



**POLO RESOURCES LIMITED**

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

**Unaudited Interim Results for the six months ended 31 December 2011**

Polo Resources Limited (AIM and TSX: POL), the natural resources exploration investment company with interests in coal, gold, iron ore and oil and gas, today announces results for the six months ended 31 December 2011.

**Highlights to 31 December 2011**

- Net Asset Value per share at 23 March 2012 is 4.16 pence per share at close of business and 4.23 pence per share at 31 December 2011.<sup>1</sup>
- New investment of US\$16.5 million to acquire a 100 per cent interest in Sierra Leone high grade gold project, Nimini Holdings Limited ("Nimini"), and invested US\$1.5 million in drilling and exploration during the period. By the end of February 2012 Polo had invested a further US\$1 million to fund further drilling and exploration bringing the total investment to US\$19 million. Following excellent results from the ongoing drill campaign Polo is currently in advanced discussions to appoint an operator for a three year period with the intention of taking the project to first gold production within that time frame.
- New investment of US\$12 million made in African oil and gas explorer, Signet Petroleum Ltd. ("Signet"). The investment increased to US\$17 million in February 2012 for a total 15 per cent interest. Signet is exploring a number of oil and gas concessions in Africa most notably in highly prized offshore areas in both Tanzania and Namibia. Polo has an option to acquire a further 2.7 million shares at US\$3.50 per share by end of May 2012.
- Strategic adviser appointed to review options for 29.80 per cent interest in GCM Resources plc ("GCM") which owns the Phulbari coal project with large reserves of both thermal and coking coal, and is well placed to serve growing demand for both electricity generation in Bangladesh and regional coal demand.
- New investment of US\$2.0 million in Mozambique coking coal explorer Mozambi Coal Limited ("Mozambi") bringing Polo's total interest to 17.96 per cent. Mozambi is actively evaluating and acquiring exploration licences in Mozambique's rapidly growing coking coal district.
- Net cash and short term investments totalled US\$83 million at 31 December 2011 and US\$75 million at close of business, 23 March 2012, to fund future investments which Polo continues to actively review.
- A special dividend of US\$71.5 million, paid in October 2011 at two pence per share, was funded from the US\$163.2 million proceeds from the disposal of interest in Caledon Resources plc ("Caledon"). (Year to 30 June 2011; dividend of US\$113.9 million, equivalent to three pence per share).
- Net profit of US\$8.74 million compared to net profit of US\$63.45 million in the comparative period that resulted from the disposal of Polo's interest in Extract Resources Limited.
- Joint venture in Colombian gold explorer Andina Gold Corporation was terminated following slow progress with licensing and exploration with a loss of US\$2.2 million.

- On 28 December 2011, Polo resolved in a General meeting to expand its investment policy to deliver a more diversified earning potential to shareholders from a broader spectrum of revenue generating businesses with exposure to the natural resources arena.

**Neil Herbert, Executive Co-Chairman of Polo Resources, said,**

“In the six months to 31 December 2011, Polo’s primary investments were its acquisition of the Nimini Gold project in Sierra Leone and a strategic stake in African oil and gas exploration company Signet. Both of these private companies have good potential to deliver substantial returns for our shareholders.

“Following the divestment of our interest in Caledon we returned US\$71.5 million to shareholders through a two pence special dividend. Using the proceeds from the Caledon divestment of US\$163.2 million and our previous sale of Extract Resources for US\$141.6 million, we have realised significant value for our shareholders and distributed in aggregate US\$185.4 million to shareholders in the past 20 months.

“While we are constantly reviewing investment opportunities, our immediate focus is on delivering value for our shareholders from our current portfolio of investments, something that we are confident we will achieve.”

Notes:

1. Nimini, Signet, Ironstone and MinFer are not listed and interests are recorded on Polo's balance sheet at the cost of acquisition.

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**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 recognisable 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. For more complete information about Polo, you should read Polo’s disclosure documents filed on [www.sedar.com](http://www.sedar.com) and the Company’s website: [www.poloresources.com](http://www.poloresources.com).

## EXECUTIVE CO-CHAIRMEN'S STATEMENT

Following the disposal of the interest in Caledon Resources plc in October 2011, the Company paid a dividend of US\$71.5 million bringing the total dividends paid to shareholders in the 18 month period from 1 July 2010 to 31 December 2011 to US\$185.4 million, in addition to cancelling a further 168.4 million shares from issue in the same period. The net asset value of the Company on 1 July 2010 was US\$264.6 million, compared to US\$158.3 million today so the distribution of US\$185.4 million is a considerable achievement made possible by the timely realisation of investments, notably the interests in Namibian uranium explorer Extract Resources Limited in 2010 and Caledon in 2011 for a total of US\$304.8 million. Polo is now building a portfolio of new investments led by the recent acquisitions of Nimini and Signet.

### GOLD

#### Nimini Holdings Limited

In December 2011, Polo completed the acquisition of AXMIN Inc's minority interest in Nimini and Polo now owns 100 per cent of this high grade Sierra Leonean gold project. The project shows consistently high grade mineralisation and we believe it will move quickly from an exploration project to a mining project representing a significant enhancement of value to shareholders.

The Nimini East and West, and Matotoka gold exploration licences are situated in the central-west Kono region of Sierra Leone, some 330 kilometres east of the capital Freetown and include the Komahun Gold Project which is located within the wholly-owned Nimini Hills West Licence. Komahun has an Indicated Mineral Resource of 370,000 tonnes grading 9.1 g/t gold (110,000 ounces) and an Inferred Mineral Resource of 3.1Mt grading 4.3 g/t gold (435,000 ounces). The in-situ mineral resource, estimated at a plus 1.8 g/t gold cut-off, was undertaken by SRK using robust three dimensional interpretations with grade interpolation carried out using Ordinary Kriging. The cut-off grade reflects modelling parameters suitable for underground mining. A significant drill campaign is ongoing at the date of this report and a significantly enhanced mineral resource is expected to be completed in April 2012.

In March 2009, AXMIN announced the results of a Preliminary Economic Assessment and Scoping Study (the "Scoping Study") for Komahun. The Scoping Study demonstrated that Komahun has potential for development as an underground gold mine. In addition, economics for Komahun could be substantially enhanced by successful future exploration targeting the immediate vertical extensions to the ore body, which remain open beyond the currently investigated depth of 350 metres below surface.

In early February 2011, Polo announced excellent results from the fourth quarter of 2011 diamond drill programme, which reached 3,332 metres in 13 holes at the Nimini West licence.

The drilling was aimed at a continued investigation of the extension of the main mineralised zone in the Main Zone and in the newly discovered Eastern Extension, Western Extension and Sendekor structures. In 2011, Nimini drilled a total of 8,409 metres in 52 diamond core holes.

The Main Zone was investigated with 10 core holes, totalling 2,608 metres, drilled to both tighten the spacing between some of the previous intersections and to continue exploring the eastern strike and down dip extensions of the deposit. Three deep holes, NWKD 216, 217 and 218, represent the deepest intersection yet at Komahun and demonstrate that the deposit is still open at depth. Some of the best intersections observed include 19.60 metres of 7.08 g/t gold from 366.55 metres in hole NWKD216 and 14.00 metres of 4.70 g/t gold from 347.4 metres in hole NWKD217. In NWKD218, an interval of 9.05 metres of 11.47 g/t gold from 347.35 metres was intersected. All intersections described in this report are core length but are a proxy of true thickness as drilling is perpendicular to the mineralised zone. Other results are pending.

Infill drilling includes holes NWKD 213 to 215 and 219 to 222. These holes were drilled to tighten the drilling density and bring some of the Inferred Resources into the Measured and Indicated category. Near-surface results include hole NWKD 213, which intersected 7.65 metres of 1.94 g/t gold from 95.8 metres and 17.45 metres of 2.56 g/t gold from 131.90 metres, and confirm and enhance the strong mineralisation observed close to surface.

For further information on the results and information referred to above, please refer to Polo's news releases dated 14 December 2011 and 2 February 2012 (titled Acquisition of Remaining Shares in Nimini Holdings

Limited and Nimini Holding Limited Announces Initial Results from the 5,000 Metre Drill Programme at Komahun Gold Project, Sierra Leone).

During the month of December 2011, Nimini initiated a detailed VTEM survey over its Nimini East, West and Matotoka licences. The results of this geophysical survey are due shortly and will allow Nimini to define drill targets on its Nimini and Matotoka licences.

Nimini also plans to undertake an exploration drilling programme at its Matotoka licence where previous exploration yielded promising results from soil sampling, pitting and trenching, and where a number of combined geophysical and geochemical anomalies have been identified. Matotoka is located in central Sierra Leone on the northern border of Cluff Gold's 1.5 million ounce Baomahun gold deposit.

## **OIL AND GAS PROJECTS**

### **Signet Petroleum Ltd**

As a result of investments undertaken in 2011 and early 2012, Polo Resources currently holds 4,952,379 shares in Signet, comprising approximately 15.07 per cent of Signet's issued share capital and has the right to acquire a further 2,857,143 shares in Signet at a price per share of US\$3.50. Signet has a number of oil and gas concessions in both East and West Africa with exciting potential, particularly its interests in Tanzania and Namibia. Signet plans to complete seismic interpretation on both interests during this year.

Signet is an independent oil exploration company focused on acquiring and developing high impact exploration assets in Africa. Four highly prospective assets have already been acquired in Benin, Burundi, Namibia and Tanzania, and the company is actively pursuing additional assets in other African countries.

In the Company's opinion, the current stake in Signet, together with the flexibility offered by the outstanding option at US\$3.50 per share, provides a good investment opportunity for Polo. Based on comparable companies in the region, Signet's diverse portfolio of assets has the potential to create significant short and long term shareholder value.

#### **Tanzania**

Signet holds an 80 per cent interest in Hydrotanz Ltd ("Hydrotanz"), a company incorporated in Tanzania. Hydrotanz entered into a production sharing agreement with the United Republic of Tanzania and the Tanzania Petroleum Development Corporation pertaining to the North Mnazi Bay on 29 May 2008. North Mnazi Bay is located offshore and covers an area of 252.27 square kilometres. Hydrotanz has recently completed the acquisition of 375 kilometres of 2D seismic and these results will be interpreted with existing data to design a work programme for the block.

A joint venture between BG International Limited and Ophir Energy plc has interests in Blocks 1, 3 and 4 offshore southern Tanzania. These blocks cover 20,853 square kilometres in the Ruvuma and Mafia Deep Basins area, located in water depths ranging from approximately 100 metres to 3,000 metres. The results of the recent drilling activity in Blocks 1 and 4 have confirmed the presence of both Tertiary and Cretaceous reservoir systems. All three of the recent wells drilled in Blocks 1 and 4 have encountered gas within Tertiary reservoirs. According to a report prepared by RPS Energy Limited in July 2011, Blocks 1, 3 and 4 had 2,454 bscf of gross mean contingent resources and 5,643 bscf of gross mean risked prospective resources. Block 1 is located to the north adjacent to the North Mnazi Bay block.

On 7 February 2012, Signet contracted with Fugro Geo-Team for the acquisition of 100 square kilometres of 3D seismic on the Mnazi Bay North Block. The acquisition is scheduled to commence on 15 May 2012.

#### **Namibia**

On 17 June 2011, Signet entered into a petroleum agreement with the Government of the Republic of Namibia in relation to Block 2914B which gave Signet a 75 per cent interest in the block. On 19 August 2011, petroleum exploration licence no. 0039 was issued to Signet and its partners in relation to Block 2914B, which comprises an area of 12,299 square kilometres.

Block 2914B is located in the highly prospective Orange Basin to the southwest of the Kudu gas field (estimated proven and prospective reserves of over six trillion cubic feet) operated by Tullow Oil plc. Block 2914B is also adjacent to blocks operated by HRT Participações em Petróleo S.A.

On 4 January 2012, Spectrum Geo Limited commenced the acquisition of 5,000 kilometres of 2D seismic on Block 2914B for Signet.

### Benin

Signet has acquired a 90 per cent shareholding interest in Signet Benin, a company that entered into a petroleum contract with the Republic of Benin for the exploration and exploitation of hydrocarbons in offshore Block No. 3 on 15 July 2011. Block No. 3 covers an area of 2,863 square kilometres in the hydrocarbon bearing Dahomey Embayment. Within Block No. 3, there are three major sandstone reservoirs all of which have been penetrated in the Seme field in neighbouring Block No. 1 located to the east.

In February 2011, the Brazilian state oil company Petrobras acquired a 50 per cent interest in Block No. 4 located to the south adjacent to Block No. 3 offshore Benin.

### Burundi

Signet has acquired rights to an 87.5 per cent shareholding interest in Minergy RE (Rare Earths) Limited, which entered into a petroleum contract with the Republic of Burundi for the exploration of hydrocarbons in Block C in Lake Tanganyika on 21 May 2011.

Block C covers an area of 658.1 square kilometres. Lake Tanganyika lies on the western branch of the East African Rift System. The exploration area in Burundi includes the Rusizi and Lake Tanganyika basins and has been divided into four blocks, of which Block C is one. Block A located in the Rusizi basin was awarded in May 2011 to A-Z Petroleum Ltd. The other two blocks, Block B and D, are owned by Surestream Petroleum Limited.

In August 2011, Total SA was granted the Lake Tanganyika North Area licence following a competitive bid process in which nine companies applied.

In February 2012, Signet purchased all available technical data relating to the area. Signet is currently evaluating the data and making preparations for a 2D seismic acquisition campaign to be conducted in 2012.

## **METALLURGICAL AND THERMAL COAL**

The disposal of the interest in Caledon represented the disposal of the second of three coal interests acquired prior to the global financial crisis of 2008. Caledon shares traded as low as 11 pence per share in 2009 and so the 2011 sale price of 112 pence per share represented a considerable achievement.

### **GCM Resources plc (AIM: GCM)**

Polo has a 29.80 per cent interest in GCM Resources and the Company has retained a strategic adviser to review Polo's options in relation to this holding. GCM's Phulbari Coal Project is a substantial, world class coal resource that is expected to support a long life, low cost mining operation and is the only such deposit in Bangladesh that has been subjected to a full Feasibility Study including an Environmental and Social Impact Assessment prepared to international standards.

GCM has identified a world class coal JORC compliant resource of 572 million tonnes (Mt) near the town of Phulbari in North West Bangladesh. The mine will produce a mix of high quality thermal coal, low ash metallurgical coal (also known as semi-soft coking coal) and a good quality thermal coal suitable for the domestic industrial market. It is expected that the coal will be extracted by the open cut mining method using trucks and hydraulic excavators. Substantial initial investment relating to equipment costs, site preparation, box cut development and initial resettlement and other community programmes will take place over a three year period leading to the first commercial coal production. Ramp up to saleable coal production of 15Mt per annum will take a further five years. The mine will have a life of over 30 years. The combination of high quality coal, a large resource, thick seams and low operating costs make Phulbari a world class deposit.

GCM is seeking partnerships with organisations which could strengthen the Phulbari proposition from the perspective of the Bangladesh Government. Discussions are being held with organisations that have strong networks in Bangladesh, expertise in power development, marketing and logistics, experience of developing substantial projects and/or can offer synergies with the Project.

### **Mozambi Coal Limited (ASX: MOZ)**

In July 2011, Polo increased its interest in Mozambi Coal Limited ("Mozambi"), a coal exploration company listed on the Australian Stock Exchange, and currently holds 20,645,000 ordinary shares, equivalent to 17.96 per cent of Mozambi's issued share capital.

The company has three high value mineral exploration projects spanning 609 square kilometres in the Zambeze Coal Basin in the Tete Province of Mozambique.

In July 2011, Mozambi entered into an agreement to acquire 80 per cent of exploration licence 2738L ("Songo") which is situated approximately 115 kilometres to the west of the city of Tete within the Songo district and covers 224 square kilometres. The licence has potential for 25.8 square kilometres of coal-bearing Lower Karoo sediments.

Scout diamond drilling on the Songo licence area commenced in October 2011 and 1,310 metres were completed successfully prior to the onset of the wet season which normally occurs from December to March. In addition, the company also completed an airborne geophysical survey (Magnetic and Radiometric) over the Songo licence area. A total of 2,321 line kilometres were completed covering the south-eastern part of the licence area.

During September 2011, Mozambi released preliminary results of its first pass stratigraphic drilling on 3245L ("Tete West") with the successful intersection of thin Karoo coal seams. Seventeen assays from the initial drilling programme remain pending. An airborne geophysical survey was also completed over Tete West with a total of 208 line kilometres being completed.

Mozambi is in the early planning stages of exploration on its third exploration licence 3246L ("Mukurara") and has completed an airborne geophysical survey for a total of 1,246 line kilometres over the licence. First pass drilling is expected to commence during 2012.

The Zambeze Coal Basin is an emerging and highly prospective coal region that is within economic reach of the East African coast. Globally significant resource companies have undertaken coal exploration and development projects directly adjacent and nearby to Mozambi Coal's licences, including Rio Tinto, Vale, Jindal Steel, Mittal Steel, ENRC, Ncondezi Coal and Midwest Resources.

## **IRON ORE**

### **Ironstone Resources Limited**

In December 2010 the Company made a US\$7.90 million investment followed by a further US\$4.91 million in March 2011 in Ironstone Resources Limited ("Ironstone"), a private Canadian company which owns the Clear Hills Iron Ore/Vanadium Project ("Clear Hills") in Alberta, Canada. Polo holds an approximate 15.7 per cent interest in Ironstone. Ironstone's Clear Hills project has advanced significantly since the initial investment, with a threefold increase in compliant resources and material advances in process development. Ironstone anticipates completion of a Preliminary Economic Assessment ("PEA") on the iron in the first half of 2013, subject to the completion in the first quarter of 2013 of the iron portion of the process development work.

Incorporating both Ironstone's Clear Hills drilling results with historical data on the northern Rambling Creek block, an initial NI 43-101 compliant 140Mt indicated and 63Mt inferred iron and vanadium (indicated only) resource was reported by SRK Consultants (Canada) Inc. in October 2010.

During February and March 2011, Ironstone carried out a second drill programme focused on extending the known ironstone deposit south of the Rambling Creek permit on to the North Whitemud River project area.

Ironstone drilled a total of 148 holes and recovered 12,086 metres of core. Drill hole locations were set up at a nominal 400 metre spacing with some holes drilled at a 250 metre spacing to better define grade continuity within the ore.

SRK Consultants (Canada) Inc. incorporated the results of the Rambling Creek resource with the North Whitemud River resource in a revised NI 43-101 resource report published in November 2011. Ironstone's total compliant resource in the Clear Hills is currently 556.5Mt indicated iron at 33.3 per cent, 86.9Mt inferred iron at 34.1 per cent, and 2.45 billion pounds of indicated vanadium pentoxide (0.20 per cent of the 556.5Mt indicated resource).

In February 2012, the Company carried out a limited third drilling programme focused on delineating the southern-most end of the Clear Hills iron ore deposit. Ironstone drilled a total of 31 holes, with analytical results to follow later in 2012. Drill hole locations were set up at a nominal 400 metre spacing with a few holes drilled at 200 metre spacing.

Hatch Engineering, a globally recognised leader in process development technology, has been engaged by Ironstone to assist in the commercialisation of a "Grain Enlargement" process for beneficiating Clear Hills iron ore. Significant work has been completed in this respect, with the conclusion of process development work for iron anticipated in late 2012 or early 2013. The process development work for vanadium pentoxide recovery is anticipated to be completed approximately six months after completion of the iron work. This would then be followed by a second PEA incorporating the vanadium results into the iron PEA. There is expected to be a patentable element to the work completed by Hatch, with the long-term potential of a royalty stream should Ironstone's beneficiation process be licenced in the future to other companies developing similar ore bodies across the globe. Licensing revenue would be split between Hatch and Ironstone on a 50/50 basis.

### **MinFer Holdings Limited**

In February 2011, Polo acquired 30 per cent interest of the issued share capital in MinFer Holdings Limited ("MinFer"), which is engaged in the acquisition and exploration of large-scale iron ore projects in Brazil, for US\$5 million. MinFer has re-focused its activities on the Rio dos Bois iron ore project on which exploration drilling has been initiated.

A series of metallurgical test works for the Rio dos Bois iron ore project have been conducted at Nomos with the aim of defining a commercial product with and without phosphorous. A few products with iron grade at commercial levels were already defined with high phosphorous, and one possible product was identified following test work using sodium carbonate and calcination which cleaned the concentrate after acid leaching. The process is expensive and additional studies are required in this route to delineate its economics. Other methods are planned to be tested and will be assessed over the next year. A Reverse Circulation drilling programme is underway to delineate initial ore resources and to characterise the ore in the three different leases. The Ponderosa, Barra Mansa and Jussara targets are being drilled, which represents 10 per cent of the areal expression of the mineralised horizon. In total, 30 holes are planned averaging between 20 to 30 metres.

The iron ore at Rio dos Bois is of a Clinton style with large areal distribution and high to medium phosphorous content with potential for more than two billion tonnes at a very low mining cost and favourable transport and mining logistics.

Five exploratory Reverse Circulation boreholes were conducted in the Eloi property delineating an ore resource potential of 50 Kt per vertical metre at approximately 26 per cent iron. Preliminary metallurgical test works using dry magnetic separation for fractionally less than 100 mesh and greater than 65 mesh show a possibility of sinter feed product with 22 per cent of mass recovery with an iron grade of 67 per cent. There is also material of less than 100 mesh which can also generate pellet feed and increase mass recovery capacity to produce 0.50Mt/year of Run of Mine for 0.15Kt of sinter feed/year.

To maintain the focus in iron ore, MinFer's Iron Tower Project in Para State has been returned to the vendor.

The exploration for iron ore on MinFer's Sento Sé Project in Bahia State has been completed. 1,881 meters of Reverse Circulation drilling were completed in 23 boreholes at the Dinossauro and Pedrão iron ore targets which, combined with the previous diamond drilling information, generated the required information to produce final exploration reports, on both targets, submitted to the Departamento Nacional de Produção

Mineral (“DNPM”) in November and December 2011. The combined resource for both targets is 52Mt of iron ore with 33 per cent iron (NI 43-101 non compliant). The chip samples were sent to SGS/Lakefield laboratory in Belo Horizonte-MG and to Nomos laboratory in Rio de Janeiro-RJ and a standard QA/QC programme was conducted for the drilling programme. MinFer is currently evaluating results and considering options for the project.



**POLO RESOURCES LTD**  
**CONSOLIDATED INCOME STATEMENT**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2011**

	6 months ended 31 December 2011	6 months ended 31 December 2010	Year ended 30 June 2011
Note	(unaudited) \$ 000's	(unaudited) \$ 000's	(audited) \$ 000's
(Losses)/gains on sale of investments	(1,645)	65,119	70,381
Gains on sale of associates	2 18,816	-	2,569
Investment income	40	1,500	2,723
Administrative expenses	(4,738)	(4,735)	(7,298)
Share options expensed	(398)	-	(430)
Currency exchange gains/(losses)	2	(1,115)	(4,919)
Impairment of investment in joint venture	(2,213)	-	-
Convertible Loan written off	-	-	(841)
<b>Operating profit</b>	<b>9,864</b>	<b>60,769</b>	<b>62,185</b>
Share of joint venture results	(123)	-	-
Share of associates results	(1,224)	275	(2,054)
Other income	-	1,800	4,193
Finance revenue	221	606	2,600
<b>Profit on ordinary activities before taxation</b>	<b>8,738</b>	<b>63,450</b>	<b>66,924</b>
Income tax expense	-	-	(1,719)
<b>Profit for the financial period</b>	<b>8,738</b>	<b>63,450</b>	<b>65,205</b>
<b>Attributable to:</b>			
Equity holders of the parent	<b>8,738</b>	<b>63,450</b>	<b>65,205</b>
<b>Earnings per share:</b>	<b>3</b>		
<b>Basic earnings per share (US cents)</b>	<b>0.38</b>	<b>2.61</b>	<b>2.75</b>
<b>Diluted earnings per share (US cents)</b>	<b>0.37</b>	<b>2.59</b>	<b>2.71</b>

**POLO RESOURCES LTD**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2011**

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	6 months ended 31 December 2011 (unaudited) \$ 000's	6 months ended 31 December 2010 (unaudited) \$ 000's	Year ended 30 June 2011 (audited) \$ 000's
<b>Profit for the period</b>	8,738	63,450	65,205
(Losses)/gains on revaluation of available for sale investments	(6,317)	1,208	(1,689)
Transfer to income statement of available for sale investments	1,833	(55,075)	(61,226)
Currency translation differences	(1,218)	13,202	45,144
<b>Other comprehensive income for the year net of taxation</b>	<b>(5,702)</b>	<b>(40,665)</b>	<b>(17,771)</b>
<b>Total comprehensive income</b>	<b>3,036</b>	<b>22,785</b>	<b>47,434</b>

**POLO RESOURCES LTD**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2011**

	Note	31 December 2011 (unaudited) \$ 000's	31 December 2010 (unaudited) \$ 000's	30 June 2011 (audited) \$ 000's
<b>Non-current assets</b>				
Intangible assets - licences and exploration costs		18,084	-	-
Tangible assets		13	11	7
Interest in joint venture		1,600	-	3,936
Interest in associates	6	35,775	120,449	37,172
Available for sale investments	7	25,625	8,405	16,202
<b>Total non-current assets</b>		<b>81,097</b>	<b>128,865</b>	<b>57,317</b>
<b>Current assets</b>				
Interest in associates	6	-	-	124,727
Trade and other receivables		27	28,793	428
Available for sale investments	7	23,722	11,579	5,538
Cash and cash equivalents		62,256	49,826	45,796
<b>Total current assets</b>		<b>86,005</b>	<b>90,198</b>	<b>176,489</b>
<b>Total Assets</b>		<b>167,102</b>	<b>219,063</b>	<b>233,806</b>
<b>Current Liabilities</b>				
Trade and other payables		(3,738)	(4,904)	(2,410)
<b>Total Liabilities</b>		<b>(3,738)</b>	<b>(4,904)</b>	<b>(2,410)</b>
<b>Net Assets</b>		<b>163,364</b>	<b>214,159</b>	<b>231,396</b>
<b>Shareholders' equity</b>				
Share capital	5	-	-	-
Share premium		285,486	281,945	285,491
Share based payment reserve		998	2,588	600
Foreign exchange reserve		28,273	15,578	29,561
Available for sale investments reserve		(6,243)	1,194	(1,833)
Retained earnings		(145,150)	(87,146)	(82,423)
<b>Total Equity</b>		<b>163,364</b>	<b>214,159</b>	<b>231,396</b>

**POLO RESOURCES LTD**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2011**

	6 months ended 31 December 2011 (unaudited) \$ 000's	6 months ended 31 December 2010 (unaudited) \$ 000's	Year ended 30 June 2011 (audited) \$ 000's
<b>Cash flows from operating activities</b>			
Operating profit	9,864	60,769	62,185
Decrease/(increase) in trade and other receivables	401	1,858	2,258
Increase/(decrease) in trade and other payables	1,328	2,387	(1,947)
(Increase)/decrease in available for sale investments	(27,607)	56,367	50,234
Foreign exchange translation	(2)	1,115	4,919
Share options expensed	398	-	430
Convertible loan written off	-	-	841
Impairment of investment in subsidiary	2,213	-	-
Gains on sale of available for sale associates	(18,816)	-	(2,569)
Depreciation	3	1	7
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(32,218)</b>	<b>122,497</b>	<b>116,359</b>
<b>Cash flows from investing activities</b>			
Finance revenue	221	606	2,600
Payments to acquire intangible assets	(18,084)	-	-
Payments to acquire tangible assets	(8)	(8)	(9)
Net receipts/(payments) for investments in associates	138,317	(3,334)	(15,727)
Loan to associate	-	(27,965)	-
Receipts on repayment of convertible loans	-	7,357	-
Convertible loan advanced	-	-	(841)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>120,446</b>	<b>(23,344)</b>	<b>(13,977)</b>
<b>Acquisitions and disposals</b>			
Payments to acquire joint venture	-	-	(3,936)
Receipts on sale of joint venture	-	20,000	20,000
<b>Net cash inflow from acquisitions and disposals</b>	<b>-</b>	<b>20,000</b>	<b>16,064</b>
<b>Cash flows from financing activities</b>			
Issue of ordinary share capital	-	6,719	6,830
Share issue costs	-	(21)	-
Cost of buy back of shares/warrants	-	(5,484)	(7,837)
Dividends paid to company shareholders	(71,466)	(112,092)	(113,928)
<b>Net cash (outflow) from financing activities</b>	<b>(71,466)</b>	<b>(110,878)</b>	<b>(114,935)</b>
<b>Net increase in cash and cash equivalents</b>	<b>16,762</b>	<b>8,275</b>	<b>3,511</b>
Cash and cash equivalents at beginning of period	45,796	37,795	37,792
Exchange (loss)/gain on cash and cash equivalents	(302)	3,756	4,490
<b>Cash and cash equivalents at end of period</b>	<b>62,256</b>	<b>49,826</b>	<b>45,796</b>

**POLO RESOURCES LTD**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2011**

	Called up share capital	Share premium reserve	Foreign currency translation reserve	Available for sale investment reserve	Share based payment reserve	Retained earnings	Total
Group (unaudited)	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's
<b>As at 1 July 2011</b>	-	285,491	29,561	(1,833)	600	(82,423)	231,396
Profit for the period	-	-	-	-	-	8,738	8,738
Currency translation differences	-	(5)	(1,288)	74	-	1	(1,218)
Revaluation transfer	-	-	-	1,833	-	-	1,833
Gain on revaluation of available for sale investments	-	-	-	(6,317)	-	-	(6,317)
<b>Total comprehensive income</b>	-	(5)	(1,288)	(4,410)	-	8,739	3,036
Share options exercised	-	-	-	-	398	-	398
Dividend paid	-	-	-	-	-	(71,466)	(71,466)
<b>Total contributions by and distributions to owners of the Company</b>	-	-	-	-	398	(71,466)	(71,068)
<b>As at 31 December 2011</b>	-	285,486	28,273	(6,243)	998	(145,150)	163,364

  

	Called up share capital	Share premium reserve	Foreign currency translation reserve	Available for sale investment reserve	Share based payment reserve	Retained earnings	Total
Group (unaudited)	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's
<b>As at 1 July 2010</b>	-	275,109	10,226	53,012	6,675	(40,629)	304,393
Profit for the period	-	-	-	-	-	63,450	63,450
Currency translation differences	-	5,622	5,352	2,049	179	-	13,202
Revaluation transfer	-	-	-	(55,075)	-	-	(55,075)
Gain on revaluation of available for sale investments	-	-	-	1,208	-	-	1,208
<b>Total comprehensive income</b>	-	5,622	5,352	(51,818)	179	63,450	22,785
Share capital issued	-	6,719	-	-	-	-	6,719
Purchase of own shares	-	(5,484)	-	-	-	-	(5,484)
Share issue costs	-	(21)	-	-	-	-	(21)
Share options exercised	-	-	-	-	(4,266)	4,266	-
Dividend paid	-	-	-	-	-	(114,233)	(114,233)
<b>Total contributions by and distributions to owners of the Company</b>	-	1,214	-	-	(4,266)	(109,967)	(113,019)
<b>As at 31 December 2010</b>	-	281,945	15,578	1,194	2,588	(87,146)	214,159

**POLO RESOURCES LTD**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited) (continued)**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2011**

<b>Group (audited)</b>	<b>Called up share capital \$ 000's</b>	<b>Share premium reserve \$ 000's</b>	<b>Foreign currency translation reserve \$ 000's</b>	<b>Available for sale investment reserve \$ 000's</b>	<b>Share based payment reserve \$ 000's</b>	<b>Retained earnings \$ 000's</b>	<b>Total \$ 000's</b>
<b>As at 1 July 2010</b>	-	275,109	10,226	53,012	6,675	(40,629)	304,393
Profit for the period	-	-	-	-	-	65,205	65,205
(Loss) on revaluation of available for sale investments	-	-	-	(1,689)	-	-	(1,689)
Transfer to income statement	-	-	-	(61,226)	-	-	(61,226)
Currency translation differences	-	17,315	19,335	8,070	378	46	45,144
<b>Total comprehensive income</b>	-	17,315	19,335	(54,845)	378	65,251	47,434
Share capital issued	-	-	-	-	-	-	-
Purchase & cancellation of own shares	-	(13,763)	-	-	-	-	(13,763)
Share options exercised	-	6,830	-	-	(3,901)	3,901	6,830
Share based payments	-	-	-	-	430	-	430
Share options cancelled	-	-	-	-	(2,982)	2,982	-
Dividend paid	-	-	-	-	-	(113,928)	(113,928)
<b>Total contributions by and distributions to owners of the Company</b>	-	(6,933)	-	-	(6,453)	(107,045)	(120,431)
<b>As at 30 June 2011</b>	-	285,491	29,561	(1,833)	600	(82,423)	231,396

**POLO RESOURCES LTD**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2011**

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**1. Basis of preparation**

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

The financial information for the period ended 31 December 2011 has not been audited or reviewed in accordance with the International Standard on Review Engagements 2410 issued by the Auditing Practices Board. The figures were prepared using applicable accounting policies and practices consistent with those adopted in the statutory accounts for the period ended 30 June 2011. The figures for the period ended 30 June 2011 have been extracted from the accounts for the period ended 30 June 2011, which have been delivered to the AIM Market operated by the London Stock Exchange, and contain an unqualified audit report.

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

**Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union with the exception of International Accounting Standard ('IAS') 34 – Interim Financial Reporting. Accordingly the interim financial statements do not include all of the information or disclosures required in the annual financial statements and should be read in conjunction with the Group's 2011 annual financial statements.

**Basis of consolidation**

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

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All inter-company balances and transactions have been eliminated in full.

**Foreign currencies**

*(a) Functional and presentation currency*

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

*(b) Group companies*

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

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

*(c) Rates of exchange*

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

	<b>As at 31 December 2011</b>	<b>Average for the 6 months to 31 December 2011</b>	<b>As at 30 June 2011</b>	<b>Average for the period to 30 June 2011</b>
Pound Sterling	0.647	0.628	0.624	0.629
Australian Dollar (A\$)	1.017	1.032	0.944	1.015

**POLO RESOURCES LTD**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2011**

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**2. Gain on sale of associate**

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\$18,815,834.

**3. Earnings per share**

The calculation of earnings per share is based on the profit /(loss) after taxation divided by the weighted average number of shares in issue during the period:

	<b>6 Months ended 31 December 2011 (unaudited) \$ 000's</b>	<b>6 Months ended 31 December 2010 (unaudited) \$ 000's</b>	<b>Year 30 June 2011 (audited) \$ 000's</b>
Net profit after taxation	8,738	63,450	65,205
Weighted average number of ordinary shares used in calculating basic earnings per share	2,294.09 m	2,429.76 m	2,372.18 m
Basic earnings/(loss) per share (expressed in US cents)	0.38 cents	2.61 cents	2.75 cents
Weighted average number of ordinary shares in issue	2,294.09 m	2,429.76 m	2,372.18 m
Adjustments for;			
- share options	66.50 m	16.00 m	31.61 m
Weighted average number of shares for diluted earnings/(loss) per share	2,361.59 m	2,445.76 m	2,403.79 m
Diluted earnings/(loss) per share (expressed in US cents)	0.37cents	2.59 cents	2.71 cents

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has one category of dilutive potential ordinary shares, namely share options. For share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average period market share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.



**POLO RESOURCES LTD**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2011**

**4 Dividends**

The dividends paid in the period to 31 December 2011 were US\$71,465,719, equivalent to 2 pence per share (30 June 2011: US\$113,928,000 equivalent to 3 pence per share). No further dividends are proposed.

**5 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 30 June 2010</b>	<b>2,346,645,622</b>	-
7 July 2010 shares cancelled for Nil consideration	(29,800,000)	
26 July 2010 options exercised for cash at 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 options exercised for cash at 4p per share	20,000,000	-
3 September 2010 share repurchase and cancellation at 3.36p per share	(3,000,000)	-
22 November 2010 share repurchase and cancellation at 5.205p per share	(40,000,000)	-
2 December 2010 share repurchase and cancellation at 5.205p 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 30 June 2011 and as at 31 December 2011</b>	<b>2,294,086,098</b>	-

***Total share options in issue***

During the period ended 31 December 2011, the company granted no options over ordinary shares.

As at 31 December 2011 the unexercised options in issue were;

<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Options in Issue 31 December 2011</b>
9p	4 March 2018	1,000,000
15 July 2011 cancellation 9p options		(1,000,000)
3.5p	13 January 2016	66,500,000
		<b>66,500,000</b>

No options lapsed and no options were exercised during the period to 31 December 2011. The remaining 9 pence options were bought out and cancelled at a cost of £3,000. The options issued in January 2011 at an exercise price of 5.5 pence per share were re-priced to 3.5 pence per share following the payment of the dividend, in accordance with the terms of the company's share option plan.

***Total warrants in issue***

During the period ended 31 December 2011, the company granted no warrants to subscribe for ordinary shares. As at 31 December 2011 there are no warrants in issue.

**POLO RESOURCES LTD**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2011**

**6. Interest in associates**

	<u>2011</u>
	\$ 000's
<b>Group</b>	
At beginning of the period	161,899
Investments in associates – equity disposals	(120,068)
Investments in associates – Redemption of loan notes	(4,659)
Share of associates loss for the period	(1,224)
Currency translation differences	(173)
<b>As at 31 December 2011</b>	<u>35,775</u>

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

<b>Non-current assets</b>	<b>Carrying Value</b>	<b>Fair Value</b>
	\$ 000's	\$ 000's
GCM Resources Plc – interest in equity shares	31,712	13,202
MinFer Holdings Ltd	4,063	4,063
	<u>35,775</u>	<u>17,265</u>

Subsequent to 31 December 2011 the market value of the investment in associates has increased to US\$20.54 million as at 23 March 2012.

Details of the Group associates at 31 December 2011 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	30/06/11	Coal Exploration
MinFer Holdings Ltd	BVI	30.00%	08/02/11	30/06/11	Iron Ore exploration

As detailed in Note 2 and within the executive chairman's statement, the Group completed the sale of its interest in Caledon Resources Plc, resulting in a net realised gain of US\$18,815,834.

**POLO RESOURCES LTD**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2011**

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**7. Available for sale investments**

<b>Group – Listed &amp; Unlisted Investments</b>	<b>\$ 000's</b>
At 1 July 2011	21,740
Acquired during the period	193,231
Disposals during the period	(158,256)
Realised (losses) on disposals	(1,645)
Currency translation differences	(1,239)
Transfer from equity	1,833
Movement in market value	(6,317)
<b>At 31 December 2011</b>	<b>49,347</b>
<b>The available for sale investments splits are as below;</b>	
<b>Non-current assets – listed</b>	<b>1,738</b>
<b>Non-current assets – unlisted</b>	<b>23,887</b>
<b>Current assets – listed</b>	<b>23,570</b>
<b>Current assets – unlisted</b>	<b>152</b>
	<b>49,347</b>

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

**8. Post balance sheet events**

On 1 February 2012, the Group increased its investment in Signet Petroleum to 15.07 per cent of Signet's issued ordinary shares, through the purchase of 1,428,571 ordinary shares for US\$5million.

Joint venture in Colombian gold explorer Andina Gold Corporation was terminated in March 2012 following slow progress with licensing and exploration.

**9. Financial information**

The financial information set out above does not constitute the Group's statutory accounts for the period ended 30 June 2011, but is derived from those accounts. Statutory accounts for the period have been delivered to the shareholders, and the auditors made an unqualified report thereon.

A copy of this interim financial report is available on the Company's website: [www.poloresources.com](http://www.poloresources.com)

## Corporate Information

**Registered number** 1406187 registered in British Virgin Islands

**Directors** Stephen Dattels – Executive Co-Chairman  
Neil Herbert – Executive Co-Chairman  
Ian Burns – Finance Director  
Guy Elliott - Senior Non Executive Director  
Ian Stalker – Non Executive Director  
Bryan Smith - Non Executive Director  
James Mellon – Non Executive Director

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