

9 November 2010

Polo Resources

Polo Resources Limited

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

Results for the 12 Months Ended 30 June 2010

Polo Resources Limited (AIM/TSX: POL), the listed resources investment company with coal interests in Bangladesh and Australia, announces results for the 12 months ended 30 June 2010.

Financial and Operational Highlights

- As at 8 November, the Company’s cash balances were US\$67 million.
- Net profit for the year ended 30 June 2010 was US\$29 million.
- Net asset value per share at 8 November 2010 is 6.86 pence per share.
- Successful listing in the Toronto Stock Exchange under trading Symbol ‘POL’.
- Sale of interest in Mongolian Joint Venture for cash consideration of US\$35 million, realising a net gain over book value of US\$19 million. In addition the company will continue to retain a net 0.5 per cent royalty for coal sold from licences previously held in the JV agreement.
- Subsequent to the 30 June year end Polo disposed of its entire interest of 22,550,849 shares in Extract Resources Limited for US\$142 million and realising a gain on disposal of US\$62.7 million. The Board utilised proceeds of the Extract Shares to fund a special dividend to shareholders of 3 pence per share for a total of US\$112 million.
- Strategic interest of 27.64 per cent in Caledon Resources plc currently valued at US\$106.6 million*.
- Possible cash acquisition of Caledon Resources plc by Guangdong Rising (Australia) Pty Limited announced on 8 November 2010 for 112 pence per share would value Polo’s equity interest at US\$121.6 million.
- Strategic interest of 29.82 per cent in GCM Resources plc currently valued at US\$60.7 million*.

* Based on closing prices on 8 November 2010

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

“The year has proved to be one of significant financial success with the disposals we have made realising attractive returns for our shareholders. Alongside these disposals, our strategic interests in coal assets in Bangladesh and Australia continue to progress well and appreciate in value.

The business is well positioned financially and we continue to explore potential opportunities for investment that fit with our strict return on investment criteria. We look to the future with confidence.”

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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. The Company will primarily invest in companies with producing assets and/or resources and reserves that have been verified under internationally recognised reporting standards. For complete details on Polo Resources: 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 Statement

Following the accumulation of a series of investments in uranium focused companies during the last financial year; Polo began a programme of disposing of these investments from September 2009 that culminated with the disposal of our largest uranium interest, Extract Resources Limited, in August 2010. These investments and subsequent timely disposals have been highly successful for Polo and demonstrate management's ability to identify growth opportunities and successfully convert these into realised financial gains for our shareholders.

To highlight the achievements of this financial year:

- Polo had disposed of all its uranium investments with the exception of its interest in Extract Resources with total sales of US\$57.9 million and realised a net gain on disposal of US\$20 million.
- Polo disposed of its interest in Mongolian coal for US\$35 million, realising a net gain of US\$19 million on its book carrying cost.

Furthermore, subsequent to the end of 30 June 2010 financial year:

- On 2nd July 2010 with the share price of 3.575 pence per share the Directors announced the intention to pay a dividend of 3 pence per share representing 84 per cent of the share price of that date. The dividend was duly paid on 27 August 2010 and the share price immediately following the dividend payment was 3.47 pence per share.
- On 13 August 2010 Polo completed its disposal of its uranium interests with the sale of the interest in Extract Resources for US\$142 million and realised a net gain on disposal of US\$62.7 million.

Following these disposals the Company was left with two coal investments:

- 62,085,196 shares representing a 27.64 per cent equity interest in Caledon Resources plc (AIM: CDN) together with convertible loan note of £2.5 million and short term loans of £17.9 million. Caledon has recently made substantial advances with a large increase in its geological coal resources, enhanced management with a wealth of experience in underground coal mining and most importantly has secured an interest in the Wiggins Island port facility currently programmed for development in Queensland. Access to the Wiggins Island port is critical to the future development of Caledon's Minyango coking coal project which the company plans to take to Bankable Feasibility Study shortly.
- 15,220,985 shares representing a 29.82 per cent equity interest in GCM Resources plc (AIM: GCM). GCM's discussions with the Bangladeshi Government have recently moved onto the detail of project implementation for its Phulbari coal project and the company is busy preparing so that it is ready to move forward with development as soon as it receives Government approval for its Scheme of Development.

With these encouraging developments at both Caledon and GCM we consider that both projects offer prospects of substantial growth in the current financial year. At the date of this report the Company had a cash balance of US\$67 million and we are busy focusing on new investment opportunities with a number of projects currently under review over a range of minerals. We look forward to updating shareholders as to progress in due course.

Stephen R. Dattels
Executive Co-Chairman

Neil Herbert
Managing Director and Executive Co-Chairman

Financial Review

During the 12 months under review, Polo Resources made an overall gain of 53.2 per cent (US\$20 million) on the book value of six investment stocks. Operating in a tough financial environment, the Board reasserted its ability to make timely disposals and acquisitions in a way that offers substantial growth development and the opportunity to maximise shareholder value.

Two major transactions were completed during the year under review. On 30 June 2010, Polo Resources completed the sale of its 50 per cent interest in the joint venture with Peabody Energy Corporation, which covered a collection of coal and uranium assets in Mongolia. Winsway Coking Coal Holdings Limited agreed to take Polo's interest in the joint venture for a total consideration of US\$35 million and a 0.5 per cent royalty on the coal sold from existing joint venture licences.

On 9 July 2010, Polo Resources sold its entire stake in Extract Resources, which manages the development of the Husab/Rossing South uranium project in Namibia. Polo's interest was valued at AUD157.9 million. The buyer, Nippon Uranium, paid Polo AUD7.00 per Extract Share, representing a 3.7 per cent premium of Extract's closing price on 8 July 2010.

Both of these transactions served to strengthen the Company's cash position and to deliver substantial shareholder returns. On 27 August 2010, Polo returned US\$112 million to its shareholders by way of a special GB 3p per share held cash dividend.

At the time of the dividend award, Polo announced its decision to undertake a Share Buyback Programme. The independent Investment Committee will have the discretion, subject to the relevant legal and regulatory requirements, to buy back up to 10 per cent of the Company's issued shares over the 12 months from the announcement of the buyback programme, where the price at which the Company's shares are traded are at a significant discount to its net asset value. Polo intends to cancel any shares acquired under the buyback programme.

Prior to these activities, in April 2010, the Board considered a possible merger between Polo and Caledon Resources (in which Polo has a 27.64 per cent stake), which owns the Cook Colliery and Minyango coal project in Queensland, Australia. Although both companies reached an in principle understanding, discussions were terminated on 24 June 2010 after mutually agreeable terms could not be reached. While the merger ultimately was not successful, the process served to give Polo a better understanding of Caledon's assets and operational portfolio.

Finally, the period under review also saw Polo undertake a listing on the Toronto Stock Exchange in April 2010, the aim being to increase our capital base and enhance our exposure to the North American investment markets.

At the date of this report Polo has a net cash position of US\$67 million and listed equity investments of US\$173.2 million. The combined value of cash, receivables and listed equity investments was US\$269.3 million as of 8 November 2010, equivalent to 6.86 per Polo share.

Group Statement of Comprehensive Income for the year ended 30 June 2010

	Notes	Year ended 30 June 2010 \$ 000's	Year ended 30 June 2009 \$ 000's
Exploration costs		-	(8,012)
Administrative expenses		(7,919)	(15,098)
Share options expensed	8, 21	(2,199)	(607)
Currency exchange (losses)/gains		(1,415)	11,200
Reversal of/(Impairment) of investment in subsidiaries	14	7,567	(43,978)
Investment income	5	774	403
Gains on sale of available for sale investments		20,130	1,211
Group operating profit/(loss)	3	16,938	(54,881)
Share of Joint Venture results		(3,554)	(3,519)
Share of associates results		(3,983)	(3,239)
Other income	6	2,945	-
Finance revenue	7	130	2,421
Gain on Joint Venture disposal	15	19,049	-
(Loss) on subsidiary disposal	26	-	(3,512)
Loan to Joint venture written-off		(2,682)	-
Profit/(loss) before taxation	2	28,843	(62,730)
Income tax expense	9	-	-
Retained profit/(loss) for the period attributable to members of the parent Company		28,843	(62,730)
Other comprehensive income			
Gain on revaluation of available for sale investments		2,628	56,841
Currency translation differences		(31,057)	(49,597)
Other comprehensive income for the year net of taxation		(28,429)	7,244
Total comprehensive income for the year attributable to members of the parent company		414	(55,486)
Earnings per share (US cents)			
Basic	11	1.23	(3.20)
Diluted	11	1.16	(3.20)

All of the operations are considered to be continuing.

Group Balance Sheet as at 30 June 2010

	Note	30 June 2010		30 June 2009	
		\$ 000's	\$ 000's	\$ 000's	\$ 000's
ASSETS					
Non-current assets					
Intangible assets	12	-	-	-	-
Tangible assets	13	4	-	6	-
Interest in Joint Venture	15	-	-	19,505	-
Interest in associates	16	120,934	-	132,596	-
Available for sale investments	17	-	-	108,264	-
Trade and other receivables	18	-	-	2,813	-
Total non-current assets			120,938		263,184
Current assets					
Trade and other receivables	18	22,686	-	4,560	-
Available for sale investments	17	125,491	-	32,395	-
Cash and cash equivalents		37,795	-	12,288	-
Total current assets			185,972		49,243
TOTAL ASSETS			306,910		312,427
LIABILITIES					
Current liabilities					
Trade and other payables	19	(2,517)	-	(8,821)	-
TOTAL LIABILITIES			(2,517)		(8,821)
NET ASSETS			304,393		303,606
EQUITY					
Ordinary shares	20	-	-	-	-
Share premium		275,109	-	305,359	-
Retained earnings		(40,629)	-	(69,472)	-
Available for sale investment reserve		53,012	-	56,553	-
Foreign exchange reserve		10,226	-	8,037	-
Share based payments reserve	21	6,675	-	3,129	-
TOTAL EQUITY			304,393		303,606

These financial statements were approved by the Board of Directors on 8 November 2010 and signed on its behalf by:

Stephen Dattels
Director

Neil Herbert
Director

Group Cash Flow Statement for the year ended 30 June 2010

	Notes	Year ended 30 June 2010 \$ 000's	Year ended 30 June 2009 \$ 000's
Cash flows from operating activities			
Operating profit/(loss)		16,938	(54,881)
Decrease/(increase) in trade and other receivables		1,874	(204)
(Decrease)/increase in trade and other payables		(6,304)	562
Foreign exchange (gain)/loss		1,415	(11,200)
Share options expensed		2,199	607
Share based payment charge – shares issued		-	8,021
Impairment of investment in Mongolia		(7,567)	43,978
Gains on sale of available for sale investments		(20,130)	(1,211)
Depreciation & impairment		4	5,844
Net cash outflow from operating activities		(11,571)	(8,484)
Cash flows from investing activities			
Interest Received		130	2,421
Investments in associates		(3,767)	(6,113)
Payments to acquire available for sale investments		(32,343)	(83,908)
Receipts on sale of available for sale investments		57,544	9,586
Payments to acquire intangible assets		-	(2,798)
Payments to acquire tangible assets		(2)	(3,858)
Loans to joint ventures		-	(2,813)
Net cash in/(out)flow from investing activities		21,562	(87,483)
Acquisitions and disposals			
Cash (derecognised)/acquired with subsidiaries		-	(231)
Payments to acquire subsidiaries		(2)	-
Receipts on sale of joint venture		15,000	-
Net cash in/(out)flow from acquisitions and disposals		14,998	(231)
Cash flows from financing activities			
Issue of ordinary share capital		-	10,172
Share issue costs		(234)	(704)
Cost of buy back of warrants		(1,485)	-
Net cash (out)/inflow from financing activities		(1,719)	9,468
Net increase/(decrease) in cash and cash equivalents		23,270	(86,730)
Cash and cash equivalents at beginning of period		12,288	115,974
Exchange gain/(loss) on cash and cash equivalents		2,237	(16,956)
Cash and cash equivalents at end of period	22	37,795	12,288

Group Statement of Changes in Equity For the year ended 30 June 2010

Group	Called up share capital	Share premium reserve	Available for sale investment reserve	Foreign currency translation reserve	Share based payment reserve	Retained earnings	Total equity
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's
As at 1 July 2008	-	338,861	(62)	(285)	2,029	(6,742)	333,801
Loss for the period	-	-	-	-	-	(62,730)	(6,742)
Gain on revaluation of available for sale investments	-	-	56,841	-	-	-	56,841
Currency translation differences	-	(57,394)	(226)	8,322	(299)	-	(49,597)
Total comprehensive income	-	(57,394)	56,615	8,322	(299)	(62,730)	(55,486)
Share capital issued	-	25,364	-	-	-	-	25,364
Cost of share issue	-	(1,472)	-	-	-	-	(1,472)
Share based payments	-	-	-	-	1,399	-	1,399
As at 30 June 2009	-	305,359	56,553	8,037	3,129	(69,472)	303,606
Profit for the year	-	-	-	-	-	28,843	28,843
Gain on revaluation of available for sale investments	-	-	2,628	-	-	-	2,628
Currency translation differences	-	(26,625)	(6,169)	2,189	(452)	-	(31,057)
Total comprehensive income	-	(26,625)	(3,541)	2,189	(452)	28,843	414
Share capital issued	-	-	-	-	-	-	-
Cost of share issue	-	(3,625)	-	-	-	-	(3,625)
Share based payments	-	-	-	-	3,998	-	3,998
As at 30 June 2010	-	275,109	53,012	10,226	6,675	(40,629)	304,393

Notes

1. Publication of non statutory accounts

The financial information set out in this preliminary announcement does not constitute statutory accounts.

The balance sheet at 30 June 2010 and income statement, cash flow statement and associated notes for the year then ended have been extracted from the Group's 2010 statutory financial statements upon which the auditors' opinion is unqualified.

2. Annual Report

The Annual Report for the year ended 30 June 2010 will be posted to shareholders on Monday 15th November. The Annual General Meeting of the Company will be held at The Old Government House Hotel & Spa, St Ann's Place, St Peter's Port, Guernsey, Channel Islands, GY1 2NU on 3 December 2010 at 12.30pm. A full version of the annual accounts will be available on the Company's website at www.poloresources.com.