



**POLO RESOURCES LIMITED**

(“Polo” or the “Company”)

**RESULTS FOR THE TWELVE MONTHS ENDED 30 JUNE 2012**

Polo Resources Limited (AIM: POL, TSX: POL) today announces its audited results for the 12 months ended 30 June 2012.

**Financial and Operational Highlights**

- Sale of coking coal producer Caledon Resources Plc, which realised proceeds of US\$163.2 million
- Subsequent return of US\$71.5 million to shareholders
- Cash and cash equivalents of US\$42 million at 30 June 2012
- Company repositioned towards gold and oil and gas. Substantial investments made in:
  - Nimini Holdings Limited (“Nimini”) (US\$16.5 million) and
  - Signet Petroleum Limited (“Signet”) (US\$27 million)
- Net Asset Value per share of 3.85 pence per share

**Neil Herbert, Executive Co-Chairman and Managing Director of Polo said,**

"Over the last 12 months, management has repositioned Polo's commodity exposure towards gold and oil and gas. This exposure has made Polo's portfolio more resilient in these challenging economic times and will serve as a store of value for the Company.

"The investments made during the year in the gold and oil and gas exploration sectors, through Nimini Holdings Limited and Signet Petroleum Limited respectively, have transformed Polo's portfolio."

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**About the Company**

Polo Resources is a natural resources investment company focused on investing in undervalued companies and projects with strong fundamentals and attractive growth prospects. For further details on Polo Resources please see our website: [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 Co-Chairmen's Report**

Over the last 12 months, management has repositioned Polo's commodity exposure towards gold and oil and gas. This exposure has made Polo's portfolio more resilient in these challenging economic times and will serve as a store of value for the Company.

Polo pushed ahead in the year under review with our stated refocus on gold and oil and gas, targeting highly prospective projects and in-demand commodity sectors.

The investments made during the year in the gold (Nimini Holdings Limited) and oil and gas exploration (Signet Petroleum Limited and Equus Petroleum Plc) sectors have transformed Polo's portfolio. Nimini and Signet are private companies with good potential to deliver substantial returns to shareholders in a difficult environment for natural resource investments. Subsequent to the year end, Polo has also acquired a significant interest in the oil and gas explorer Regalis Petroleum Limited ("Regalis"), which has exciting potential in Namibia and elsewhere across Africa.

Polo's primary objective has always been to invest in companies and in projects that have the potential to achieve substantial growth and shareholder returns, and to make timely investments in line with this goal. By utilising our strong cash position to acquire strategic interests in the gold and oil and gas sectors, and by managing our investments in the iron ore and coal sectors, we continue to fulfill our stated objectives with an eye to short-term value release and medium and longer term Net Asset Value ("NAV") appreciation.

During the year, Polo continued its strong track record of returning value to shareholders. Following the divestment of our interest in coking coal producer Caledon Resources Plc (which realised proceeds of US\$163.2 million) we returned US\$71.5 million to shareholders on 5 October 2011 through a two pence per share special dividend. Polo distributed in aggregate US\$185.4 million to shareholders in the two years to June 2012, a rare feat for an AIM-listed company, made possible by the timely realisation of investments.

### **Moving into Gold and Oil and Gas**

Our acquisition of an extensive land package comprising three exploration licences totaling some 180 square kilometres in Sierra Leone from TSX-listed AXMIN Inc. ("AXMIN"), which was completed in December 2011, gives Polo a substantial presence in the gold sector. Whilst continuing uncertainty resulting from the global financial crisis has negatively impacted the prices of some natural resource commodities, gold prices are at historic highs and are expected to remain strong for the foreseeable future.

The independent global resource estimate (by SGS Canada Inc., June 2012) for Nimini's Komahun Project ("Komahun") includes 521,000 gold ounces in the indicated category - a 374 per cent. increase on previously announced indicated resources - and 263,000 gold ounces in the inferred category. That estimate included all data to 20 February 2012 and will be followed by a further estimate to be published in first quarter 2013, which will include the results of the substantial drilling undertaken since that date.

Komahun has the potential to progress quickly from exploration to mine development stage, which represents a significant enhancement of value over the near-term.

Throughout the year, Polo made substantial investments in the private oil and gas exploration company Signet. Following investments made in July and August 2011 and May 2012, Polo currently holds approximately 21.7 per cent. of Signet's issued share capital. Signet has a number of oil and gas concessions in East and West Africa with good potential, and is actively exploring large-scale oil projects in Namibia, Sierra Leone, Tanzania, Burundi and Benin. Extensive seismic interpretation is underway and results are expected in 2013.

In our opinion, the interest in Signet provides a good investment opportunity with considerable upside potential. Signet's portfolio compares well to those held by similar sized exploration companies in the region and is highly prospective for commercial oil and gas discovery, which would create significant short and longer term shareholder value.

Our recent investment in the independent oil and gas company Regalis further enhances our exposure to the sector and provides excellent upside potential. Having previously raised U\$30 million from a major financial institution, Regalis has acquired a 72.5 per cent. interest in Block 2813B offshore Namibia and has other high potential opportunities that are in an advanced stage.

Similarly, the investment made during the year in Equus Petroleum Plc ("Equus"), the recently formed Central Kazakhstan energy company, gives Polo an investment presence in the oil production sector. Equus is producing 5,000 barrels of oil per day ("bopd") from its extensive acreage. In the foreseeable future, that figure could rise to as much as 20,000 bopd as a result of further investments in existing and new wells.

## **Outlook**

We expect to deliver growth to Polo's NAV over the medium-term. Management continues to assess its investment portfolio and takes a cautious approach to new investments in the current market environment. The focus is on delivering value to shareholders from our current portfolio, with a particular focus on our gold and oil and gas investments.

We would like to thank our fellow directors and all our shareholders for their support and look forward to updating shareholders of our progress at the appropriate time.

Neil L. Herbert  
Executive Co-Chairman

Stephen R. Dattels  
Executive Co-Chairman

## Financial Review

In the year under review, Polo utilised its strong cash position to develop an active presence in the African gold and oil and gas sectors, and to release significant value to shareholders. The Company is well positioned for further growth.

The purpose of this review is to provide a further analysis of the Company's consolidated 2012 results and the main factors that affected this financial performance. The Financial Review should be read in conjunction with the financial statements and associated notes on pages 33 to 59 of this report.

Following on from the previous financial year, which was characterised by the disposal of Polo's largest uranium investment, Extract Resources Limited, the Company re-focused its investment strategy in the year under review. The Company acquired strategic interests in the gold and oil and gas sectors, utilising its strong cash position to pursue attractive value-adding growth opportunities. The Company continued to realise and return financial gains for shareholders through the disposal of its investment in Caledon Resources Plc ("Caledon").

During the year, the Group made a profit on ordinary activities after taxation of US\$7.2 million (2011: US\$65.2 million). Substantial investments were made in the acquisition of Sierra Leone gold explorer Nimini Holdings Limited ("Nimini") (US\$16.5 million) and Signet Petroleum Limited ("Signet") (US\$27 million), the independent African oil and gas exploration company. Net cash flows received from investing activities totalled US\$112.5 million, primarily as a result of proceeds received from the successful disposal of the Company's interest in Australian coal producer Caledon in August 2011 (realising a net gain on the investment of US\$18.83 million). Polo released value to shareholders through a special dividend paid out on 5 October 2011 of 2 pence (gross) per issued share in the Company and in total US\$71.5 million.

Basic earnings per share for the year ended 30 June 2012 was US\$0.31 (2011: US\$2.75).

### TRANSACTIONS

#### Nimini Holdings Limited

Several strategic transactions were completed during the year under review. In August 2011, Polo entered into an agreement with TSX-listed AXMIN Inc. for a cash consideration of US\$7.5 million, to acquire a 51 per cent interest in Nimini, a company that owned AXMIN's Sierra Leone gold assets, with the transaction completing on 29 September 2011. On 14 December 2011, Polo acquired the outstanding 49 per cent. interest in Nimini for a cash consideration of US\$9 million. Subsequently (March 2012), Polo appointed Plinian Capital Limited ("Plinian") as operator of the Company's Sierra Leone gold projects and Plinian's subsidiary Plinian Guernsey Limited acquired a 10 per cent holding in Nimini for a total consideration of US\$2.5 million, which valued 100 per cent of Nimini at US\$25 million.

The pace of work has accelerated at the Nimini licences, resulting in a significant increase in gold resources reported in June 2012. The mineral resource estimate is scheduled to be updated in the first quarter of 2013 and a Pre-Feasibility Study is expected to be completed early in the second quarter 2013. The project demonstrates attractive gold grades and has excellent potential for future mine development.

## **Signet Petroleum Limited**

In line with Polo's strategic decision to target strong oil and gas investments, the Company made five investments between July 2011 and May 2012 into Signet Petroleum Limited totalling US\$27 million. Polo acquired 7,809,522 Signet shares, representing 21.7 per cent of Signet's issued shares and 17.9 per cent. of Signet's issued shares on a fully diluted basis. This share acquisition opens up significant opportunities to add value in a highly sought after African oil and gas sector.

### **IMPAIRMENT OF INVESTMENTS**

During the year under review, Polo reassessed the carrying values and fair values of some of Group's investments. Notably, the Joint Venture in the Colombian gold explorer Andina Gold Corporation was terminated following continuous delays in the registration of licences, which resulted in a loss of US\$2.2 million.

Polo made a full financial provision against the value of its investment in MinFer Holdings Limited ("MinFer"), following disappointing results from the exploration work at the Colomi Project in Brazil. However, recent drilling at MinFer's Rio dos Bois Project is considered more promising and further analysis is underway.

Polo continues to evaluate strategic options with respect to maximising the value potential of its shareholding in GCM Resources Plc.

### **FINANCIAL POSITION**

At the date of this report, the Company's value comprised strategic investments of US\$99.1 million (listed investments: US\$8.3 million and unlisted investments: US\$90.8 million) and cash, receivables and short term equity investments of US\$43.2 million of which US\$25.9 million is cash, resulting in a combined total of US\$142.3 million and a Net Asset value per share of 3.85 GB pence per share.

The Company has retained its strong equity position and has sufficient funds to build upon the current portfolio of investments, with a particular focus on the development of the Nimini Gold Project and interests in the African oil and gas sector.

# Investment Update

Polo re-focused its strategy during 2011, to concentrate on undervalued companies in the gold and oil and gas sectors. The Directors believe that Nimini and Signet have excellent potential to add value over the near and medium term.

## Gold

### Nimini Holdings Limited

- Gold Projects, Sierra Leone
- 90 per cent. equity interest

Given the encouraging results obtained from the ongoing exploration drill programme at the Komahun Project, and the grant of its Environmental Licence, Polo accelerated its application for a large-scale Mining Licence for the proposed mine. The Mining Licence was awarded in November 2012 for an initial 25-year period. Once the Pre-Feasibility Study is complete (expected second quarter 2013), Polo will consider fast tracking a Bankable Feasibility Study to allow an early decision for mine development, plant construction and first gold production.

### Key Information

- Two gold projects: the contiguous Nimini East and West licences (now combined into one Mining Licence) in the Kono District and the Matotoka licence in the Tonkolili District
- Flagship Komahun Project has Canadian NI 43-101 compliant global indicated resource of 521,000 ounces gold and inferred resource of 263,000 ounces gold, based on results up to 20 February 2012
- Increase of 374 per cent. in indicated resource since the previous resource estimate in September 2008
- On-going, fully funded in-fill and depth extension drill programme commenced in May 2012. The drill programme totalling approximately 29,000 metres, is scheduled for completion by mid-December. The programme has been planned to extend the depth of the current resource base to at least 700 metres below surface and to extend the strike length of Komahun to the north-east
- New mineral resource estimate scheduled for first quarter 2013
- Results obtained to date indicate a larger deposit at Komahun than previously modelled
- Mining Licence and Environmental Licence granted
- Pre-Feasibility Study scheduled for completion early in second quarter 2013; Bankable Feasibility Study planned to follow
- Several untested targets identified for follow-up. Trenching and pitting programmes are currently underway on a selection of these targets
- Comprehensive review at Matotoka of all data (soil sampling and Versatile Time-Domain Electromagnetic survey) has identified targets for infill soils surveys, trenching and induced polarization geophysical surveys.

### Recent Drilling Results

Nimini has recently developed a new nomenclature for the Komahun deposit to encompass the former "Main Zone" in addition to the strike extension bodies that have been, or are currently being, delineated by exploration activities. The deposit has been segmented into Blocks 1, 2 and 3. The new nomenclature is:

- Block 1: The former Main Zone (comprising mineralised Zones 1, 2 and 3) which is some 440 m in strike extent;

- Block 2: The eastwards extension of Zone 2 from Block 1 to the eastern limit of Zone 2 2) being some 360 m in strike extent; and
- Block 3: The newly discovered strike extension, from the eastern limit of Block 2 to the eastern boundary of the Mining Licence, of a potential 430 m strike extent

Highlights announced on 5 December 2012 include:

- Drill results received from Block 3 to date imply strike continuity for approximately a further 250 metres eastwards from Block 2, with assay results outstanding from further holes drilled for another 200 metres to the east towards the Mining Licence eastern boundary
- 11.60 g/t over 5 m from 83 m in NWKD307 and 15.81 g/t over 5 m from 154.50 m in NWKD312 as part of the maiden drill programme in Block 3
- 5.72 g/t over 11.77 m from 381.50 m in NWKD301, which lies to the east of the currently modelled extent of Zone 1, Block 1
- 6.84 g/t over 13.5 m from 366 m in NWKD300 at the current depth-limit of the existing Indicated Mineral Resource wireframe for Zone 2, Block 1
- 15.18 g/t over 12.85 m from 339.70 m in NWKD296A near the modelled Inferred Mineral Resource south-western extent of Zone 1, Block 1
- 6.46 g/t over 3.61 m from 476.89 m in NWKD294 which has intersected mineralisation down-dip and to the east of the currently defined Zone 3, Block 1 Inferred Mineral Resource wireframe
- 6.20 g/t over 4.08 m from 383.08 m in NWKD292 in Zone 2, Block 1
- 5.44 g/t over 2.67 m from 311.00 m (Zone 1), 8.49 g/t over 3.56 m from 318.08 m (Zone 2) and 5.56 g/t over 3.31 m from 346.26 m (Zone 3) in NWKD290 (infill hole)
- 25.23 g/t over 6.24 m from 341.80 m in NWKD289 (Zone 2, Block 1), an infill hole designed to increase the extent of the Indicated Mineral Resource wireframe
- 6.46 g/t over 6.85 m from 347.00 m in NWKD288 (Zone 1, Block 1)
- 14.34 g/t over 3.91 m from 520.59 m in NWKD304 which extends the depth of Block 1 mineralisation by some 55 m below surface

## Background

Polo announced on 1 August 2011 that it had entered into an agreement with TSX-listed AXMIN Inc. to acquire a 51 per cent. interest, for US\$7.5 million, in a new company (Nimini Holdings Limited) that would own AXMIN's Sierra Leone gold assets. Polo completed the acquisition of Nimini in December 2011, acquiring the outstanding 49 per cent. interest for a cash consideration of US\$9 million

Plinian Capital Limited was appointed in March 2012 to manage all of Nimini's exploration, development, administrative and production activities, Plinian's subsidiary, Plinian Guernsey Limited, taking a 10 per cent. equity stake in the Nimini for US\$2.5 million.

Polo was pleased to announce a significant increase in the gold resource estimate at the Komahun Project in June 2012. SGS Canada Inc.'s independent estimate was based on results from 68 new diamond drill holes, totaling 11,528 metres, drilled since the previous SRK Consulting (UK) Limited estimate of September 2008. Indicated resources increased by 374 per cent. to 521,000 ounces gold (3.528 million tons grading 4.59 g/t). Inferred resources were 263,000 ounces gold (2.248 million tons grading 3.64 g/t).

Drilling is on-going as Nimini targets at least a one million ounce total gold resource from the current programme. The most recent results (announced post balance sheet, on 5 December 2012) are extremely encouraging, and include grades as high as 25.23g/t over 6.24 metres from 341.8 metres, 15.18 g/t over 12.85 metres from 339.7 metres and 14.34 g/t over 3.91 metres from 520.6 metres.



Polo is pleased with the substantial progress that is being made under the management of Plinian Capital at Komahun and across the Nimini licences. With further drilling underway at Komahun and the environmental and mining licences having been granted, this highly prospective investment is well positioned for further increases in gold resources and for near-term development into Sierra Leone's first underground gold mining operation.

## **Qualified Person and Technical Report**

The technical information contained in this Annual Report relating to Nimini's mining projects has been reviewed and approved by Dr Brendan Clarke, the Geological Operations Manager of The MSA Group. Dr Brendan Clarke is a Member of the Geological Society of South Africa and a Professional Natural Scientist (Pr.Sci.Nat) registered with the South African Council for Natural Scientific Professions. Dr Clarke has sufficient experience relevant to the style of mineralisation under consideration and to the activities which are being reported, to qualify as a Qualified Person for the purposes of this announcement. For complete disclosure of the Nimini resource estimate, refer to the Technical Report prepared in compliance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects and filed on SEDAR at [www.sedar.com](http://www.sedar.com) on 6 August 2012.

## **Oil & Gas**

### **Signet Petroleum Limited**

- Oil and Gas Projects, Africa
- 21.7 per cent. equity interest

The investment in Signet Petroleum is a critical element in Polo's strategy to increase its exposure to the oil and gas sector. Signet is making significant progress across its oil and gas projects in Africa, with initial interpretation of the company's Mnazi Bay (Tanzania) 3D seismic data reinforcing estimates that the block contains a number of prospective targets.

### **Tanzania**

- Interpretation of 3D seismic data suggests that the offshore Mnazi Bay North Block, Tanzania, contains a number of prospective targets up-dip from nearby discoveries. Interpretation and modelling is continuing
- Well positioned as an early development opportunity into the domestic energy market (unsatisfied domestic demand for natural gas is estimated at over 500 mmscf/d)
- New Mtwara to Dar es Salaam Gas Pipeline project inaugurated by the Government of the United Republic of Tanzania on 21 July 2012. The 532-km pipeline will link the Mnazi Bay gas field to Tanzania's largest city. Construction is underway and is expected to take 12-24 months to complete
- Natural gas will be transported to large-scale electricity producers, other industrial users and major population centres in Tanzania
- Plans for new Mnazi Bay 300MW gas fired power plant announced by Government of Tanzania on 13 October 2011

### **Additional projects**

- 75 per cent. working interest in Block 2914B (12,299 square kilometres) in the highly prospective Orange Basin, Namibia
- Processing of the 2D seismic data collected in conjunction with Spectrum ASA has been completed and initial interpretations concluded. The company is now conducting Post Stack Depth Migration processing and interpretation

- Signet acquired historical technical data on its Burundi licence, Block C, southern offshore Rusizi Basin. Evaluation is advancing
- Joint venture with Surestream Petroleum Limited has purchased a 50 per cent. interest in the seismic vessel, the 'Tanganyika Explorer', which will undertake 2D multi-client seismic services on Lake Tanganyika. Seismic sea trials are expected to commence in Q1 2013 and data acquisition will commence on Lake Tanganyika from April 2013.
- Surestream JV gives Signet a technical advantage across Lake Tanganyika

Signet holds a portfolio of earlier-stage exploration projects in a number of other territories; including a 10 per cent. stake in licence block SL 7A-10 in Sierra Leone and a 90 per cent. working interest in Block 3 (2,863 square kilometres), offshore Benin.

### **Regalis Petroleum Limited**

- Oil and Gas Projects, Africa
- 8.32 per cent. equity interest

Polo's strategic interest in the private and independent oil and gas company Regalis Petroleum Limited ("Regalis") offers good upside potential as Regalis works to acquire and develop key oil concessions in Namibia and other countries in sub Saharan Africa.

- Regalis has already acquired a 70 per cent. operating interest in Block 2813B offshore Namibia where 2D seismic data has recently been acquired and is currently being interpreted
- Additional opportunities in an advanced stage and acquisition opportunities in Cameroon and Congo
- Regalis is well capitalised to build a strong exploration footprint across Africa and to drive asset upside through exploration, including 2D and 3D seismic acquisition.

### **Equus Petroleum Plc**

- Energy and petroleum, Kazakhstan
- 1.95 per cent. equity interest

The investment in Equus Petroleum Plc ("Equus") gives Polo a presence in the producing oil and gas sector. Equus is already producing oil at its extensive licence concessions in Central Kazakhstan and operations are ramping up. This suggests good potential for value accretion over the short and medium term.

Polo invested US\$2.6 million in Equus, which has a 1,500 square kilometre licence in the South Turguay Basin in Central Kazakhstan, a prolific oil production region with excellent proximity to established oil and gas infrastructure

## Coal

### GCM Resources Plc

- Coal Projects, Bangladesh
- 29.8 per cent. equity interest

GCM Resources (“GCM”) has identified a world-class coal resource of 572 million tonnes (JORC compliant) in Northwest Bangladesh, called the Phulbari Coal Project (“the Project” or “Phulbari”). GCM is awaiting approval from the Government of Bangladesh to develop the Project.

- The combination of high quality coal, a large resource, thick seams and low operating costs make Phulbari a world-class deposit
- The Government of Bangladesh estimates that power generation from coal fired power plants will increase by 19,200 mega-watts (mw) over the next 18 years
- Coal from the Phulbari Coal Project could support up to 4,000mw of power generation and would be considerably cheaper than importing coal
- GCM has intensified its efforts to obtain approval for developing the Project from the Government of Bangladesh.

## Iron Ore

### Ironstone Resources Limited

- Iron Ore and Precious Metal Projects, Canada
- 15.7 per cent. equity interest

By developing the Clear Hills Project and driving development across its asset base, Ironstone Resources Limited (“Ironstone”) is generating good potential to add value over the medium and longer term. The conclusion of process development work for the iron at Clear Hills is now anticipated for mid-2013, with a Preliminary Economic Assessment to follow.

- Ironstone’s portfolio of strategic mineral deposits in Alberta and Ontario, Canada, includes the Clear Hills Iron Ore/Vanadium Project in Alberta
- Additional permits acquired in the Clear Hills area, bringing the total licence area to 190,904 hectares
- NI 43-101 compliant resource (SRK Consultants (Canada) Inc., July 2012) has been increased to 557.7 Mt Indicated Fe and 94.7 Mt Inferred Fe
- A drill programme (31 holes, 1,403 metres) was conducted at the South Whitemud area in February 2012, which successfully described the southernmost end of the Clear Hills iron deposit. SRK’s Technical Report notes that the deposit is open to the east, west and has been encountered at South Whitemud, 11 km south of the current resource area
- Assessment Report filed with Alberta Energy for the mineral permits held by Ironstone in the Clear Hills. Permits have been extended to 2020 and beyond

## Management and Leadership

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

### Executive Directors

#### **Neil L. Herbert (aged 46)**

##### **Executive Co-Chairman and Managing Director**

Mr. Herbert has managed resource exploration and mining companies since 1998 when he joined Antofagasta Plc having previously worked in finance with Price Waterhouse. He was appointed Executive Director of Polo Resources in 2008, Managing Director in 2009 and Executive Co-Chairman in 2010. He is also Chairman of uranium explorer UrAmerica Limited, in which Cameco is a significant shareholder, and he is a Director of Nimini Holdings Limited and African oil explorer Signet Petroleum Limited. Mr. Herbert has previously managed a number of resource companies taking these through project acquisitions and disposals together with stock market listings and fund raisings and was formerly Finance Director of UraMin Inc. from formation in 2005, taking the company through listing on both AIM and TSX to raise over US\$400 million and managed its sale for US\$2.5 billion in 2007. He was also formerly Finance Director of Galahad Gold Plc, International Molybdenum Plc, Kalahari Diamonds Plc and Patagonia Gold Plc and was also Chief Financial Officer of Brancote Holdings Plc. He is a fellow of the Association of Chartered Certified Accountants.

#### **Stephen R. Dattels (aged 65)**

##### **Executive Co-Chairman**

Mr. Dattels is a seasoned senior mining executive and is Executive Co-chairman of two companies listed on the AIM market of The London Stock Exchange, both of which are in the mining sector: Polo Resources Limited and West African Minerals Corporation, where he is also Chief Executive. In late 1982 he joined Barrick Gold Corporation and was one of the key executives during its formative years, where he was involved in the company's growth from a capital base of US\$10 million to a market capitalisation of over US\$2 billion when he left in early 1987. Since leaving Barrick, Mr. Dattels has been a mining financier of numerous mining ventures in several continents in diverse commodities including gold, uranium, copper, iron ore and coal. In 2005 he founded UraMin Inc., which acquired and developed uranium assets in Africa. The Company was sold in August 2007 to Areva, the French Government-owned, fully integrated nuclear company for cash consideration of approximately US\$2.5 billion. He is also an active investor in oil and gas exploration in Africa. Mr. Dattels is currently a Non-Executive Director of AIM listed GCM Resources Plc and Non-Executive Co-Chairman of Hong Kong listed Regent Pacific Group. Mr. Dattels has a Bachelor of Arts degree from McGill University, a law degree (cum laude) from the University of Western Ontario and has completed the Program for Management Development at Harvard University.

#### **Ian Burns (aged 53)**

##### **Finance Director**

Mr. Burns is a fellow of both the Institute of Chartered Accountants in England and Wales and the Chartered Institute for Securities and Investment. He is the founder and Senior Executive Director

of Via Executive Limited, a specialist management consulting company and the Managing Director of Regent Mercantile Holdings Limited, a privately owned investment company. For over twenty years Mr. Burns has specialised in corporate governance, risk management, accounting and administration for companies in a number of industry sectors and is currently a Non-Executive Director of Phaunos Timber Fund Limited, a US\$500 million company listed on the London Stock Exchange, as well as several fund management companies engaged in the property, emerging markets and alternative energy sectors. He is licensed as a personal fiduciary by the Guernsey Financial Services Commission. Previously Mr. Burns was an Executive Director at Anson Fund Management Limited and, prior to that, Group Managing Director of Investec Trust. He is the former Chairman of the Guernsey Association of Trustees and a current member of the Society of Trust and Estate Planners Guernsey committee.

**Guy Elliott (age 54)**  
**Senior Non-Executive Director**

Mr. Elliott is a co-founder of F3 Capital Management, LLC, an independent alternative asset management firm specialising in early stage financings in the natural resources field. Previously Mr. Elliott was president and co-founder of Croesus Capital Management, a specialist emerging markets hedge fund from 1993 to 2001, President of Rothschild Emerging Markets and manager of the Rothschild Emerging Markets Natural Resources Fund. Mr. Elliott is Vice Chairman of AIM listed Top Level Domain Holdings. Past Directorships include Aurelian Oil & Gas an AIM listed E&P company and Direct Petroleum Exploration Inc., a private Denver based E&P company.

**Bryan Smith (age 73)**  
**Non-Executive Director**

Mr. Smith has more than 30 years of experience in the securities industry and is a recognised leader in the Canadian financial industry. Mr. Smith began his career in 1967 with Nesbitt Thomson. In 1973 he joined Draper Dobie Limited, holding subsequently senior roles, including Vice President and Director. Mr. Smith has also held the role of Senior Vice President of Gardner Watson Limited, now Dean Witter, and Senior Vice President and Director of Walwyn Stodgell Limited. Mr. Smith was a cofounder and former Director of Burgundy Asset Management. He was pivotal in the firm's growth to its position as top Canadian equity performer in 2000 and ranking in the number two position for the past five years. Burgundy has significant assets under management for clients that range from pension funds, charitable foundations, public and private corporations as well as wealthy private clients. Mr. Smith has been a Director of a number of public and private companies, including Northbridge Financial Corporation and Bioscrypt Inc.

**Jim Mellon (aged 55)**  
**Non-Executive Director**

Mr. Mellon has been a fund and asset manager for nearly thirty years. He is an avid participant in a number of markets, in particular the stock markets of emerging nations. Mr. Mellon started his career with GT Management Plc in 1978. In July 1984, he moved to the Thornton Group where he was Managing Director of the Asian operation. From 1988 to 1990, he was an Executive Director of Tyndall Holdings Plc, responsible for business expansion and corporate development. Mr. Mellon is the founder, principal shareholder and co-Chairman of the Regent Pacific Group, quoted on the Hong Kong Stock Exchange. He is also founder, principal shareholder and a Non-Executive Director of Charlemagne Capital and Non-Executive Co-Chairman of West African Minerals Corporation, both listed on the AIM market.

**Ian Stalker (age 61)**  
**Non-Executive Director**

Mr. Stalker is a chemical engineer, with an outstanding history in developing and managing a number of mining projects in Europe, Africa and Australia over the past 35 years. He has worked his way up from operational roles in base and precious metals companies to senior project development and director positions with some of the largest mining companies in the world and has successfully managed eight mining projects throughout the world through feasibility study, development and construction phases. Mr. Stalker is Chief Executive Officer and Director of Brazilian Gold Corporation. He was CEO of Berkeley Resources Limited and was formerly Chief Executive Officer of URU Metals Limited (formerly Niger Uranium Limited) from 2008 until April 2010. Prior to that, he was Chief Executive Officer of UraMin Inc. from late 2005 until it was acquired for US\$2.5 billion in July 2007. He has worked in senior executive roles at Gold Fields Limited, Zambia Consolidated Copper Mines Limited, Ashanti Goldfields Company Limited and Caledonia Mining Corporation. He has also been a senior metallurgical consultant for Lycopodium, the Australian-based engineering company.

## **Forward-looking Statements**

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

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

# Consolidated Annual Financial Statements

## For the year ending 30 June 2012

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# Directors' Report

The Directors are pleased to present this year's Annual Report together with the consolidated financial statements for the year ended 30 June 2012.

## Principal Activities

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

## Business Review and Future Developments

A review of the current and future development of the Group's business is given in the Highlights, Executive Co-Chairmen's Statement, Finance Review and Investment update on pages 1 to 11.

## Results and Dividends

Profit on ordinary activities of the Group after taxation amounted to US\$7.2million (2011: US\$65.2million). The Directors do not recommend payment of a dividend in respect of the financial year under review; however a special dividend of 2 pence per share was paid on 5 October 2011.

## Key Performance Indicators

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

## Post Balance Sheet Events

At the date these financial statements were approved, being 6 December 2012, the Directors were not aware of any significant post balance sheet events other than those set out in the notes to the financial statements.

# Directors' Report (continued)

## Directors

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

<u>Director</u>	<u>Date of Appointment</u>	<u>Date of Resignation</u>
-----------------	----------------------------	----------------------------

### Executive Directors

Stephen Dattels  
Neil Herbert  
Ian Burns

### Non-Executive Directors

Guy Elliott  
Bryan Smith  
James Mellon  
Ian Stalker

## Directors' Remuneration

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

## Directors' Interests

The total beneficial interests of the serving Directors in the shares and options of the Company during the year to 30 June 2012 were as follows:

<u>Director</u>	<u>30 June 2012</u>		<u>30 June 2011</u>	
	<u>Shares</u>	<u>Options*</u>	<u>Shares</u>	<u>Options*</u>
Stephen Dattels	224,040,835	40,000,000	224,040,835	20,000,000
Neil Herbert	85,385,625	40,000,000	81,385,625	20,000,000
Guy Elliott	10,000,000	10,000,000	10,000,000	5,000,000
Bryan Smith	10,581,240	10,000,000	10,581,240	5,000,000
James Mellon	24,500,000	10,000,000	24,500,000	5,000,000
Ian Stalker	5,895,000	10,000,000	5,895,000	5,000,000
Ian Burns	-	10,000,000	-	-

\* The option details have been fully disclosed in Note 21 to the financial statements.

## Corporate Governance

A statement on Corporate Governance is set out on pages 21 to 23.

## Environmental Responsibility

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

## Employment Policies

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

# Directors' Report (continued)

## Health and Safety

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

## Payment to Suppliers

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

## Political Contributions and Charitable Donations

During the year the Group did not make any political contributions. The Group made charitable donations of US\$6,550 during the year.

## Annual General Meeting ("AGM")

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

## Statement of Disclosure of Information to Auditors

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

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

## Auditors

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

## Going Concern

The Directors are of the opinion that ongoing evaluation of the Company's various interests indicate that preparation of the Group's accounts on a going concern basis is appropriate.

# Directors' Report (continued)

## Statement of Directors' Responsibilities

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

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

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are also responsible for ensuring that the Annual Report includes information required by the Alternative Investment Market.

## Electronic Communication

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

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

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

By order of Board:

**Ian Burns**  
Finance Director  
6 December 2012

# Corporate Governance Statement

The Board is committed to maintaining high standards of corporate governance. The Listing Rules of the Financial Services Authority incorporate the UK Corporate Governance Code (formerly the Combined Code), which sets out the principles of Good Governance, and the Code of Best Practice for listed companies. Whilst the Company is not required to comply with the UK Corporate Governance Code ("UK Code"), the Company's corporate governance procedures take due regard of the principles of Good Governance set out in the UK Code in relation to the size and the stage of development of the Company.

## Board of Directors

The Board of Directors currently comprises three Executive Directors two of whom are Co-Chairmen and four Non-Executive Directors. The Directors are of the opinion that the Board comprises a suitable balance and that the recommendations of the UK Code have been implemented to an appropriate level. The Board, through the Co-Executive Chairmen in particular, maintains regular contact with its advisers and public relations consultants in order to ensure that the Board develops an understanding of the views of major shareholders about the Company.

## Board Meetings

The Board meets regularly throughout the year. For the year ending 30 June 2012 the Board met 13 times in relation to normal operational matters. The Board is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operating performance. Day to day management is devolved to the Executive Directors who are charged with consulting the Board on all significant financial and operational matters.

All Directors have access to the advice of the Company's solicitors and other professional advisers as necessary and information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively. All Directors have access to independent professional advice, at the Company's expense, as and when required.

## Board Committees

The Board has established the following committees, each of which has its own terms of reference:

### *Audit Committee*

The Audit Committee considers the Group's financial reporting (including accounting policies) and internal financial controls. The Audit Committee comprises one Executive Director, and two Non-Executive Directors, Guy Elliott (Chairman) Neil Herbert and James Mellon, and is responsible for ensuring that the financial performance of the Group is properly monitored and reported on.

### *Remuneration Committee*

The Remuneration Committee is responsible for making recommendations to the Board of Directors' and senior executives' remuneration. It comprises one Executive Director and three Non-Executive Directors, Guy Elliott (Chairman), Stephen Dattels, James Mellon and Bryan Smith. Non-Executive Directors' remuneration and conditions are considered and agreed by the Board. Financial packages for Executive Directors are established by reference to those prevailing in the employment market for executives of equivalent status both in terms of level of responsibility of the position and their achievements and of recognised job qualifications and skills. The Committee will also have regard to the terms which may be required to attract an equivalent experienced executive to join the Board from another company.

### *Investment Committee*

The Investment Committee has been created as a sub-committee of the Board of Directors to oversee the significant investments Polo has maintained in strategic and short term investments. The committee has been set up to monitor the performance of these investments and reports to the Board of Directors accordingly, making recommendations on both potential investments and divestments. The committee is chaired by Guy Elliott (Senior Non-Executive Director) and has two further Directors, Neil Herbert (Co-Executive Chairman and Managing Director) and Bryan Smith (Non-Executive Director).

## Internal Controls

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

# Corporate Governance Statement (continued)

## Risk Management

The Board considers risk assessment to be important in achieving its strategic objectives. There is a process of evaluation of performance targets through regular reviews by senior management to budgets and forecasts. Project milestones and timelines are regularly reviewed.

## Risks and Uncertainties

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

### General and Economic Risks

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

### Funding Risk

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

### Commodity Risk

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

### Exploration and Development Risks (relating to investments)

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

### Market Risk

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

# Corporate Governance Statement (continued)

## **Insurance**

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

## **Treasury Policy**

The Group finances its operations through equity and holds its cash as a liquid resource to fund the obligations of the Group and take advantage of opportunities as they arise. Decisions regarding the management of these assets are approved by the Board. Refer Note 23.

## **Securities Trading**

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

## **Relations with Shareholders**

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

# Independent Auditors' Report to the Shareholders of Polo Resources Limited

We have audited the Group and parent company financial statements of Polo Resources Limited for the year ended 30 June 2012, which comprise the Group and Parent Statements of Comprehensive Income, the Group and Parent Balance Sheets, Group and Parent Cash Flow Statement, Group and Parent Statement of Changes in Equity, and the related notes 1 to 27. These financial statements have been prepared under the accounting policies set out therein.

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

## Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out in the Directors' Report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the Audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

## Opinion on Financial Statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2012 and of the Group's and the Parent Company's profit or loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the financial statements have been prepared in accordance with Article 4 of the IAS Regulation. and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following where we are required to report to you if, in our opinion:

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

**Chapman Davis LLP**  
Registered Auditors  
London, United Kingdom  
6 December 2012



# Group Statement of Comprehensive Income for the year ended 30 June 2012

	Notes	Year ended 30 June 2012 \$ 000's	Year ended 30 June 2011 \$ 000's
(Loss)/gains on sale of investments		(5,944)	70,381
Gains on sale of associates		18,827	2,569
Investment income	5	254	2,723
Administrative & Exploration expenses		(7,065)	(7,298)
Share options expensed	8, 21	(882)	(430)
Currency exchange gain/(losses)		8,367	(4,919)
Impairment of associate	16	(3,914)	-
Convertible Loan written off		-	(841)
<b>Group operating profit</b>	<b>3</b>	<b>9,643</b>	<b>62,185</b>
Share of Joint Venture results		(150)	-
Share of associates results	16	(2,844)	(2,054)
Other income	6	-	4,193
Finance revenue	7	665	2,600
<b>Profit before taxation</b>	<b>2</b>	<b>7,314</b>	<b>66,924</b>
Income tax expense	9	(160)	(1,719)
<b>Retained profit for the year</b>		<b>7,154</b>	<b>65,205</b>
<b>Other comprehensive income</b>			
(Loss) on revaluation of available for sale investments		(5,510)	(1,689)
Transfer to income statement of available for sale investments		240	(61,226)
Currency translation differences		(13,541)	45,144
<b>Other comprehensive income for the year net of taxation</b>		<b>(18,811)</b>	<b>(17,771)</b>
<b>Total comprehensive income for the year</b>		<b>(11,657)</b>	<b>47,434</b>
<b>Retained profit for the year attributable to:</b>			
Equity holders of the parent		7,164	65,205
Non-controlling interests		(10)	-
		<b>7,154</b>	<b>65,205</b>
<b>Total comprehensive income for the year attributable to:</b>			
Equity holders of the parent		(11,647)	47,434
Non-controlling interests		(10)	-
		<b>(11,657)</b>	<b>47,434</b>
<b>Earnings per share (US cents)</b>			
<b>Basic</b>	<b>11</b>	<b>0.31</b>	<b>2.75</b>
<b>Diluted</b>	<b>11</b>	<b>0.30</b>	<b>2.71</b>

## Company Statement of Comprehensive Income for the year ended 30 June 2012

	Notes	Year ended 30 June 2012 \$ 000's	Year ended 30 June 2011 \$ 000's
Administrative expenses		(6,775)	(7,298)
Share options expensed	8, 21	(882)	(430)
Currency exchange gain/(losses)		4,694	(3,684)
Impairment of investment in Subsidiaries	14	(21,328)	-
Impairment of investment in Joint Venture		(2,214)	-
Convertible Loan written off		-	(841)
Investment income	5	133,598	2,362
<b>Operating profit/(loss)</b>	<b>3</b>	<b>107,093</b>	<b>(9,891)</b>
Other income	6	240	4,193
Finance revenue	7	665	2,600
Share of joint venture results		(150)	-
<b>Profit/(loss) before taxation</b>		<b>107,848</b>	<b>(3,098)</b>
Income tax expense	9	-	-
<b>Retained profit/(loss) after taxation</b>		<b>107,848</b>	<b>(3,098)</b>
<b>Other comprehensive income</b>			
(Loss) on revaluation of available for sale investments		(1,519)	-
Currency translation differences		(4,850)	21,609
<b>Other comprehensive income for the year net of taxation</b>		<b>(6,369)</b>	<b>21,609</b>
<b>Total comprehensive income for the year</b>		<b>101,479</b>	<b>18,511</b>

# Group Balance Sheet as at 30 June 2012

	Note	30 June 2012		30 June 2011	
		\$ 000's	\$ 000's	\$ 000's	\$ 000's
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	12	2,815			
Tangible assets	13	22,189		7	
Interest in Joint Venture	15	-		3,936	
Interest in associates	16	56,106		37,172	
Trade and other receivables	18	2,500		-	
Available for sale investments	17	17,518		16,202	
<b>Total non-current assets</b>			<b>101,128</b>		<b>57,317</b>
<b>Current assets</b>					
Interest in associates	16	-		124,727	
Trade and other receivables	18	2,007		428	
Available for sale investments	17	10,809		5,538	
Cash and cash equivalents		42,017		45,796	
<b>Total current assets</b>			<b>54,833</b>		<b>176,489</b>
<b>TOTAL ASSETS</b>			<b>155,961</b>		<b>233,806</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	19	(5,317)		(2,410)	
<b>TOTAL LIABILITIES</b>			<b>(5,317)</b>		<b>(2,410)</b>
<b>NET ASSETS</b>			<b>150,644</b>		<b>231,396</b>
<b>EQUITY</b>					
Equity contribution		285,491		285,491	
Retained earnings		(146,557)		(82,423)	
Available for sale investment reserve		(6,729)		(1,833)	
Foreign exchange reserve		15,646		29,561	
Share based payments reserve	21	1,314		600	
			<b>149,165</b>		<b>231,396</b>
Non-controlling interest			<b>1,479</b>		<b>-</b>
<b>TOTAL EQUITY</b>			<b>150,644</b>		<b>231,396</b>

These financial statements were approved by the Board of Directors on 6 December 2012 and signed on its behalf by:

**Neil Herbert**  
DIRECTOR

**Ian Burns**  
DIRECTOR

# Company Balance Sheet as at 30 June 2012

		30 June 2012		30 June 2011	
	Notes	\$ 000's	\$ 000's	\$ 000's	\$ 000's
<b>ASSETS</b>					
<b>Non-current assets</b>					
Tangible assets	13	11		7	
Investment in subsidiaries	14	-		21,328	
Investment in joint venture	15	-		3,936	
Available for sale investment	17	398		-	
Trade and other receivables	18	120,700		64,508	
<b>Total non-current assets</b>			<b>121,109</b>		<b>89,779</b>
<b>Current assets</b>					
Cash and cash equivalents		41,576		45,796	
Trade and other receivables	18	1,585		261	
Available for sale of investments	17	2,336		-	
<b>Total Current Assets</b>			<b>45,497</b>		<b>46,057</b>
<b>TOTAL ASSETS</b>			<b>166,606</b>		<b>135,836</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade and other payables	19	(445)		(570)	
<b>TOTAL LIABILITIES</b>			<b>(445)</b>		<b>(570)</b>
<b>NET ASSETS</b>			<b>166,161</b>		<b>135,266</b>
<b>EQUITY</b>					
Equity contribution		285,491		285,491	
Retained earnings		(123,134)		(159,684)	
Foreign exchange reserve		4,009		8,859	
Available for sale investment reserve		(1,519)		-	
Share based payments reserve	21	1,314		600	
<b>TOTAL EQUITY</b>			<b>166,161</b>		<b>135,266</b>

These financial statements were approved by the Board of Directors on 6 December 2012 and signed on its behalf by:

**Neil Herbert**  
DIRECTOR

**Ian Burns**  
DIRECTOR

# Group Cash Flow Statement for the year ended 30 June 2012

	Notes	Year ended 30 June 2012 \$ 000's	Year ended 30 June 2011 \$ 000's
<b>Cash flows from operating activities</b>			
Operating profit		9,643	62,185
(Increase)/decrease in trade and other receivables		(1,579)	2,258
Increase/(decrease) in trade and other payables		2,907	(1,947)
(Increase)/decrease in available for sale investments		(14,133)	50,234
Foreign exchange (gain)/loss		(8,367)	4,919
Share options expensed		882	430
Convertible Loan written off		-	841
Impairment of investment in joint venture		3,914	-
Gains on sale of associates		(18,827)	(2,569)
Depreciation & impairment		8	7
<b>Net cash (out)/inflow from operating activities</b>		<b>(25,552)</b>	<b>116,358</b>
<b>Cash flows from investing activities</b>			
Finance revenue		665	2,600
Taxation paid		(160)	-
Net receipts/(payments) for investments in associates		121,449	(15,727)
Payments to acquire tangible assets		(7,001)	(9)
Loan advanced to third party		(2,500)	-
Convertible loan advanced		-	(841)
<b>Net cash in/(out)flow from investing activities</b>		<b>112,453</b>	<b>(13,977)</b>
<b>Acquisitions and disposals</b>			
Payments to acquire joint venture		-	(3,936)
Payments to acquire subsidiaries		(16,500)	-
Cash acquired on acquisition of subsidiary		2	-
Receipts on sale of joint venture		-	20,000
<b>Net cash (out)/inflow from acquisitions and disposals</b>		<b>(16,498)</b>	<b>16,064</b>
<b>Cash flows from financing activities</b>			
Issue of ordinary share capital		-	6,830
Cost of buy back of shares/warrants		-	(7,837)
Dividend paid to company shareholders		(71,466)	(113,928)
<b>Net cash outflow from financing activities</b>		<b>(71,466)</b>	<b>(114,935)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,063)</b>	<b>3,511</b>
Cash and cash equivalents at beginning of year		45,796	37,795
Exchange gain on cash and cash equivalents		(2,716)	4,490
<b>Cash and cash equivalents at end of year</b>	<b>22</b>	<b>42,017</b>	<b>45,796</b>

# Company Cash Flow Statement for the year ended 30 June 2012

Notes	Year ended 30 June 2012 \$ 000's	Year ended 30 June 2011 \$ 000's
<b>Cash flows from operating activities</b>		
Operating profit/(loss)	107,093	(9,981)
(Increase)/decrease in trade and other receivables	(1,324)	1,991
(Decrease) in trade and other payables	(125)	(1,944)
Share options expensed	882	430
Convertible Loan written off	-	841
Foreign exchange (gain)/loss	(4,694)	3,684
Impairment of investment in subsidiaries	21,328	-
Impairment of investment in joint venture	2,214	-
Depreciation	8	7
<b>Net cash in/(out)flow from operating activities</b>	<b>125,382</b>	<b>(4,972)</b>
<b>Cash flows from investing activities</b>		
Finance Revenue	665	2,600
Purchase of tangible assets	(12)	(9)
Loans (advanced)/repaid from subsidiaries	(53,692)	113,065
Loan advanced to third party	(2,500)	-
Convertible loan advanced	-	(841)
<b>Net cash (out)/inflow from investing activities</b>	<b>(55,539)</b>	<b>114,815</b>
<b>Acquisitions and disposals</b>		
Payments to acquire subsidiaries	-	-
Capital redemption from subsidiaries	-	12,496
Payments to acquire joint venture	-	(3,936)
<b>Net cash inflow from acquisitions and disposals</b>	<b>-</b>	<b>8,560</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary share capital	-	6,830
Cost of buy back of share/warrants	-	(7,837)
Dividend paid to company shareholders	(71,466)	(113,928)
<b>Net cash outflow from financing activities</b>	<b>(71,466)</b>	<b>(114,935)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,623)</b>	<b>3,468</b>
Cash and cash equivalents at beginning of year	45,796	37,795
Exchange gain on cash and cash equivalents	(2,597)	4,533
<b>Cash and cash equivalents at end of year</b>	<b>41,576</b>	<b>45,796</b>

## Group Statement of Changes in Equity for the year ended 30 June 2012

Group	Share premium reserve	Available for sale investment reserve	Foreign currency translation reserve	Share based payment reserve	Retained earnings	Total	Non- controlling interest	Total equity
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's
<b>As at 1 July 2010</b>	<b>275,109</b>	<b>53,012</b>	<b>10,226</b>	<b>6,675</b>	<b>(40,629)</b>	<b>304,393</b>	-	<b>304,393</b>
Profit for the year	-	-	-	-	65,205	65,205	-	65,205
(Loss) on revaluation of available for sale investments	-	(1,689)	-	-	-	(1,689)	-	(1,689)
Transfer to income statement	-	(61,226)	-	-	-	(61,226)	-	(61,226)
Currency translation differences	17,315	8,070	19,335	378	46	45,144	-	45,144
<b>Total comprehensive income</b>	<b>17,315</b>	<b>(54,845)</b>	<b>19,335</b>	<b>378</b>	<b>65,251</b>	<b>47,434</b>	-	<b>47,434</b>
Purchase & cancellation of own shares	(13,763)	-	-	-	-	(13,763)	-	(13,763)
Share options exercised	6,830	-	-	(3,901)	3,901	6,830	-	6,830
Share based payments	-	-	-	430	-	430	-	430
Share options cancelled	-	-	-	(2,982)	2,982	-	-	-
Dividend paid	-	-	-	-	(113,928)	(113,928)	-	(113,928)
<b>Total contributions by and distributions to owners of the Company</b>	<b>(6,933)</b>	-	-	<b>(6,453)</b>	<b>(107,045)</b>	<b>(120,431)</b>	-	<b>(120,431)</b>
<b>As at 30 June 2011</b>	<b>285,491</b>	<b>(1,833)</b>	<b>29,561</b>	<b>600</b>	<b>(82,423)</b>	<b>231,396</b>	-	<b>231,396</b>
Profit for the year	-	-	-	-	7,164	7,164	(10)	7,154
(Loss) on revaluation of available for sale investments	-	(5,510)	-	-	-	(5,510)	-	(5,510)
Transfer to income statement	-	240	-	-	-	240	-	240
Currency translation differences	-	374	(13,915)	-	-	(13,541)	-	(13,541)
<b>Total comprehensive income</b>	<b>-</b>	<b>(4,896)</b>	<b>(13,915)</b>	<b>-</b>	<b>7,164</b>	<b>(11,647)</b>	<b>(10)</b>	<b>(11,657)</b>
Share based payments	-	-	-	882	-	882	-	882
Share options cancelled	-	-	-	(168)	168	-	-	-
Dividend paid	-	-	-	-	(71,466)	(71,466)	-	(71,466)
<b>Total contributions by and distributions to owners of the Company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>714</b>	<b>(71,298)</b>	<b>(70,584)</b>	<b>-</b>	<b>(70,584)</b>
Non-controlling interest arising on business combination	-	-	-	-	-	-	1,489	1,489
<b>As at 30 June 2012</b>	<b>285,491</b>	<b>(6,729)</b>	<b>15,646</b>	<b>1,314</b>	<b>(146,557)</b>	<b>149,165</b>	<b>1,479</b>	<b>150,644</b>

## Company Statement of Changes in Equity for the year ended 30 June 2012

	Share premium reserve	Available for sale investment reserve	Foreign exchange reserve	Share based payment reserve	Retained earnings	Total equity
Company	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's
<b>As at 1 July 2010</b>	<b>275,109</b>	-	<b>5,448</b>	<b>6,675</b>	<b>(50,046)</b>	<b>237,186</b>
(Loss) for the year	-	-	-	-	<b>(3,098)</b>	<b>(3,098)</b>
Currency translation differences	17,315	-	3,411	378	<b>505</b>	<b>21,609</b>
<b>Total comprehensive income</b>	<b>17,315</b>	-	<b>3,411</b>	<b>378</b>	<b>(2,593)</b>	<b>18,511</b>
Purchase & cancellation of own shares	(13,763)	-	-	-	-	<b>(13,763)</b>
Cost of share issue	-	-	-	-	-	-
Share options exercised	6,830	-	-	(3,901)	3,901	<b>6,830</b>
Share based payments	-	-	-	430	-	<b>430</b>
Share options cancelled	-	-	-	(2,982)	2,982	-
Dividend paid	-	-	-	-	(113,928)	<b>(113,928)</b>
<b>Total contributions by and distributions to owners of the Company</b>	<b>(6,933)</b>	-	-	<b>(6,453)</b>	<b>(107,045)</b>	<b>(120,431)</b>
<b>As at 30 June 2011</b>	<b>285,491</b>	-	<b>8,859</b>	<b>600</b>	<b>(159,684)</b>	<b>135,266</b>
Profit for the year	-	-	-	-	<b>107,848</b>	<b>107,848</b>
(Loss) on revaluation of available for sale investments	-	(1,519)	-	-	-	<b>(1,519)</b>
Currency translation differences	-	-	(4,850)	-	-	<b>(4,850)</b>
<b>Total comprehensive income</b>	-	<b>(1,519)</b>	<b>(4,850)</b>	-	<b>107,848</b>	<b>101,479</b>
Share based payments	-	-	-	882	-	<b>882</b>
Share options cancelled	-	-	-	(168)	168	-
Dividend paid	-	-	-	-	(71,466)	<b>(71,466)</b>
<b>Total contributions by and distributions to owners of the Company</b>	-	-	-	714	(71,298)	<b>(70,584)</b>
<b>As at 30 June 2012</b>	<b>285,491</b>	<b>(1,519)</b>	<b>4,009</b>	<b>1,314</b>	<b>(123,134)</b>	<b>166,161</b>



# Notes to the Financial Statements for the year ended 30 June 2012

## 1 Summary of Significant Accounting Policies

### (a) Authorisation of financial statements

The Group financial statements of Polo Resources Limited for the year ended 30 June 2012 were authorised for issue by the Board on 6 December 2012 and the balance sheets signed on the Board's behalf by Neil Herbert and Ian Burns. The Company is registered in the British Virgin Islands under the BVI Business Companies Act 2004 with registered number 1406187. The Company's Ordinary Shares are traded on the AIM Market operated by the London Stock Exchange and also the Toronto Stock Exchange (TSX) in Canada.

### (b) Statement of compliance with IFRS

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

#### Future changes in accounting policies

IASB (International Accounting Standards Board) and IFRIC (International Financial Reporting Interpretations Committee) have issued the following standards and interpretations with an effective date after the date of these financial statements:

<b>New/Revised International Financial Reporting Standards (IAS/IFRS)</b>	<b>Effective date</b> (accounting periods commencing on or after)
IAS 12 Income Taxes – Limited scope amendment (recovery of underlying assets) (December 2010)	1 January 2012
IAS 27 Consolidated and Separate Financial Statements – Reissued as IAS 27 Separate Financial Statements (as amended in May 2011)	1 January 2013
IAS 28 Investments in Associates – Reissued as IAS 28 Investments in Associates and Joint Ventures (as amended in May 2011)	1 January 2013
IFRS 9 Financial Instruments - Classification and Measurement	1 January 2013
IFRS 10 Consolidated Financial Statements*	1 January 2013
IFRS 11 Joint Arrangements*	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities*	1 January 2013
IFRS 13 Fair Value Measurement*	1 January 2013

\* Original issue May 2011

### (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.

## Notes to Financial Statements for the year ended 30 June 2012, continued

### (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 and liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained. Inter-company transactions and balances between Group companies are eliminated in full.

### (e) Business combinations

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

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

## Notes to Financial Statements for the year ended 30 June 2012, continued

### (f) Interest in associates

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

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

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

### (g) Goodwill and intangible assets

Intangible assets are recorded at cost less eventual amortisation and provision for impairment in value. Goodwill on consolidation is capitalised and shown within fixed assets. Positive goodwill is subject to an annual impairment review, and in most cases written off over 10 years, and negative goodwill is immediately written-off to the income statement when it arises.

### (h) Interest in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control; that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

These consolidated financial statements include the Group's share of the total recognised gains and losses of joint ventures using the equity method, from the date that significant influence or joint control commences to the date that it ceases, based on present ownership interests and excluding the possible exercise of potential voting rights, less any impairment losses. When the Group's interest in a joint venture has been reduced to nil because the Group's share of losses exceeds its interest in the joint venture, the Group only provides for additional losses to the extent that it has incurred legal or constructive obligations to fund such losses, or where the Group has made payments on behalf of the joint venture. Where the disposal of an investment in a joint venture is considered to be highly probable, the investment ceases to be equity accounted and, instead, is classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell.

### (i) Revenue

The Groups' principal income was derived from investment activities during the year ending 30 June 2012.

### (j) Foreign currencies

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

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

## Notes to Financial Statements for the year ended 30 June 2012, continued

### (k) Significant accounting judgments, estimates and assumptions

#### *Significant accounting estimates and assumptions*

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

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

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

#### *(ii) Share-based payment transactions*

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

### (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.

## Notes to Financial Statements for the year ended 30 June 2012, continued

### (o) Available for sale Investments

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

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

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

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

### (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 held active overseas subsidiaries in BVI, Guernsey and Sierra Leone whose expenses are denominated in US Dollars, AU Dollars and Leone. Market price risk is inherent in the Group's activities and is accepted as such.

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

### (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) Equity contribution

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

### (s) Available for sale investment reserve

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

### (t) Share based payments reserve

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

### (u) 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.

## Notes to Financial Statements for the year ended 30 June 2012, continued

### (v) Property, plant and equipment

#### **General**

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

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

All assets are subject to annual impairment reviews.

#### **Exploration and evaluation**

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

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

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

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

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

#### **Mining interests**

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

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

#### **Plant and equipment**

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

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

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

## Notes to Financial Statements for the year ended 30 June 2012, continued

### (v) Property, plant and equipment (continued)

#### *Depreciation*

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

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

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

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

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

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

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

### (w) Impairment of assets

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

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

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

## Notes to Financial Statements for the year ended 30 June 2012, continued

### (x) 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.

### (y) Provisions

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

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

### (z) Share-based payment transactions

#### *(i) Equity settled transactions:*

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

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

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Polo Resources Limited (market conditions) if applicable.

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

The 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 11).

### (aa) 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 are 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 of Ordinary Shares, adjusted for any bonus element.



## Notes to Financial Statements for the year ended 30 June 2012, continued

### 2 Segmental analysis - Group

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

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

#### By geographical area

2012	BVI/Parent \$ 000's	Americas \$ 000's	Australasia \$ 000's	Africa \$ 000's	Europe \$ 000's	Total \$ 000's
<b>Result</b>						
Operating profit	(4,985)	(3,914)	18,827	(285)	-	<b>9,643</b>
Share of joint venture results	-	(150)	-	-	-	<b>(150)</b>
Share of associates results	-	(236)	-	(341)	(2,267)	<b>(2,844)</b>
Finance revenue	665	-	-	-	-	<b>665</b>
Profit before taxation	(4,320)	(4,300)	18,827	(626)	(2,267)	<b>7,314</b>
<b>Other information</b>						
Depreciation and amortisation	8	-	-	-	-	<b>8</b>
Capital additions	12	-	-	22,178	-	<b>22,190</b>
<b>Assets</b>						
Segment assets	2,826	27,173	-	48,955	30,483	<b>109,437</b>
Financial assets	4,085	-	-	422	-	<b>4,507</b>
Cash	41,576	-	-	441	-	<b>42,017</b>
Consolidated total assets	48,487	27,173	-	49,818	30,483	<b>155,961</b>
<b>Liabilities</b>						
Segment liabilities	-	-	-	-	-	<b>-</b>
Financial liabilities	445	-	1,765	3,107	-	<b>(5,317)</b>
Consolidated total liabilities	445	-	1,765	3,107	-	<b>(5,317)</b>

## Notes to Financial Statements for the year ended 30 June 2012, continued

### 2 Segmental analysis – Group (continued)

#### By geographical area

2011	BVI/Parent \$ 000's	Americas \$ 000's	Australasia \$ 000's	Europe \$ 000's	Total \$ 000's
<b>Result</b>					
Operating profit	(9,891)	2,362	69,656	58	<b>62,185</b>
Share of associates results	-	-	(2,075)	21	<b>(2,054)</b>
Other income	4,193	-	-	-	<b>4,193</b>
Finance revenue	2,600	-	-	-	<b>2,600</b>
Profit before taxation	(3,098)	2,362	67,581	79	<b>66,924</b>
<b>Other information</b>					
Depreciation and amortisation	7	-	-	-	<b>7</b>
Capital additions	9	-	-	-	<b>9</b>
<b>Assets</b>					
Segment assets	7	26,616	128,209	32,750	<b>187,582</b>
Financial assets	261	-	167	-	<b>428</b>
Cash	45,796	-	-	-	<b>45,796</b>
Consolidated total assets	46,064	26,616	128,376	32,750	<b>233,806</b>
<b>Liabilities</b>					
Segment liabilities	-	-	-	-	<b>-</b>
Financial liabilities	(570)	-	(1,840)	-	<b>(2,410)</b>
Consolidated total liabilities	(570)	-	(1,840)	-	<b>(2,410)</b>

3 Operating profit	2012	2012	2011	2011
	Group	Company	Group	Company
	\$ 000's	\$ 000's	\$ 000's	\$ 000's
Operating loss is arrived at after charging:				
Auditors' remuneration – audit	172	72	73	73
Auditors' remuneration – non audit services	-	-	-	-
Directors' emoluments – fees and salaries	2,749	2,749	3,254	3,254
Directors' emoluments – share based payments	776	776	388	388
Foreign exchange (loss)/gain	8,367	4,694	(4,919)	(3,684)
Depreciation	8	8	7	7

## Notes to Financial Statements for the year ended 30 June 2012, continued

<b>4 Employee information – Group</b>	<b>2012</b>	2011
<b>Staff Costs comprised:</b>	<b>\$ 000's</b>	\$ 000's
Wages and salaries	<b>287</b>	-
	<hr/>	
<b>Average Number of employees (excluding Directors)</b>	<b>Number</b>	Number
Exploration	<b>27</b>	-
Administration	<b>2</b>	-
	<b>29</b>	-
	<hr/>	

<b>5 Investment income</b>	<b>2012</b>	<b>2012</b>	2011	2011
	<b>Group</b>	<b>Company</b>	Group	Company
	<b>\$ 000's</b>	<b>\$ 000's</b>	\$ 000's	\$ 000's
Dividend income on investments	<b>254</b>	-	51	-
Dividend income from Group companies	-	<b>133,598</b>	-	-
Loan facility fees	-	-	2,362	2,362
Interest income on convertible loan notes	-	-	310	-
	<b>254</b>	<b>133,598</b>	2,723	2,362
	<hr/>			

<b>6 Other income</b>	<b>2012</b>	<b>2012</b>	2011	2011
	<b>Group</b>	<b>Company</b>	Group	Company
	<b>\$ 000's</b>	<b>\$ 000's</b>	\$ 000's	\$ 000's
Gain on returned shares	-	-	4,193	4,193
Surplus on capital redemption	-	-	-	-
Sundry income	-	<b>240</b>	-	-
	-	<b>240</b>	4,193	4,193
	<hr/>			

On 13 May 2011, the Company agreed the return to the Company, and cancellation of 45,592,857 shares as part of a dispute settlement. This resulted in a gain through the income statement of US\$4.19million

<b>7 Finance revenue</b>	<b>2012</b>	<b>2012</b>	2011	2011
	<b>Group</b>	<b>Company</b>	Group	Company
	<b>\$ 000's</b>	<b>\$ 000's</b>	\$ 000's	\$ 000's
Loan interest receivable	<b>31</b>	<b>31</b>	1,600	1,600
Bank interest receivable	<b>634</b>	<b>634</b>	1,000	1,000
	<b>665</b>	<b>665</b>	2,600	2,600
	<hr/>			

**Notes to Financial Statements  
for the year ended 30 June 2012, continued**

**8 Directors' emoluments**

<b>Group</b>	<b>2012</b>	2011
	<b>\$ 000's</b>	\$ 000's
Directors' remuneration	<b>3,525</b>	3,642

<b>2012</b>	<b>Directors Fees \$ 000's</b>	<b>Consultancy Fees \$ 000's</b>	<b>Share Options Issued \$ 000's</b>	<b>Total \$ 000's</b>
<b>Executive Directors</b>				
Stephen Dattels	1,217	-	253	<b>1,470</b>
Neil Herbert	1,217	-	253	<b>1,470</b>
Ian Burns	103	-	18	<b>121</b>
<b>Non-Executive Directors</b>				
Guy Elliott	53	-	63	<b>116</b>
Bryan Smith	53	-	63	<b>116</b>
James Mellon	53	-	63	<b>116</b>
Ian Stalker	53	-	63	<b>116</b>
	<b>2,749</b>	<b>-</b>	<b>776</b>	<b>3,525</b>

<b>2011</b>	<b>Directors Fees \$ 000's</b>	<b>Consultancy Fees \$ 000's</b>	<b>Share Options Issued \$ 000's</b>	<b>Total \$ 000's</b>
<b>Executive Directors</b>				
Stephen Dattels	1,474	-	130	<b>1,604</b>
Neil Herbert	1,474	-	130	<b>1,604</b>
Paul Ingram (#)	78	-	-	<b>78</b>
Ian Burns (#)	6	-	-	<b>6</b>
<b>Non-Executive Directors</b>				
Guy Elliott	94	-	32	<b>126</b>
Bryan Smith	44	-	32	<b>76</b>
James Mellon	44	-	32	<b>76</b>
Ian Stalker(#)	32	8	32	<b>72</b>
	<b>3,246</b>	<b>8</b>	<b>388</b>	<b>3,642</b>

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

No pension benefits are provided for any Director.

## Notes to Financial Statements for the year ended 30 June 2012, continued

<b>9 Taxation - Group</b>	<b>2012</b>	2011
<b>Analysis of charge in year</b>	<b>\$ 000's</b>	\$ 000's
Tax on ordinary activities	<b>160</b>	1,719

Tax on ordinary activities arose on the disposal of a short term investment under the jurisdiction of the Australian Tax Authority.

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

No deferred tax asset, or any deferred tax liability has currently been recognised during the year under review. The Group is currently liaising with authorities in Sierra Leone to formalise and agree tax losses accrued to date. Once quantified and agreed, this in turn will crystallize a deferred tax asset which will be accounted for in the next financial statements.

### 10 Dividends

The dividend paid in the year to 30 June 2012 was US\$71,465,719 (2 pence per share). (2011: US\$113,928,000 3 pence per share).

### 11 Earnings per share

The calculation of earnings per share is based on the profit after taxation divided by the weighted average number of shares in issue during the year:

	<b>2012</b>	2011
Net profit after taxation (\$000's)	<b>7,154</b>	65,205
Weighted average number of Ordinary Shares used in calculating basic earnings per share (millions)	<b>2,294.09</b>	2,372.18
Basic earnings per share (expressed in US cents)	<b>0.31</b>	2.75
Weighted average number of Ordinary Shares used in calculating fully diluted earnings per share (millions)	<b>2,383.63</b>	2,403.79
Diluted earnings per share (expressed in US cents)	<b>0.30</b>	2.71

**Notes to Financial Statements  
for the year ended 30 June 2012, continued**

**12 Intangible assets - Goodwill**

	<b>2012</b>	2011
<b>Group</b>	<b>\$ 000's</b>	\$ 000's
<b>Cost</b>		
At beginning of the year	-	-
Additions (#)	<b>2,815</b>	-
Impairment charge	-	-
<b>As at 30 June</b>	<b>2,815</b>	-

At 30 June 2012, the Directors have carried out an impairment review and have concluded that no write down is required for goodwill. The Directors are of the opinion the carrying value of the goodwill is stated at a fair value, which will be subject to an ongoing review as the Group's strategy develops in the future.

(#) Additions in the year are the result of the business combination on acquisition of Nimini Holdings Limited, as set out in Note 25.

**Notes to Financial Statements  
for the year ended 30 June 2012, continued**

**13 Tangible assets – Property, Plant & Equipment**

	<b>Mining exploration &amp; evaluation costs \$ 000's</b>	<b>Group Furniture, fittings &amp; equipment \$ 000's</b>	<b>Total \$ 000's</b>	<b>Company Furniture, fittings &amp; equipment \$ 000's</b>
<b>Cost</b>				
As at 1 July 2010	-	11	11	11
Additions	-	9	9	9
<b>As at 30 June 2011</b>	<b>-</b>	<b>20</b>	<b>20</b>	<b>20</b>
As at 1 July 2011	-	20	20	20
Additions	6,989	12	7,001	12
Additions on acquisition of subsidiary	15,189	-	15,189	-
<b>As at 30 June 2012</b>	<b>22,178</b>	<b>32</b>	<b>22,210</b>	<b>32</b>
<b>Depreciation</b>				
As at 1 July 2010	-	7	7	7
Depreciation charge for the year	-	7	7	7
Currency translation differences	-	(1)	(1)	(1)
<b>As at 30 June 2011</b>	<b>-</b>	<b>13</b>	<b>13</b>	<b>13</b>
As at 1 July 2011	-	13	13	13
Depreciation charge for the year	-	8	8	8
Currency translation differences	-	-	-	-
<b>As at 30 June 2012</b>	<b>-</b>	<b>21</b>	<b>21</b>	<b>21</b>
<b>Net Book Value</b>				
<b>As at 30 June 2012</b>	<b>22,178</b>	<b>11</b>	<b>22,189</b>	<b>11</b>
As at 30 June 2011	-	7	7	7

**Impairment Review**

At 30 June 2012 the Directors have carried out an impairment review and concluded no impairment provision is currently required.

## Notes to Financial Statements for the year ended 30 June 2012, continued

### 14 Investment in subsidiaries

Shares in Group undertakings	2012	2011
Company	\$ 000's	\$ 000's
<b>Cost</b>		
At beginning of the year	21,328	30,881
Additions	-	-
Capital redemption in subsidiary	-	(12,496)
Impairment of investment in subsidiaries	(21,328)	-
Currency translation differences	-	2,943
<b>As at 30 June</b>	<b>-</b>	<b>21,328</b>

During the year ended 30 June 2012, the Directors re-assessed the carrying values of the Group investments. As a result of an internal group re-organisation of investments, it is considered appropriate to impair at parent level one of the Company's subsidiary investments, Polo Australasia Limited due to a curtailment of activities and reduce the carrying value thereof to US\$nil.

As at 30 June 2012, the Directors are of the opinion that the carrying value of the subsidiaries, represents at least their fair and recoverable values.

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

Company	Country of Registration	Proportion held	Functional Currency	Nature of business
<b>Direct</b>				
Polo Australasia Limited	BVI	100%	AU\$	Investment Company
Polo Bangladesh Limited	BVI	100%	GB£	Holding Company
Polo Investments Limited	Guernsey	100%	US\$	Investment Company
Polo Gold Limited	BVI	100%	US\$	Holding Company
Andina Gold Corporation	BVI	100%	US\$	Holding Company
<b>Indirect</b>				
Via Andina Gold Corporation:				
Andina Gold Limited	BVI	100%	US\$	Holding Company
Via Polo Gold Limited:				
Nimini Holdings Limited	BVI	90%	US\$	Holding Company
Via Nimini Holdings Limited:				
Nimini Mining Limited	Sierra Leone	%	US\$	Mining Company
Axmin SL Limited	Sierra Leone	90%	US\$	Mining Company



**Notes to Financial Statements  
for the year ended 30 June 2012, continued**

15 Investment in joint ventures	2012	2011
	\$ 000's	\$ 000's
<b>Group</b>		
At beginning of the year	<b>3,936</b>	-
Additions	-	3,936
Impairment charge	<b>(2,214)</b>	-
Share buyback	<b>(775)</b>	
Share of Joint Venture's results	<b>(150)</b>	
Transfer of JV to available for-sale investments	<b>(797)</b>	-
<b>As at 30 June</b>	<b>-</b>	<b>3,936</b>

The breakdown of the carrying values and fair values at the balance sheet date of the Group's investment in joint ventures is as follows:

	2012	2011
	Carrying & fair Value \$ 000's	Carrying & fair Value \$ 000's
Andina Gold Corporation	-	3,936

The Joint Venture in Colombian gold explorer Andina Gold Corporation was terminated following unacceptable delays in the registration of licences, resulting in a loss of US\$2.2 million. There remains a recoverable value of US\$797,000, whereby the Company expects to receive 50% within 12 months, and the remainder in the following year. The Company now holds 62% of Andina resulting from a settlement agreement with its former joint venture partner.

As a result of the above the recoverable investment value has been re-allocated to available for sale investments, within current and non-current assets.

## Notes to Financial Statements for the year ended 30 June 2012, continued

<b>16 Interest in associates</b>	<b>2012</b>	2011
	<b>\$ 000's</b>	\$ 000's
<b>Group</b>		
At beginning of the year	<b>161,899</b>	120,934
Investments in associates – equity purchases	-	38,204
Transfer from available-for-sale investments	<b>25,964</b>	-
Investments in associates – equity disposals	<b>(120,068)</b>	(12,141)
Investments in associates – convertible loan notes (repaid)/purchased	<b>(4,659)</b>	(7,478)
Share of associates' loss for the year	<b>(2,844)</b>	(2,054)
Impairment of associate	<b>(3,914)</b>	-
Currency translation differences	<b>(272)</b>	24,434
<b>As at 30 June</b>	<b>56,106</b>	161,899

The breakdown of the carrying values and fair values at 30 June 2012 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>
<b>Non-current assets</b>		
GCM Resources Plc – interest in equity shares	<b>30,483</b>	<b>9,527</b>
Signet Petroleum Limited	<b>25,623</b>	<b>25,623</b>
MinFer Holdings Limited	-	-
	<b>56,106</b>	<b>35,150</b>

Subsequent to the reporting date the market value of the investment in associates has decreased, to US\$33,959,000 as at 6 December 2012.

Details of the Group associates at 30 June 2012 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	29.80%	01/02/08	30/06/12	Coal exploration
Signet Petroleum Limited	BVI	21.70%	16/05/12	30/06/12	Oil & Gas exploration
MinFer Holdings Limited	BVI	30.00%	08/02/11	30/06/12	Iron Ore exploration

### **Impairment of MinFer Holdings Limited**

Following disappointing results from the exploration work on the main project, the Company has considered it appropriate to reduce the carrying value to US\$nil.

### **Disposal of Caledon Resources Plc**

In the 6 months to 31 December 2011, the Group completed the sale of its remaining holding in Caledon Resources Plc, resulting in a net gain on the investment of US\$18.83 million.

**Notes to Financial Statements  
for the year ended 30 June 2012, continued**

<b>17 Available-for-sale investments</b>	<b>2012</b>	<b>2011</b>
<b>Group – Listed &amp; Unlisted Investments</b>	<b>\$ 000's</b>	<b>\$ 000's</b>
At beginning of the year	<b>21,740</b>	125,491
Acquired during the year	<b>264,565</b>	87,714
Disposals during the year	<b>(228,540)</b>	(208,330)
Realised (losses)/gains on disposals	<b>(5,944)</b>	70,381
Transfer to associates	<b>(25,964)</b>	-
Transfer from joint venture	<b>797</b>	-
Transfer from equity reserve	<b>240</b>	(61,226)
Currency translation differences	<b>6,943</b>	9,399
Movement in market value	<b>(5,510)</b>	(1,689)
At 30 June	<b>28,327</b>	21,740

The available-for-sale investments splits are as below;

<b>Non-current assets – listed</b>	<b>1,154</b>	3,482
<b>Non-current assets – unlisted</b>	<b>16,364</b>	12,720
<b>Current assets - listed</b>	<b>10,410</b>	5,538
<b>Current assets - unlisted</b>	<b>399</b>	-
	<b>28,327</b>	21,740

Available-for-sale investments comprise investments in unlisted and listed securities which are traded on stock markets throughout the world, and are held by the Group as a mix of strategic and short term investments.

<b>18 Trade and other receivables</b>	<b>2012</b>		<b>2011</b>	
	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>\$ 000's</b>	<b>\$ 000's</b>	<b>\$ 000's</b>	<b>\$ 000's</b>
<b>Current trade and other receivables</b>				
Other debtors	<b>319</b>	-	84	84
Prepayments	<b>1,657</b>	<b>1,554</b>	177	177
Accrued income	<b>31</b>	<b>31</b>	167	-
<b>Total</b>	<b>2,007</b>	<b>1,585</b>	428	261
<b>Non-Current trade and other receivables</b>				
Loans due from subsidiaries	-	<b>118,200</b>	-	64,508
Other loans	<b>2,500</b>	<b>2,500</b>	-	-
	<b>2,500</b>	<b>120,700</b>	-	64,508

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

**Notes to Financial Statements  
for the year ended 30 June 2012, continued**

19	Trade and other payables	2012		2011	
		Group \$ 000's	Company \$ 000's	Group \$ 000's	Company \$ 000's
	<b>Current trade and other payables:</b>				
	Trade creditors	3,188	81	354	354
	Taxation liabilities	1,807	42	1,840	-
	Accruals	322	322	216	216
		<b>5,317</b>	<b>445</b>	<b>2,410</b>	<b>570</b>

**20 Share capital**

Authorised		\$ 000's
Unlimited Ordinary Shares of no par value		-
<b>Called up, allotted, issued and fully paid</b>	<b>Number of shares</b>	<b>Nominal value \$000's</b>
<b>As at 1 July 2010</b>	2,346,645,622	-
7 July 2010 shares cancelled for Nil consideration	(29,800,000)	-
26 July 2010 share options exercised for 3.5p per share	61,833,333	-
27 July 2010 share options exercised for 3.5p to 5p per share	17,000,000	-
1 August 2010 share options exercised for 3.5p to 5p per share	17,000,000	-
15 August 2010 share options exercised for 4p per share	20,000,000	-
3 September 2010 share buyback for 3.36p per share	(3,000,000)	-
22 November 2010 share buyback for 5.21p per share	(40,000,000)	-
3 December 2010 share buyback for 5.21p per share	(25,000,000)	-
21 April 2011 share buyback for 5.64p per share	(25,000,000)	-
13 May 2011 shares cancelled for Nil consideration	(45,592,857)	-
<b>As at as at 30 June 2011 and as at 30 June 2012</b>	<b>2,294,086,098</b>	<b>-</b>

There were no shares issued during the year ended 30 June 2012 (2011: 115,833,333 shares issued).  
There were no shares cancelled during the year ended 30 June 2012 (2011: 168,392,857 shares cancelled).

## Notes to Financial Statements for the year ended 30 June 2012, continued

### 20 Share capital (continued)

#### *Total share options in issue*

During the year ended 30 June 2012, the Company granted 88,500,000 options over Ordinary Shares. (2011: 66.5million)

As at 30 June 2012 the unexercised options in issue were;

<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Options in Issue 30 June 2012</b>
4p	22 March 2016	88,500,000
3.5p	13 January 2016	66,500,000
		<b>155,000,000</b>

No options lapsed and no options were exercised during the year to 30 June 2012 (2011: 115,833,333 options exercised). 1,000,000 options were cancelled during the year ended 30 June 2012. (2011: 23,916,667)

#### *Total warrants in issue*

During the year ended 30 June 2012, the Company granted no warrants to subscribe for Ordinary Shares. (2011: Nil). No warrants were exercised during the year to 30 June 2012 (2011: Nil), and no warrants lapsed during the year ended 30 June 2012. (2011: Nil)

As at 30 June 2012 no warrants were in issue (2011: Nil).

## Notes to Financial Statements for the year ended 30 June 2012, continued

### 21 Share Based Payments

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

The following options were issued and/or charged during the year ended 30 June 2012:

Name	Date Granted	Date Vested	Number	Exercise Price (pence)	Expiry Date	Fair Value at Grant Date (pence)
Stephen Dattels	14/01/2011	See 1 below	20,000,000	3.5p	13/01/2016	2.66
Neil Herbert	14/01/2011	See 1 below	20,000,000	3.5p	13/01/2016	2.66
Guy Elliott	14/01/2011	See 1 below	5,000,000	3.5p	13/01/2016	2.66
Bryan Smith	14/01/2011	See 1 below	5,000,000	3.5p	13/01/2016	2.66
James Mellon	14/01/2011	See 1 below	5,000,000	3.5p	13/01/2016	2.66
Ian Stalker	14/01/2011	See 1 below	5,000,000	3.5p	13/01/2016	2.66
Consultants	14/01/2011	See 1 below	6,500,000	3.5p	13/01/2016	2.66
Stephen Dattels	23/03/2012	See 1 below	20,000,000	4p	22/03/2016	1.27
Neil Herbert	23/03/2012	See 1 below	20,000,000	4p	22/03/2016	1.27
Guy Elliott	23/03/2012	See 1 below	5,000,000	4p	22/03/2016	1.27
Bryan Smith	23/03/2012	See 1 below	5,000,000	4p	22/03/2016	1.27
James Mellon	23/03/2012	See 1 below	5,000,000	4p	22/03/2016	1.27
Ian Stalker	23/03/2012	See 1 below	5,000,000	4p	22/03/2016	1.27
Ian Burns	23/03/2012	See 1 below	10,000,000	4p	22/03/2016	1.27
Consultants	23/03/2012	See 1 below	18,500,000	4p	22/03/2016	1.27
<b>Totals</b>			<b>155,000,000</b>			

1. The above share options shall vest in equal instalments annually on the anniversary of the grant date over a 3 year period. The options are exercisable at any time after vesting during the grantees' period as an eligible option holder, and must be exercised no later than 24 months after the date on which each tranche of options respectively vested, after which the relevant tranche of options will lapse. Under certain performance conditions, any unvested options will vest immediately on the performance conditions being met.

## Notes to Financial Statements for the year ended 30 June 2012, continued

### 21 Share Based Payments (continued)

The fair value of the options granted and vested during the year ended 30 June 2012 amounted to US\$0.882 million. The Company also cancelled options in the year, and the fair value of these cancelled options was US\$0.168 million, transferred to retained earnings. 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 year ended 30 June 2012:

	<b>23 March 2012 issue</b>	<b>14 January 2011 issue</b>
Dividend Yield (%)	-	-
Expected Volatility (%)	55.0	60.0
Risk-free interest rate (%)	2.20	2.20
Share price at grant date (£)	0.033	0.052

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

### 22 Analysis of changes in net funds

	<b>2012</b>		<b>2011</b>	
	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>\$ 000's</b>	<b>\$ 000's</b>	<b>\$ 000's</b>	<b>\$ 000's</b>
Balance at beginning of year	<b>45,796</b>	<b>45,796</b>	37,795	37,795
Net change during the year	<b>(3,779)</b>	<b>(4,220)</b>	8,001	8,001
<b>Balance at the end of the year</b>	<b>42,017</b>	<b>41,576</b>	45,796	45,796

### 23 Financial instruments

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

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

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

## Notes to Financial Statements for the year ended 30 June 2012, continued

### 23 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	2012		2011	
	Group \$ 000's	Company \$ 000's	Group \$ 000's	Company \$ 000's
Sterling	14,247	14,247	19,087	19,087
US Dollars	13,421	12,980	1,929	1,929
Australian Dollars	13,361	13,361	5,392	5,392
Canadian Dollars	988	988	19,388	19,388
<b>At 30 June</b>	<b>42,017</b>	<b>41,576</b>	45,796	45,796

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

#### 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 currency of 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, based on a subsidiary's underlying functional currency, 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
Australian Dollar	(1,166)	1,423	56	(68)

Rates of exchange to US\$1 used in the financial statements were as follows:

	As at 30 June 2012	Average for the year to 30 June 2012	As at 30 June 2011	Average for the year to 30 June 2011
Pound Sterling (£)	0.6403	0.6314	0.624	0.629
Australian Dollar (A\$)	0.9841	0.9697	0.944	1.015



## Notes to Financial Statements for the year ended 30 June 2012, continued

### 24 Commitments & Contingent Liabilities

As at 30 June 2012, the Company had entered into the following material commitments:

#### Exploration commitments

As at 30 June 2012, Nimini Holdings Limited or its directly related subsidiary companies had entered into the following material commitments:

- A drilling contract with Boart Longyear on 19 May 2012 to drill up to a maximum of 20,000 metres.
- A contract with MSA - project J2467 on 18 May 2012 for support in the preparation and submission of Mining rights application and preparation of NI 43-101 compliant PFS ZAR 9.4 million.
- A contract J-2460 with MSA for exploration management on 7 May /2012 for ZAR 3.6 million.
- Payment for Mining licence(s): Company paid US\$500,000 for the large scale mining licence with the Ministry of Mines. This will continue thereafter on an annual basis during the life of the licence.
- A contract with IAFC for Consultancy services. Pursuant to the contract, company has commitment to pay \$300,000 following the successful awarding of a mining licence.
- A commitment to pay \$50,000 per annum for surface rent agreements.
- A commitment to pay \$207,000 for Environmental licence, paid in August 2012.
- A contract with Plinian Capital Limited on 26 March 2012, for \$350,000 per annum in respect of the on-going operational management of the Nimini projects in Sierra Leone.

#### Contingent Liabilities

As at 30 June 2012, the Group had an Australian corporate taxation accrual of US\$1.76 million in respect of the disposal of Caledon Resources Plc. The Group are confident that the potential liability will not exceed this based on the CGT advice being given currently, however the Australian Tax Authority is currently pertaining that the liability for CGT on this disposal is approximately AU\$9.7million. However, the Group is disputing this and negotiations, submissions and discussions are ongoing on this matter. The Group consider it unlikely that the final agreed CGT liability will be as high as AU\$9.7million, and is comfortable with the current accrued amount within the Group financial statements.

## Notes to Financial Statements for the year ended 30 June 2012, continued

### 25 Business combinations

#### Acquisition of Nimini Holdings Limited

On 30 September 2011, Polo Gold Limited acquired a total of 51% of Nimini Holdings Limited, a company based in the BVI with subsidiaries in Sierra Leone for US\$7,500,000 and gained control thereof. The resultant goodwill of the acquisition is US\$1.037million, and this has been capitalised in the current year. The fair value of identifiable assets and liabilities of Nimini as at the date of acquisition are:

	Book value \$'000	Fair value adjustment \$'000	Fair value \$'000
Cash and cash equivalents	2	-	2
Property, plant & equipment	15,189	-	15,189
	<u>15,191</u>	<u>-</u>	<u>15,191</u>
Other creditors	(2,518)	-	(2,518)
	<u>(2,518)</u>	<u>-</u>	<u>(2,518)</u>
Fair value of net assets			<u>12,673</u>
Non-controlling interest			(6,210)
Goodwill			<u>1,037</u>
			<u>7,500</u>
<i>Total Consideration:</i>			
Cash paid			<u>7,500</u>
			<u>7,500</u>
<i>The cash outflow on acquisition was as follows;</i>			
Net cash acquired with subsidiary			2
Cash paid			<u>(7,500)</u>
Net cash outflow			<u>(7,498)</u>

#### Purchase of minority interest in Nimini Holdings Limited

On 13 December 2011, Polo agreed to acquire the remaining 49% interest in Nimini for a consideration of US\$9 million cash payment. The purchase of the remaining shares in Nimini allowed the Group to hold a 100% interest in Nimini. The carrying amount of the non-controlling interests in Nimini on the date of acquisition was US\$7.22million. The Group de-recognised non-controlling interests of US\$7.22million. The effect of changes in ownership interest in Nimini on the equity attributable to owners of the Company during the year is summarised as follows;

	\$'000s
Carrying amount of non-controlling interests acquired	7,222
Consideration paid to non-controlling interests	<u>(9,000)</u>
Excess of consideration paid recognised and capitalised in parent's entity	<u>(1,778)</u>

#### Deemed disposal of 10% interest in Nimini without loss of control

On 26 March 2012, Plinian Guernsey Limited subscribed for 100 Ordinary Shares in Nimini Holdings Limited, representing 10% of the enlarged share capital of the Nimini Group. Plinian paid US\$2.5million for the 10% shareholding in Nimini. This results in an increase in non-controlling interest of US\$1.49million.

## Notes to Financial Statements for the year ended 30 June 2012, continued

### 26 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.

On 1 April 2010, Polo entered into a Service Agreement with Regent Mercantile Bancorp Inc., a company in respect of which Mr. S. Dattels, Co-Chairman of Polo Resources, is an interested party. Expenditure of US\$ US\$98,437 was incurred to 30 June 2012 for the provision of administration and support services and US\$66,825 in respect of the recharge of direct related expenses at cost. The agreement for administration services ended in February 2012.

On 1 February 2012, Polo entered into a Service Agreement with Smoke Rise Holdings Limited, a company in respect of which Mr. I. Burns, Finance Director of Polo Resources, is an interested party. Expenditure of US\$ US\$166,616 was incurred to 30 June 2012 for the provision of administration and support services and US\$98,437 in respect of the recharge of direct related expenses at cost.

#### ***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.

	<b>2012</b>	2011
	<b>\$ 000's</b>	\$ 000's
Short-term employee benefits	<b>2,749</b>	<b>3,254</b>
Share-based payments	<b>882</b>	<b>388</b>
	<b>3,631</b>	<b>3,642</b>

### 27 Post balance sheet events

On 26 November 2012, Polo announced that Nimini Mining Limited (a Sierra Leone subsidiary company, which is wholly owned by Nimini Holdings Limited), had been awarded a large-scale Mining Licence for an initial 25 year period. This Licence covers the total area of 100 square kilometres which is held under the contiguous Nimini East and West exploration licences and includes the flagship Komahun Gold Project.