3,655,000 shares in the market.

On 25 September 2008, Suresh Hiremath resigned as a non-executive director of the company.