

31 March 2009



Polo Resources Limited
("Polo" or the "Company")

Polo signs Option Agreement with Peabody Energy Corporation for Mongolian JV

Polo Resources Limited (AIM: PRL) today announced the execution of an option deed dated 30 March 2009 (the "Option Deed") with Peabody Energy Corporation (NYSE: BTU) ("Peabody") pursuant to which Peabody may acquire a 50% interest in a joint venture formed to hold all of Polo's coal and uranium assets in Mongolia. The new option deed supercedes the prior agreement announced on 27 January 2009 and reflects certain material changes in terms as further described below.

Pursuant to the option, Peabody would invest up to US\$25.8 million to receive a 50% interest in a joint venture entity to be formed with Polo in Mongolia, which is intended to be named Peabody-Polo Resources BV. Upon the occurrence of certain events (including non strategic property sales and royalties payable to Polo), Polo could potentially realise value from the transaction in excess of US\$50 million. The assets to be contributed to the joint venture include all of Polo's coal, uranium and other mineral interests in Mongolia. Polo's coal license portfolio includes a substantial number of licenses located in the South Gobi coal region which hosts some of the largest coking and thermal coal deposits in close proximity to China.

In addition, Peabody would be granted warrants to subscribe for up to approximately 15% of the fully-diluted share capital of Polo. The transaction is expected to close by the end of April 2009 following completion of definitive documentation. The key terms of the agreement are set out at the end of this announcement.

Over and above the Peabody investment, Polo will receive a 1% royalty from the Joint Venture for any coal mined and sold from properties contributed to the Joint Venture at closing or identified by Polo and acquired by the JV in the first 12 months of operation. Given Peabody's track record as the largest private-sector coal company in the world and its strategy to be primarily a producer the royalty could have substantial future value to Polo.

Separately, in order to bolster Polo's efforts in Mongolia and to ensure the best possible outcome for the Joint Venture, Polo is in the process of finalising an agreement with American Patriot International Inc. ("AmPat") pursuant to which AmPat will represent Polo's interests in the operation of the Joint Venture on a performance fee basis.

Neil Herbert, Executive Deputy Chairman, said:

"We are most enthusiastic to be entering a 50-50 joint venture on our Mongolian coal mining and exploration interests with the world's largest private-sector coal company Peabody Energy. Under the agreement, Peabody's cash contribution to the joint venture should be sufficient to fund at least the next two years of operations. The agreement provides Polo the further opportunity to benefit financially from the

disposal of certain non-core interests. The investment by Peabody and the potential value which may be realized by Polo from these non-core disposals will potentially deliver in excess of US\$50 million of value to Polo in total. We believe the combination of our existing resources in Mongolia with the resources and commitment of Peabody provides the maximum potential to develop and unlock the potential value of the Mongolian interests for the joint venture partners. Polo is also in discussions with American Patriot Energy, a successful coal mining group, to manage certain of its coal interests allowing Polo's management team to increase its focus on the development of the group's uranium interests."

Principle Terms of the Agreement:

Establishment of a Joint Venture vehicle

Polo shall contribute its Mongolian Mineral and Metal Interests to a newly incorporated Dutch BV company which will be the Joint Venture vehicle ("Polo JV") such that Polo JV shall become the sole legal and beneficial owner of those assets.

Initial Investment

Polo has granted to Peabody the right exercisable until 17 April 2009 to subscribe (subject to definitive documentation or otherwise at Peabody's option) for 50% of the share capital of Polo JV for a total investment of US\$23 million which shall include an initial investment of US\$10 million ("Initial Investment") payable upon closing. Pursuant to the Option Deed, Peabody shall pay a further US\$13 million no later than one year after the Initial Investment. In the event certain additional property acquisitions are approved by the JV during the initial one year after closing, Peabody would invest a further US\$2.8 million for a total investment of US\$25.8 million.

The proceeds from the Initial Investment are payable to Polo JV and may be applied towards further investments in Mongolia to be made by Polo JV and the reimbursement of a portion of the US\$5.3 million in costs incurred by Polo since 1 November 2008.

Peabody Warrant

Polo has granted to Peabody a warrant to subscribe for 404,866,875 shares of Polo, representing approximately 15% of the fully-diluted share capital of Polo. This warrant may be exercised during the period from closing to the last business day of the 18th month following closing. The warrant has an exercise price of 4.0 pence per share, representing an approximate 30% premium to the 20 day VWAP prior to the signing of the Option Deed and a 12% premium to the current share price.

During the warrant exercise period, Peabody will have certain anti-dilutive rights, including the right to participate in certain fundraisings carried out by Polo.

Management of Polo JV

Following the Initial Investment, Polo and Peabody shall each be entitled to appoint the same number of directors to the board of Polo JV and in addition, Peabody has the right to appoint the Executive Director to manage the Mongolian operations and have day to day control over the activities of the Mongolian subsidiaries of Polo JV.

Management of Polo

Polo has granted to Peabody the right to appoint, replace and remove one member of the Polo Board of Directors upon exercise of the Warrant and for so long as Peabody holds 5% or more of the issued ordinary shares of Polo.

Parent Company Guarantees

Polo and Peabody have agreed to guarantee the performance and the financial obligations of their affiliates to each other.

Peabody Standstill

Unless a person commences or announces any intention to commence, a transaction to acquire or attempt to acquire in excess of 9.9% of the then existing share capital of Polo or announces any intention to enter into the purchase or sale of, or joint venture with respect to, all or a substantial portion of Polo's or any one or more of its affiliate's assets, Peabody has agreed not to acquire an interest in any Polo shares for a period ending (i) six months after closing other than pursuant to the warrant or (ii) if closing does not occur, 17 April 2009.

Exclusivity

Polo has agreed that prior to 5:59 pm CST (Central Standard Time) on 17 April 2009 it will not (and that it will ensure that no other member of the Polo Group will) dispose of, encumber, continue or enter into negotiations regarding any of Polo's Mongolian interests.

Non Compete

The parties have undertaken that they shall not and the members of their respective groups shall not: (a) compete with Polo JV's business in Mongolia; or (b) solicit or attempt to solicit suppliers or customers of Polo JV in Mongolia; or (c) solicit or attempt to solicit Polo JV's employees, directors or officers whilst Polo holds shares in the joint venture and for a period of 12 months after Polo ceases to hold shares in Polo JV. The parties have agreed to certain carve-outs from the non-compete for investment opportunities identified by Peabody in Mongolia.

Sales and Marketing

Upon Closing of the Initial Investment and subject to certain exceptions, Polo JV shall enter into a sales and marketing agreement granting Peabody the exclusive world-wide right to market coal produced from Polo JV's assets for a commission.

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About the Company

Polo is an emerging energy company focused on acquiring and developing advanced stage coal and uranium properties. For complete details on Polo Resources Limited, management encourages investors and interested parties to view its public documents filed on AIM Exchange at 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.

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