Polo Resources Annual Report and Accounts 2015

# Financed for growth
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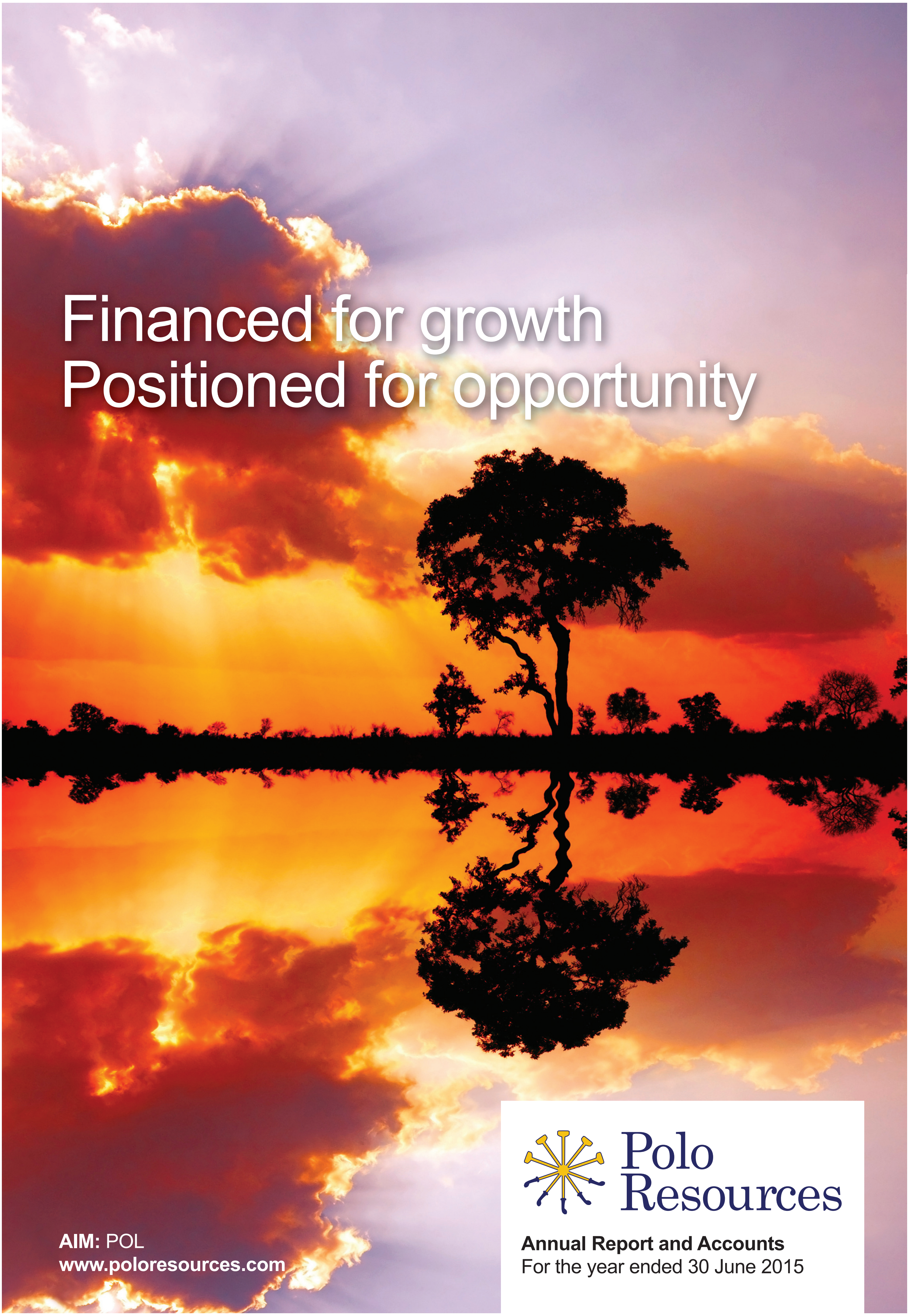

**Polo Resources**

**Annual Report and Accounts**
For the year ended 30 June 2015

**AIM:** POL
**www.poloresources.com**

www.poloresources.com

# Corporate Directory

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# Contents

# Company Briefing



## The Polo business model is designed to offer shareholders access to a diversified basket of investments across the natural resources sector.

Although Polo's diversified investments had begun to show positive signs including some moving towards an advanced feasibility study stage and production, most gains have been eroded by a ubiquitous resource sector commodity price plunge which has seen the market hit the lowest levels since 1999. The resources sector has always been exposed to boom-and-bust cycles and recovery is anticipated, although the trajectory is predicted to be flat in the near term as over supply is checked and comes in line with demand. As a consequence, Polo has made significant impairment to, and rationalised, its investment portfolio.

Nevertheless, with a net cash position, Polo is positioned to pursue value adding investment opportunities in an environment where valuations of sound companies with strong upside potential and attractive growth prospects have become compelling.

Polo's current portfolio includes gold assets: Blackham Resources Limited (10.23%) and Nimini Holdings Limited (90%); petroleum assets: Hibiscus Petroleum Limited (8.4%), Regalis Petroleum Limited (13.67%) and Equus Petroleum Plc (1.95%); a coal asset: GCM Resources Plc (27.8%); iron and vanadium: Ironstone Resources Limited (18.8%); a phosphate asset: Celamin Holdings NL (33.23%); and a copper asset: Weatherly International Plc (5.2%) and various liquid short term investments.

# Investing Policy

Polo Resources' core strategy is to make direct and indirect investments in natural resources companies and projects, companies involved in supporting and related activities and companies involved in processing and downstream activities – both listed or unlisted – that are considered to be undervalued or have strong fundamentals and attractive growth prospects. Principal investment targets are companies with producing assets and/or tangible resources and reserves verified using internationally recognised standards such as NI 43-101. Polo Resources also invests in exploration companies, whose activities are of a more speculative nature. Principal investment targets within the natural resources supporting and related activities sector are companies that offer significant growth potential.

Natural resources companies or projects are involved in the exploration for, and extraction of minerals (including but not limited to), base metals, precious metals, bulk commodities, thermal and metallurgical coals, industrial metals and minerals, gemstones, hydrocarbons, energy and uranium, and include single-asset as well as diversified natural resources companies. Examples of businesses that are involved in supporting or related activities include (but are not limited to): onshore and offshore drilling rigs and equipment, drilling contractors, mining logistics providers, metals and mineral processing and rolling mills.

Investments can take the form of buyouts (with controlling interests) or strategic investments (with minority interests) in both public and private companies. Polo Resources may take legal control of a company from time to time and may also invest in other investment funds or vehicles where such an investment would complement the investing policy of Polo Resources, or where short-term equity stakes in highly liquid public company securities represents an alternative to holding cash.

There is no fixed limit on the number of projects or companies into which the Company may invest, nor the proportion of the Company's gross assets that any investment may represent at any time and the Company will consider opportunities anywhere in the world.

The Directors may propose a special dividend or implement share buy-backs from time to time but the primary objective will be to achieve returns to shareholders through the appreciation in the value of the Company's shares, rather than by means of distribution.

# Chairman's Statement

The period under review has been one that has seen the wider natural resources sector suffer a significant loss of investor confidence. Primarily this has been brought about as result of China's economic slowdown in the rate of GDP growth which is serving to weaken demand for natural resource commodities combined with a rising US dollar index and the continued lackluster oil price.

This situation has created a feeling of negative sentiment which has hindered the performance of equities that are exposed to the natural resources sector.

This recent volatility in the sector has had an adverse impact on Polo's share price and on resource companies as a whole. Whilst this is disappointing, we believe that Polo, and its diversified investment portfolio, is well positioned to take advantage of a return in sentiment in the sector. We are seeing a number of transactions and opportunities emerging as the major natural resource companies dispose of non-core assets, junior miners become realistic on valuations and the investment community becomes re-engaged in the sector as deal flow unfolds.

To position itself to exploit under valued and compelling opportunities, the Company commenced in the second half of the financial year under review to rationalise its portfolio with the objective of re-deploying capital and resources from existing longer term investments towards companies and projects with nearer term strong value enhancement potential and attractive growth prospects. Measures that were undertaken included the winding down of Signet Petroleum Limited and its associated entities and the substantial reduction of Polo's funding towards Ironstone Resources Ltd and Nimini Mining Limited.

Following a review of the Company's portfolio and refinement of its strategy towards projects with nearer term value enhancement potential, the Company has made a significant impairment to its investment portfolio.

Nevertheless, I am confident that our net cash position and the diversity within our portfolio will serve to provide shareholders with a more balanced exposure during this uncertain period.

I am particularly pleased with our investment in Blackham Resources Limited ("Blackham") and its gold project which is poised to go into production in 2016. The USD gold price has held up relative to other commodities but in AUD terms has been relatively stable providing a distinct advantage to Blackham where costs are also in AUD's. I am also pleased with our recently acquired strategic stake in Hibiscus Petroleum Berhad which is poised to move from being an exploration company to a North Sea oil producer by mid-2016.

## 2015 Investment Portfolio Overview

**Gold**

Blackham Resources (ASX: BLK), in which Polo has a combined direct and indirect holding of 10.23 per cent, of which 8.75 per cent is attributable to Polo, has continued to make progress on its flagship Matilda Gold Project. Post reporting period, in September 2015 Blackham announced the results of a Preliminary Feasibility Study ("PFS") on Matilda, highlights of which included a mining inventory of 6.0 million tonnes ("Mt") at 2.8 grams per tonne ("g/t") for 540,000 ounces ("oz"). An initial life of mine ("LOM") of 4 years and 9 months with average annual production of 98,000oz, LOM C1 cash costs of AUD920/oz and LOM all-in sustaining costs ("AISC") of AUD1,150/oz. Gross Revenue of AUD720 million at a gold price of AUD1,550/oz and operating cash flow of AUD186 million. Fully funded pre-production capital costs of AUD28 million and net present value at a discount rate of 5 per cent after royalties and capital expenditure but before tax equating to AUD124 million or AUD0.62 per Blackham share. Payback is 14 months with an internal rate of return after royalties and capital expenditure but before tax of 105 per cent. These highlights have been extracted from the full Blackham announcement which was prepared in accordance with the JORC Code (2012) and the ASX listing Rules and which may be viewed in full, including cautionary and competent persons statements, at www.blackhamresources.com

These are pleasing preliminary findings that confirm the Matilda Project's robust economics and go a long way in supporting the potential value growth for Polo's investment in Blackham.

Blackham is now advancing Matilda to Definitive Feasibility Study stage ("DFS"). The work programme is well advanced and due for completion by Q1 2016 with an anticipated move to mine development in the second half 2016. The initial ore reserve estimate of 270,000oz demonstrates high conversion of the scoping mineral inventory into reserves, which will, in turn, add to the LOM.

Other tenements within a 20km radius from Blackham's Wiluna 1.3Mt per annum processing plant have yielded promising discoveries.

Polo is delighted with the progress Blackham's management team is making and this is now beginning to be realised in Blackham's share price that has started to recover and move above our initial entry level.

Nimini Holdings Limited's ("Nimini") operations in Sierra Leone have been limited during the period under review as a result of the Ebola crisis. As a consequence work on the Komahun Gold Project was limited to a care and maintenance regime. It is good to see that Sierra Leone has recently been declared Ebola free, however, it will take some time for the Sierra Leone economy to recover. The country's resource sector has also been severely impacted by sustained low commodity prices, a lack of enabling infrastructure and bureaucratic problems associated with Sierra Leone's resource sector being at an early stage of development.

Polo recognises that any return on this investment is dependent on Nimini being able to move the Komahun Gold Project forward and this is entirely dependent on obtaining from the Government of Sierra Leone a ratified Mine Development Agreement ("MDA") which would set out realistic fiscal terms and a sustained recovery of the price of gold.

Management is currently reviewing the options that are available for Nimini whilst discussions are on-going with the Government. For the period under review, Polo made a further charge of USD3.5 million against the Komahun evaluation and exploration assets (following the previous financial year's provision of USD28.2 million and goodwill write-off of USD2.8 million relating to the acquisition of Nimini).

**Phosphate**

Celamin Holdings NL ("Celamin") (ASX: CNL), in which Polo has a 33.23 per cent equity interest, was making good progress on a Bankable Feasibility Study ("BFS") for the Chaketma Phosphate Project ("the Project") in Tunisia, when in early March 2015, CNL became aware that its local partner had initiated a process to take over CNL's entire share in the Project. CNL is currently embroiled in an internal shareholder dispute with the local partner and this involves both international arbitration and criminal cases in Tunisia. Further details of this are contained within the investment update. Polo remains optimistic regarding the outcome of the legal proceedings, the future of the Project and achieving returns on its investment.

Whilst it is recognised that demand for potash and phosphates continues to remain robust, price pressures have continued to weigh heavily on the sector to the point where they are becoming unsustainable for some of the major players operating in the market.

Polo is confident that the Project with its strategic location close to Western Europe, which is the one of the largest import markets for phosphate rock, will be a low cost producer that is well positioned to take advantage of demand from what is a logistically low cost, easy to supply customer market.

**Copper**

Polo has a 5.2 per cent equity interest, diluted from an initial 7.1 per cent, in Weatherly International Plc ("Weatherly") (AIM: WTI), an emerging mining, development and exploration company focused on copper in Namibia. Weatherly's plant for its flagship Tschudi Project in Namibia was commissioned in Q4 2014 and the first copper cathode was produced in February 2015, well ahead of schedule. Unfortunately the Company's initial copper recoveries were lower than anticipated due to slower leach rates, leading to a higher than anticipated acid consumption, that, combined with a falling copper price has caused a decline in the Company's financial performance and share price.

The Company has since announced that slower-leaching ore has now been quantified to represent approximately 3 per cent of the Tschudi reserve, and to have no negative impact on Tschudi's output rates once design capacity is reached. The remaining Tschudi ore is performing on the heap leach pad as expected and the processing plant is performing at or above expectations, and is on track to hit the projected 1,400 tonnes per month by the end of 2015.

Whilst we can take some comfort in the fact Tschudi is producing a premium grade copper product which should enable Weatherly to secure prices above LME spot rates, the global copper market remains depressed which resulted in the company having to agree a loan repayment deferral with its loan provider and largest shareholder. Discussions on the amended debt repayment arrangements continue. However it would be unrealistic to assume investor sentiment improving until there is a sustainable recovery in copper price.

**Oil and Gas**

Sluggish demand from a low growth global economy and robust supply, particularly from OPEC members and the new tight oil supply markets of north America, have created conditions that have seen a rapid fall in the price of oil. Accordingly, oil and gas majors have significantly reduced spending on exploration. These factors have combined to create significant negative market sentiment and slowing demand.

Polo originally entered the oil and gas market when oil was trading at levels above USD100 a barrel and when majors were expanding investment, acquisition and exploration. Interest in oil and gas within the African market, where Polo was active with investments in African focused oil and gas companies Regalis Petroleum Limited ("Regalis") and Signet Petroleum Limited ("Signet") and also in the frontier Kazakhstan market through Equus Petroleum Plc ("Equus") was also expanding.

Since year-end there have been some adjustments to Polo's portfolio which are discussed below.

Polo has continued to look at oil and gas companies that have quality assets and the ability to both survive market downturns and take advantage when the market recovers. For this reason Polo recently subscribed for 90 million new ordinary shares in Hibiscus Petroleum Berhad (HIBI: MK) ("Hibiscus"), a Main Market of Bursa Malaysia Securities Berhad listed company, for USD5.0 million. The holding represents a strategic 8.4 per cent stake in the enlarged fully paid capital of Hibiscus.

Hibiscus has focused on assets in politically stable areas, largely Australia and the United Kingdom, and through recent conditional acquisitions which are currently pending regulatory approvals, is poised to grow its asset base and to become a North Sea oil producer. To date, Hibiscus has financed its acquisitions through equity and after completion of its current acquisitions, it intends to largely support further expansion through revenue.

In March 2014, Signet's Namibian assets were sold, which saw circa USD22.8 million (5.1p per share) returned to Polo under a share buyback. Post this reporting period, and following the depressed market conditions, Polo announced that Signet was exiting its portfolio of African oil and gas licences and making distributions to shareholders as described below.

Signet has allowed its Burundi and Benin licences (87.5 per cent interest in Block C Lake Tanganyika Burundi, 90 per cent interest in Block 03 offshore Benin) to lapse. Signet has also relinquished its Sierra Leone license (10 per cent carried interest in Block SL-7A-10 offshore Sierra Leone) as its operating partner Minexco Petroleum decided not to renew the license. Further exploration at Signet's Mnazi Bay North licence offshore Tanzania, in which it has an 80 per cent interest, will also not be pursued.

Signet's shareholders have agreed to a distribution of Signet's net cash and an in-specie distribution by Signet Petroleum Nigeria Ltd ("Signet Nigeria") of shares in Regalis which has interests in Blocks DOA and WD2-2008 onshore Southern Chad, an investment by Signet Nigeria made in June 2014. Regalis intends to explore these prospects which are on trend with existing and recent Glencore/Caracal discoveries. Polo received an in-specie distribution from Signet Nigeria of approximately 1.89 million shares in Regalis and a further 1.23 million shares from certain other Signet shareholders, as part of the winding down of Signet's affairs, with a total value of approximately US$6.96 million. These shares are in addition to the 3.5 million shares held directly by Polo and bring Polo's total shareholding in Regalis to 13.67 per cent.

Polo has also received a cash distribution of USD691,000 and an additional balance of approximately USD91,000 is expected during Q1 2016, subject to final determination as Signet's activities are wound down and its liabilities are settled. Overall the Company has written down its Signet investment, net of the value ascribed to transferred Regalis shares, by approximately USD20.6 million. No value has been ascribed to a potential contingent bonus right on certain of Signet's disposed interests in Namibia that are dependent upon the achievement of future resource and/or reserve levels because of their nature. We are pleased to have been able to secure some benefits of our investment exposure to Signet at a time where such exit transactions are becoming increasingly challenging.

In its year ended 31 December 2014, Regalis reported an unaudited loss from operations of USD7.5 million and had net assets as at that date of USD40.1 million. Despite difficult market conditions for oil and gas exploration, Regalis continues to explore funding opportunities with potential investors and remains optimistic that it will be in a position to secure the additional funding necessary to complete the initial drilling programme.

Polo intends to exit Equus, in which it has a 1.95 per cent equity interest in view of the lower domestic oil and gas price available to Equus in Kazakhstan. A USD2.5 million impairment was recorded for this investment.

**Iron and Vanadium**

The iron ore market remains depressed with over supply and low demand. Nevertheless Ironstone Resources Ltd ("Ironstone") has been making good progress at its Clear Hills Iron Ore and Vanadium Project in Alberta, Canada, which holds one of the world's largest NI 43-101 compliant iron-vanadium deposits. Polo is now the largest shareholder with an 18.8 per cent interest. A breakthrough in metallurgical processing through the HICS technology, which is owned by Hatch and Ironstone, has also been made. This technology, a multi-stage direct reduction/iron segregation and vanadium extraction process, has major potential for licensing, development and monetization and is potentially of significant value, coming as an added value investment credit aside to our investment exposure associated purely with Ironstone's mine development.

Post period-end, Ironstone's management raised CAD1.04 million and Polo's interest in Ironstone increased to 18.8 per cent from 15.16 per cent previously following an additional investment by Polo of CAD101,000 and the operation of a price protection mechanism for certain early stage investors including Polo. Ironstone is applying the proceeds raised towards reduction of debt and completing a SRK Consulting Preliminary Economic Assessment, on its Clear Hills project. This is expected to be completed in Q4 2015. Given the material fall in iron ore prices, Polo has however written down its Ironstone investment by USD6.63 million.

**Coal**

Polo's 27.8 per cent equity investment in GCM Resources Plc ("GCM") (AIM: GCM) provides the Company with long term investment exposure to the Bangladesh energy sector. GCM owns a world class coal resource of 572 million tonnes (JORC 2004 compliant) near the town of Phulbari in North West Bangladesh. The resource is made up of 60 per cent high quality thermal coal, with low ash metallurgical coal, also known as semi-soft coking coal, making up 20 per cent. The remaining thermal coal is also of quality with potential applications in industry and power generation. The Bangladesh government is engaged in plans to increase its domestic energy production which include the planned building of new coal fired power stations. Long term, GCM is well positioned to provide coal feedstock to support this demand through its Phulbari coal project.

In September 2015, GCM announced the successful conclusion of an examination by the UK National Contact Point ("NCP") on the Organisation for Economic Co-operation and Development ("OECD") guidelines for multinational enterprise programmes, into GCM's activities in Bangladesh in relation to the Phulbari project. This is an important step to ensure a mutually acceptable and equitable relationship can exist. I am pleased to note the Government of Bangladesh's recent initiative to evaluate open pit mining in the northern area of its Barapukuria coal deposit located immediately north of the Phulbari proposed open pit coal mine. This is reflective of the fact that the domestic demand for coal in Bangladesh is set to rise notwithstanding the significant decline in global coal consumption.

In light of the significant fall in GCM's market capitalisation, the Company has recorded an impairment to the carrying value of its investment of USD24.8 million.

I would like to take this opportunity to thank our shareholders for their patience and understanding in what is clearly a market where sentiment for natural resource focused companies' remains challenging. On a positive note, you will see from our portfolio investment overview some of our projects are now advancing up the value curve, both in terms of moving into advanced feasibility stages and into production.

I remain optimistic that our net cash position will enable us to take advantage of the currently depressed market situation and acquire assets that will add value to our portfolio. When commodity prices recover we expect to see the benefits of these investments and a share price that more truly reflects the Company's net worth and potential.

**Datuk Michael Tang, PJN**
**Executive Chairman**
18 December 2015

# Investment Update

## Gold

**Blackham Resources Limited (ASX: BLK)**

- Gold, Western Australia
- Coal, Southwest Australia
- Combined direct and indirect 10.23 per cent equity interest or 8.75 per cent effectively

In November 2015, Polo increased its undiluted interest in Blackham from its direct holding of 2.37 per cent to 7.36 per cent, resulting in a combined direct and indirect holding of 10.3 per cent, of which 8.8 per cent is attributable to Polo following its acquisition of 10,000,000 ordinary shares of Blackham for AUD2.1 million or AUD0.21 per share from Perfectus Management Ltd ("Perfectus"), a 49 per cent owned associate of Polo, by way of the issuance of 25,016,484 new Polo ordinary shares at an agreed price of 3.92 pence per share to Perfectus. Following Blackham's new share issuances in December 2015, Polo's combined direct and indirect holding is 10.23 per cent, of which 8.75 per cent is attributable to Polo.

As previously announced, Polo has the right to purchase a further 49 per cent of Perfectus for AUD3.0 million to be satisfied by the issue or transfer to the vendor of ordinary shares in Polo at an agreed price of 15 pence per share and a call option has also been placed on Polo's interest in Perfectus with an exercise price set at the higher of 49 per cent of the net asset value of Perfectus or AUD4.5 million. These options expire in May 2016.

**Matilda Gold Project, Western Australia**

Blackham is a near term gold producer with 4.7 million ounces ("Moz") of gold resources combined with a 780km$^2$ exploration package and 55km of prospective strike which has historically produced over 4Moz. Its 100 per cent owned Wiluna Gold Plant ("WGP") is located in the centre of the Matilda Gold Project and is capable of processing 1.3Mtpa or ~100,000ozpa. The expanded Matilda Gold Project now includes combined resources of 44Mt at 3.3g/t for 4.7Moz Au.

Blackham recently released a PFS for Matilda and is expecting results from the DFS in Q1 2016.

Funding is in place to advance its Matilda Gold Project into production, anticipating the first pour of gold in Q2 2016 and in line with this Blackham announced an early drawdown of AUD7 million from its debt facility on 7 December 2015.

**Mining Inventory**

In December 2014, Blackham published its initial mining inventory over the Matilda Gold Project. The open pit and underground mining studies at the time delineated an initial Mining Inventory containing 4.9Mt at 2.8g/t for 454,000oz Au contained ounces to be processed over the first 4 years of the project at an average annual production of 1.3Mt and 119,000oz contained gold.

The mining studies have been ongoing and have focused on the Galaxy, Golden Age, Matilda, Williamson, Calvert, East Lode and West Lode deposits. The last four of these deposits have been mined previously and processed through the Wiluna Plant. The Matilda Mine resources were updated in June 2015 with 90 per cent of the in pit resources moving to a measured and indicated resource category. Blackham notes that over 97 per cent of the Inferred Resources in the Mineral Inventory are coming from deposits that have a previous mining history, giving further confidence to the grade of these Inferred Resources. Generally there is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

**Mining Engineering and Associated Studies**

Studies are in progress on costing and engineering work associated with the open pit mining areas. Initial PFS mine designs have been prepared for the Matilda, Galaxy and Williamson open pits which will be refined once the metallurgy studies are completed. The geotechnical work for these areas has now been completed to a PFS level of certainty.

Underground mining studies are progressing at Golden Age, East Lode, West Lode and Calvert. Geotech studies and mine designs have been completed for these areas. Re-costing of the mine plans are currently in progress. During June 2015 a project management plan was prepared and

**Table 1: Matilda Mining Inventory**

| | Production Annual Average | Production Years 1 to 4 |
|---|---|---|
| Tonnes Milled (t) | 1,300,000 | 4,987,000 |
| Processed Grade (g/t) | 2.8 | 2.8 |
| Processed Ounces (oz) | 119,000 | 454,000 |
| Recovery (%) | 90 | 90 |
| Recovered Ounces (oz) | 106,000 | 407,000 |

submitted to the Department of Mines and Petroleum ("DMP") for re-entry to the Wiluna underground focusing on the Golden Age area. Access was sought to enable cost effective drilling of the Golden Age plus enable access to drill the footwall and hanging wall reefs of Brothers and Republic.

**Geology**
During the year, Blackham revised the Matilda Gold Project's 44Mt at 3.3g/t for 4.7Moz gold resources to JORC 2012 standard to include the revised resource estimate for the Matilda Mine (see Blackham's ASX announcement dated 10 June 2015). The revised resource has 20Mt at 3.5g/t for 2.2Moz in the Measured and Indicated Resource categories (see ASX announcement dated 10 June 2015). Final resources across the deposits in the mine plan are now at a PFS level of confidence.

During July and August 2015, Blackham had up to 3 drill rigs at the Matilda Gold Project to fast track the drilling required to complete the DFS. Since 1 July 2014, Blackham has completed 12,091m of Reverse Circulation (RC) and 2,259m of diamond drilling at the Project.

**Golden Age**
In November 2014, Blackham published its maiden resource estimate for the high grade Golden Age reef of 0.6Mt at 6.7g/t for 125,000oz. Golden Age is a free milling reef which has historically produced 160,000oz at 9g/t Au. In June 2015 Blackham employees successfully re-entered the Golden Age portion of the Wiluna Mine via the existing Bulletin decline. After confirming ground conditions, existing services and safety procedures, an underground rig commenced drilling the reef within 3 weeks of the initial re-entry.

Post the reporting period, in August 2015 and September 2015 the assays from Blackham's maiden Golden Age drill programme showed high to bonanza grades. GAUD0003 intersected visual gold in the early drilling of the Golden Age Reef at its Matilda Gold Project. The assay results from GAUD0003 returned 5.1m at 198g/t Au from 173.1m which includes 0.8m at 1,148g/t Au from 177m. The gold mineralisation is hosted within sheared dolerite with visible gold present in sulphide stringers in the last 1.5m of the quartz vein. This intersection is 55m east of the previous underground mine workings.

### Golden Age assay results in August and September confirm high grade nature of the deposit

| | |
|---|---|
| 5.1m @ 198g/t Au including 0.8m at 1,148g/t Au | GAUD0003 |
| 2.2m @ 18.9g/t Au including 0.8m at 42.1/t Au | GAUD0004 |
| 0.9m @ 24.8g/t Au | GAUD0005 |
| 3m @ 9.18g/t Au | GAUD0012 |
| 0.7m @ 16.2g/t Au | GAUD0011 |

The initial drill programme confirmed the high grade nature of the Golden Age Reef. The drill results from the central portion of the Golden Age deposit average 2.2m (true width) at 83g/t Au between the 900 to 1,100m RL's. This drilling has demonstrated the system is still open and that the previous modelling appears to be conservative. The Golden Age resource is currently being re-estimated for the recent drilling. The deposit is a high-grade free-milling gold deposit which is a priority feedstock for re-commissioning the Wiluna Plant.

These drilling programmes were in line with Blackham's focus on oxide and free milling gold targets and resources within open pit or shallow underground depths, as well as in close proximity to the Wiluna plant and infrastructure and is capable of being bought into the early years of the mine plan.

Blackham's total gold Resource Inventory at the expanded Matilda Gold Project is 44Mt at 3.3g/t for 4.7Moz Au. This Resource was last announced to the market, subsequent to the Matilda Resource update via the ASX announcement dated 10th June 2015.

All mining inventory, resource and assay results set out above have been extracted from public announcements by Blackham which included competent person's review assessments as set out in the relevant announcements. Please refer to www.blackhamresources.com.au for further details.

**Nimini Holdings Limited**
- Gold, Sierra Leone
- 90 per cent equity interest

We have continued to support the Sierra Leone focused gold exploration company Nimini Holdings Limited in which Polo holds a 90 per cent interest.

Nimini filed an independent Mineral Resource Estimate ("MRE") for its Komahun Gold Project in August 2013, which showed a significant resource increase. The MRE reported an Indicated Mineral Resource of 0.55Moz (3.65Mt at a gold grade of 4.69g/t) and an Inferred Mineral Resource of 0.34Moz (2.61Mt at a gold grade of 4.08g/t), for potentially mineable Mineral Resources at a 2.4g/t cut-off grade. Details, including a qualified person's statement, were set out in the Company's announcement dated 1 July 2013.

The prime objective remains that of progressing the Mine Development Agreement ("MDA") to parliamentary ratification; that will require the re-negotiation of certain terms as advised by the Government. However, the ongoing cases of the Ebola virus disease, which resulted in the State of Public Health Emergency being extended by 90 days from 11 June 2015, put a hold on the company's progress. Finally in November 2015, the World Health Organisation was able to declare that the country was now officially Ebola free.

During the reporting period, the Project has remained on care and maintenance and will continue on this basis until the MDA ratification. This will reduce Polo's funding exposure to Nimini. However a detailed mapping exercise was completed over a 14km2 area to assist with the planning of a future drilling programme to add to the mineral resources.

Nimini's draft Preliminary Economic Assessment ("PEA") has been reviewed internally to assess the positive impact on capital expenditure and operating costs of the stronger United States Dollar, the lower fuel price and additional annual production which is estimated could result from a resource addition drilling programme. The combination of these factors results in a more robust project, albeit at a long term gold price which is above that currently prevailing.

Polo recognises that any return on this investment is dependent on Nimini being able to move the Komahun Gold Project forward and this is entirely dependent on obtaining from the Government a ratified MDA which would set out realistic fiscal terms and a sustained recovery of the price of gold. Management is currently reviewing the options that are available for Nimini whilst discussions are on-going with the Government.

For the period under review, Polo made a further provision of USD2.0 million against the Komahun evaluation and exploration assets, and expensed USD1.5 million of costs incurred during the year, following the previous financial year's provision of USD28.2 million and goodwill write-off of USD2.8 million relating to the acquisition of Nimini.

Further information on Nimini may be found at www.niminigold.com.

## Phosphates

**Celamin Holdings NL**

- Phosphate, Tunisia
- 33.23 per cent equity interest

In March 2014, Polo announced it had taken up a placement giving a strategic 12.7 per cent stake in Celamin which has phosphate interests in Tunisia ("Chaketma Project"). In November 2014, Polo increased its stake in Celamin by participating in a Renounceable Rights Offer as a sub-underwriter bringing Polo's total interest to 33.23 per cent.

The period under review saw a number of milestones achieved in the progress of Celamin's core asset, the Chaketma Project in Tunisia. This included the formal launch of the Project's BFS and the achievement of improved metallurgical results, which may have a positive impact on the Project's economics.

The Chaketma Project is a significant large-scale phosphate development asset, which comprises six prospects over a total area of 56km2. It hosts a total JORC compliant Inferred Resource of 130Mt at 20.5 per cent phosphorus pentoxide, confirmed from drilling at only two of the Project's six prospects. Results from metallurgical test work conducted to date have confirmed the potential for the Project to produce a saleable high-grade phosphate concentrate. The Project is also well positioned relative to major infrastructure requirements, such as rail, road and ports.

In August 2014, Celamin announced the formal approval of the work plan and budget for the first phase of the BFS for the Chaketma Project. In December 2014, Celamin reported that it is in the final stages of awarding the contract for the BFS for the Chaketma Project, and the award of this contract is pending.

At the time of preparing this report Celamin is in a period of voluntary trading suspension citing in a press release on 18th March 2015 that this situation was brought about due to a dispute with its 49 per cent local partner Tunisian Mining Services ("TMS") and that legal advisers had been engaged to resolve the situation. At the heart of the dispute is an apparently fraudulent transfer by TMS to itself of Celamin's 51 per cent interest in the joint venture company Chaketma Phosphates SA ("CPSA"). A number of cases have been filed in the Tunisian courts and on 3 November Celamin announced that it had submitted a request for International Arbitration of the dispute in order seek preservation and recognition of its rights, including restitution of its shares in CPSA and compensation for damages suffered.

Please refer to Celamin's website www.celaminnl.com.au for a full account of the situation.

## Copper

**Weatherly International Plc**

- Copper, Namibia
- 5.2 per cent equity interest

In November 2014, Polo announced its first investment into copper through the acquisition of a 7.06 per cent interest in Weatherly, an emerging mining, development and exploration company focused on copper in Namibia. Polo's equity interest has subsequently declined to 5.2 per cent following share issuances by Weatherly. In February 2015 Polo announced that it had allowed its right to subscribe for a further 51,984,748 Weatherly shares at a subscription price of 2.925 pence per share to lapse, unexercised.

Weatherly's Namibian copper assets include the Otjihase and Matchless underground operations and the Tschudi open pit mine which became operational in February 2015. The Tschudi Project recovers copper through well proven heap leach, solvent extraction and electro-winning processing. The ramp up at Tschudi is proceeding according to the revised schedule, and around the end of this calendar year Weatherly is expected to be operating a new 17,000 tonnes per annum open pit copper mine in the best mining country in Africa, producing some of the highest quality copper cathode in the world.

Mining rate increases have proceeded ahead of plan, and Weatherly still expects to achieve 100 per cent of design capacity (1,400tpm) during Q4 2015. The target for the full calendar year 2015 remains at 10,000t of cathode, with 17,000 tonnes per annum rates sustained thereafter.

With over one million tonnes of full-scale heap leaching experience now gained for Tschudi material ranging from 12m depth to 60m depth, Weatherly confirms improved confidence in being able to predict leach rates and acid consumption rates, and below the shallow leached cap these rates remain consistent with feasibility study assumptions.

It is now clear that practically all of the ore which was planned to be treated will still be economically treated. The material which leaches significantly slower on the heap, and which consumes more acid than originally expected, contains approximately 3 per cent of the planned copper metal to be stacked over the current life of the Tschudi Project. More than 80 per cent of that material will have been mined by the end of 2015. The remainder will be mined relatively slowly over the following four years as pit pushbacks are developed. The leach cap ore will no longer impact upon Tschudi production rates once design capacity is achieved during the Q4 2015.

Cathode quality remains above expectations, exceeding LME Grade A requirements, and operating efficiencies in the plant are also exceeding initial expectations. Cathode assays of 99.998 per cent Copper and Electro-Winning current efficiencies of 92 - 94 per cent are routinely achieved, both of which can be considered as best in industry class performance.

Whilst we can take some comfort in the fact Tschudi is producing a premium grade copper product which should enable Weatherly to secure prices above LME spot rates, the global copper market remains depressed and the company has agreed a loan repayment deferral with its loan provider and largest shareholder. Discussions on amended debt repayment arrangements continue as operating cash flows at the current copper price are not sufficient to service its debt facility. However it would be unrealistic to assume investor sentiment improving until there is a sustainable recovery in copper price.

In addition, Weatherly holds a 25 per cent interest in AIM traded China Africa Resources Plc (AIM: CAF) which has completed a Pre-feasibility for its high grade zinc, lead, silver and vanadium deposit in Northern Namibia.

## Oil and Gas

**Signet Petroleum Limited**

- Oil and Gas, Africa
- 42 per cent equity interest

On 9 November 2015, Polo announced an update in relation to Signet Petroleum Ltd and other Signet entities, whereby Signet's shareholders have agreed to wind down their activities. Polo received a cash distribution of USD691,000 and an additional balance of approximately USD91,000 is expected during Q1 2016, subject to final determination as Signet's activities are wound down and its liabilities are settled.

The Company has also received an in-specie distribution from Signet Petroleum Nigeria Ltd of approximately 1.89 million shares in private Regalis Petroleum Limited ("Regalis"), and of a further 1.23 million shares from certain other Signet shareholders, as part of the settlement of Signet's affairs, with a total value of approximately USD6.96 million. These shares are in addition to the 3.5 million shares held directly by Polo and bring Polo's total shareholding in Regalis to 13.67 per cent. In light of this, Polo has written down its Signet investment, net of the value ascribed to transferred Regalis shares, by approximately USD20.6 million. Management is pleased to have been able to secure some benefits of the investment exposure to Signet at a time where such exit opportunities are scarce and challenging.

**Regalis Petroleum Limited**

- Oil, Republic of Chad
- 13.67 per cent equity interest

Polo interest in the private and independent oil and gas company, Regalis Petroleum Limited ("Regalis") increased to 13.67 per cent following an in-specie distribution by Polo's 42 per cent owned associate, Signet Petroleum Nigeria Limited and transfers from other Signet shareholders.

Regalis has interests in three highly prospective onshore exploration blocks in the Republic of Chad. Regalis completed a 5,349km airborne gravity/magnetic survey over Blocks DOA and WD2-2008 which are on trend with existing and recent Glencore/Caracal discoveries. Despite difficult market conditions for oil and gas exploration, Regalis remains optimistic that it will be in a position to undertake the initial drilling programme in due course.

**Equus Petroleum Plc**

- Energy and Petroleum, Kazakhstan
- 1.95 per cent equity interest

Equus Petroleum Plc ("Equus"), is a Kazakhstan energy and petroleum company that operates oil and gas exploration and production activities in the Sarybulak oilfield, Central Kazakhstan through its Kazakh subsidiary Kumkol Trans Service LLP. Sarybulak has been in operation since 2008 under a Pilot Production Licence, a component of the Exploration Licence, with all production to date being sold into the domestic market.

**Hibiscus Petroleum Berhad**

Polo intends to exit Equus, in which it has a 1.95 per cent equity interest, in view of the low domestic oil and gas price available to Equus in Kazakhstan. A USD2.5 million impairment was recorded for this investment.

- Oil and Gas, Australia, United Kingdom, UAE, Norway, Oman,
- 8.4 per cent equity interest

On 2 December 2015 Polo subscribed 90 million new ordinary shares in Hibiscus Petroleum Berhad (HIBI:MK) ("Hibiscus"), a Main Market of Bursa Malaysia Securities Berhad listed company for USD5.0 million. The holding represents a strategic 8.4 per cent stake in the enlarged fully paid capital of Hibiscus and was acquired at a price of MYR0.235 per share (settled in USD at an agreed rate of MYR/USD4.238), a 4.08 per cent discount to the Hibiscus closing price of MYR0.245 on 1 December 2015.

Hibiscus' strategy since listing on 25 July 2011 has been to invest in a balanced portfolio of assets across the spectrum of upstream oil and gas exploration and production activities with key focus on politically stable areas. Its current development assets are located in Australia with an estimated 8.0 million barrels (MMbbls) of 2P/2C reserves/resources, however, its asset base is set for a step-jump with the anticipated completion of two recently announced strategic acquisitions.

The first, announced on 6 August 2015, is an exciting opportunity that will elevate Hibiscus to the status of an oil producer through a joint venture agreement with Ping Petroleum Limited to each acquire 50 per cent of the entire interests of Shell UK Ltd, Shell EP Offshore Ventures Limited and Esso Exploration and Production UK Limited in the producing Anasuria Cluster (”Anasuria”) oil and gas fields in the North Sea.

Anasuria is currently producing at an average of over 7,000 barrels of oil per day net to Shell and Esso and has a 40.4 million stock tank barrels 2P Oil Reserves and 27.9 Billion Standard Cubic Feet 2P Gas Reserves together with potential for additional reserves through infill drilling. The acquisition remains subject to, amongst others, regulatory approvals and third party consents, including approvals from the UK government and Hibiscus shareholders and is expected to complete in Q1 2016. Consideration payable by Hibiscus amounts to USD52.5 million of which USD4.0 million has been paid.

The second is acquisition of 100 per cent of Hydra Energy Holdings Pty Ltd (“Hydra”) through the issue of new Hibiscus shares as announced by Hibiscus in November 2015. Hydra has equity interests in seven operated Petroleum Titles located in the Carnarvon Basin, offshore North West Australia with 4 having discoveries totalling 15 - 17 MMbbls net to Hydra and on completion of this transaction, Hibiscus' net 2P / 2C Australian oil resource base would increase from 8 MMbbls to 23 - 25 MMbbls.

Importantly the Hydra acquisition also involves an independent and separate USD20.0 million financing facility that is at an advanced stage of discussion with Global Natural Resource Investments (“GNRI”), which is expected to cover existing operational commitments and also allow Hibiscus to explore new business opportunities. The Hydra acquisition remains subject to shareholder and regulatory approvals and satisfaction of conditions precedent amongst others. Consideration will be the fair market value of Hydra as determined by an independent and competent valuer to be satisfied by the issue of new Hibiscus shares at an issue price to be determined on the date the fair market value of Hydra is determined.

With the completion of the Hydra and Anasuria acquisitions, Hibiscus' global net 2P / 2C resource base would be circa 47 MMbbls.

## Iron Ore and Vanadium

**Ironstone Resources Limited**

- Iron Ore, Vanadium and Precious Metal Projects, Canada
- 18.8 per cent equity interest

Ironstone Resources Ltd., headquartered in Calgary, Alberta, is progressing its Clear Hills iron and vanadium project, located in the Peace Region of North West Alberta. Featuring one of the world's largest NI 43-101 compliant iron-vanadium deposits, a poly-metallic resource, low impact open pit, quality infrastructure, top tier partners and local and institutional support, the Clear Hills Project stands apart from traditional iron concentrate producers.

Ironstone is focused on achieving several near-term key value creation milestones to position the company as an attractive investment for major strategic and institutional players. The company has continued to strengthen its Clear Hills Project through many initiatives, with some highlighted below:

**HICS Process Commercial Scale-up**

Hatch and Ironstone, in conjunction with Hazen Research, have completed its scaled and continuous testing of the HICS Process, a multi-stage direct reduction/iron segregation and vanadium extraction process,. With iron metallization in excess of 90 per cent, recoveries of over 80 per cent and significant reduction in phosphorous levels – Ironstone and Hatch have surpassed their early expectations, and are presently gearing up to conduct a 30-fold scaled-up pilot test on commercial scale equipment in the 2016, subject to meeting certain funding objectives.

Both Ironstone and Hatch are confident that this new breakthrough iron-making process, which is co-owned by Ironstone and Hatch, will attract interest from iron ore miners and steel-makers seeking to commercialize billions of tonnes of low-grade, high-phosphorous iron ores across the globe and are in discussions with several multi-national companies.

**Vanadium Pentoxide Recovery**

With demand now outstripping supply and new applications in grid-scale renewable energy storage batteries, developing new low-cost sources of vanadium are increasing in importance. The Clear Hills, containing over 1.4 billion pounds of vanadium pentoxide, represents one of the largest compliant resources of this “electric metal” in the world.

Vanadium pentoxide is a valuable by-product in the HICS Process on Clear Hills ore, and can be extracted from the waste stream using several commercial methods. Ironstone, in conjunction with Hatch and Hazen Research completed a number of concentration tests in late 2014 to determine the efficacy and economics of producing high quality vanadium for use in commercial steel and redox battery applications.

**Clear Hills Mine Plan Completed**

North American Coal, in an alliance with Ironstone, has recently developed and published Ironstone's preliminary Clear Hills 25-year mine plan.

This features a relatively low-cost open pit mine design for both the iron/vanadium ore and neighbouring lignite coal, with environmentally-friendly electric drag-lines for overburden removal and surface miners to strip the ore body. Rapid reclamation of the pit is expected to be undertaken as ongoing mining operations are conducted.

The mine plan will provide important input into Ironstone's PEA that is expected to be completed in Q4 2015. The PEA will be leveraged to attract a large strategic partner into the Clear Hills Project in addition to meeting the requirements for a potential public offering should market conditions improve in support of such an initiative.

Despite the very difficult operating environment, Ironstone's management successfully raised CAD1.04 million and Polo's interest in Ironstone increased to 18.8 per cent from 15.16 per cent previously following an additional investment by Polo of CAD101,000 and the operation of a price protection mechanism that applied for certain early stage investors including Polo. Ironstone is applying the proceeds raised towards reduction of debt and completing a SRK Consulting PEA, on its Clear Hills Project. Given the material fall in iron ore prices, Polo has written down its Ironstone investment by USD6.63 million.

## Coal

**GCM Resources Plc**

- Coal Projects, Bangladesh
- 27.8 per cent equity interest

Polo maintains a 27.8 per cent equity interest in AIM listed GCM Resources Plc which is ready to develop a large scale mining Project based on a world class 572 million tonnes (JORC 2004 compliant) thermal and metallurgical coal deposit in energy-starved Bangladesh upon receipt of Bangladeshi Government approval and subject to financing. The Bangladesh Government has been focusing more on a multi-pronged approach to solving the country's energy and power problems, with a strong emphasis on coal fired power generation using both domestic coal production and imported coal. The debate on domestic coal has swung towards the Bangladesh Government endeavouring to do its own studies to reconfirm that the impacts of open pit coal mining are manageable. GCM has held discussions with the Bangladesh

Government with the aim of closing any gaps in understanding regarding open coal mining and in particular its Project proposal.

Polo believes GCM remains well positioned to become a major domestic coal supplier for Bangladesh's power generation. Approval of its mine development plan will see the emergence of a substantial new operating business unit which will enable participation by Bangladesh investors and deliver benefits for all stakeholders, the most significant being the ability to support over 4,000MW of power generation.

In September 2015, GCM announced the successful conclusion of an examination by the UK National Contact Point ("NCP") on the Organisation for Economic Co-operation and Development ("OECD") guidelines for multinational enterprise programmes, into GCM's activities in Bangladesh in relation to the Phulbari project, whilst noting that GCM has an obligation to consider and manage the environment and social aspects throughout the project life cycle. This is an important step to ensure a mutually acceptable and equitable relationship can exist.

Polo is pleased to note the Government's recent initiative to evaluate open pit mining in the northern area of its Barapukuria coal deposit located immediately north of the Phulbari proposed open pit coal mine. This is reflective of the fact that the domestic demand for coal in Bangladesh is set to rise notwithstanding the significant decline in global coal consumption.

In light of the significant fall in GCM's market capitalisation, the Company has recorded an impairment to the carrying value of its investment of USD24.8 million.

# Financial Review

## The purpose of this review is to provide a further analysis of the Group's consolidated 2015 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.

During the year, the Group made a loss on ordinary activities after taxation of USD61.2 million (2014: loss of USD19.1 million). This loss was significantly attributable to impairment of the Group's investments, including associates, with a total USD54.6 million written down against GCM Resources plc (AIM: GCM), Signet Petroleum Limited, Ironstone Resources Ltd and Equus Petroleum Plc, and a charge of USD3.5 million against the evaluation and exploration assets of its 90 per cent owned Nimini Gold project in Sierra Leone. It should be noted that this headline figure is not necessarily indicative of a weakening financial performance as such variances are in the very nature of a natural resource investment company whose strategic focus extends beyond a single reporting year.

Basic loss per share for the year ended 30 June 2015 was USD22.09 cents (2014: basic loss per share of USD7.07 cents).

Focus sectors for our portfolio of investments in this reporting period centre largely on investments across the oil, gas, gold, copper and phosphate sectors. In the 2014/15 financial year, the Board has continued to support the on-going development of its key assets and acquired new investments.

In December 2014, Polo announced it had completed a subscription agreement with Weatherly International Plc ("Weatherly") (AIM: WTI), an AIM traded mining, development and exploration company focusing on copper in Namibia, to subscribe for 24,022,602 shares of 0.5 pence each at a price of 2.925 pence per share for a total cash consideration of some £1.6 million, bringing its total shareholding to 54,852,859 shares. This represented an interest of approximately 7.06 per cent in Weatherly's then enlarged issued share capital (subsequently diluted to 5.2 per cent following share issuances by Weatherly). In February 2015 Polo announced that it had allowed its right to subscribe for a further 51,984,748 Weatherly shares at a subscription price of 2.925 pence per share to lapse, unexercised.

Also in December 2014, Polo announced that following the closing of the underwritten renounceable entitlements offer (the "Offer") by Celamin Holdings NL ("Celamin") (ASX: CNL), Polo had subscribed for 300,000,000 new ordinary shares in Celamin under the Offer at AUD0.01 each (including 187,434,037 shares under its sub-underwriting commitment), bringing its total shareholding to 330,000,000 ordinary shares in Celamin. This represented an interest of approximately 33.23 per cent of Celamin's enlarged issued share capital, after allocation of sub-underwriting. Subject to Celamin shareholder approval, Polo was also entitled to options over a further 150,000,000 ordinary shares in Celamin exercisable at AUD0.02 each on, or before, 29 February 2016.

The Board of Polo is sensitive to the impact of current market sentiment towards junior exploration-stage resource companies and of the correction in the prices of many commodities, such as gold, copper and oil during the reporting period under review. Whilst these factors have combined to create a difficult operating environment across the board for junior resource companies, Polo's strategy of developing a broad-based portfolio of projects and investments capable of delivering positive shareholder returns has enabled the Company to retain the financial flexibility to optimise asset value over the medium and longer-terms. Against this backdrop, Polo reported a further decrease in Company administrative expenses to USD1.71 million (2014: USD2.07 million) or a reduction of some 17.4 per cent which is reflective of Polo's focus on prudent financial management and use of available resources during the current difficult economic environment, and will continue with this approach in the current year to 30 June 2016.

## Financial Position

The Directors have reviewed the Group's budgets for 2016, as well as longer-term financial cash flow projections and have considered a range of different scenarios together with their associated risks and uncertainties, and the impact of these scenarios on the Group's cash balances. Additionally, the Directors have assessed the likelihood of future funding requirements. Based on these activities, the Directors are satisfied that the Group maintains a healthy financial position from the date of the signing of these financial statements, enabling Polo to take a flexible approach to the acquisition and disposal of investments.

As at 17 December 2015, the Group had a net position of cash, receivables and short term investments of USD22.30 million (30 June 2015: USD30.78 million). Listed and unlisted investments at marked to market value, cost and valuation amounted to USD53.61 million (30 June 2015: USD49.51 million). The combined total of cash, receivables, payables, listed and unlisted investments was USD73.05 million as of 17 December 2015 (30 June 2015: USD77.05 million) which is equivalent to a Net Asset value of approximately 16.09 pence per Polo share (30 June 2015: 17.70 pence per share).

## Outlook

Polo continues to investigate potential investments and will allocate financial resources to investments on the basis of anticipated future returns.

Although all natural resource investments remain vulnerable to near-term market instabilities, I remain positive about the longer-term fundamentals of the resource sector and am particularly focused on achieving near-term returns which in turn will strengthen our financial position. The Company will continue to keep shareholders advised as and when developments are confirmed.

# 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.

### Datuk Michael Tang, PJN (aged 42)
**Executive Chairman**

Datuk Michael is the founder of Mettiz Capital Limited, an investment company with a diversified portfolio comprising natural resources, power generation, manufacturing, healthcare and real estate, and which has a major shareholding in the Company. He is an investor and entrepreneur with significant corporate, commercial and financial experience. Datuk Michael holds a Bachelor of Laws degree from the London School of Economics and Political Science and was called to the Bar of the Honourable Society of the Lincoln's Inn of England and Wales. On the community front, Datuk Michael was the founding trustee of the Gold Coast Dharma Realm in Australia and 1Malaysia Community Alliance Foundation. In recognition of his invaluable service and contribution to the nation, he was conferred the Distinguished Order for Meritorious Service ("Panglima Jasa Negara") which carries the honorific title of "Datuk" by His Majesty The King of Malaysia.

### Kian Meng Cheah (aged 42)
**Senior Non-Executive Director**

Mr. Kian Meng Cheah has more than 16 years banking and investment management experience with financial institutions in South East Asia including Standard Chartered Bank and Merrill Lynch International. He holds a number of private company directorships in Singapore and Malaysia involved in private equity and real estate investment. Mr. Cheah is also an Executive Director of the Select Equity Growth Ltd. fund with a focus across diversified sectors in South East Asia, Hong Kong and Australia. He holds a Bachelor of Commerce (Accounting) from Curtin University of Technology, Australia.

### Gary Lye (aged 61)
**Non-Executive Director**

Mr. Lye has over 40 years' experience in natural resources having held senior positions with several leading mining companies. He is currently CEO of Asia Energy Corporation (Bangladesh) Pty Ltd, the operating subsidiary of GCM Resources Plc where he is COO. From 1994 - 2003 he was with Kalgoorlie Consolidated Gold Mines Pty Ltd as manager of strategic mine development at their Super Pit operations in Kalgoorlie, Western Australia. He has previously acted as Manager of Mining Research for CRA in Perth, Western Australia and spent many years with Bougainville Copper Ltd. in Papua New Guinea. Gary has a Master's Degree in Rock Mechanics from the Royal School of Mines in London and an Honours Degree in Geology specialising in petroleum geology from the University of Queensland, Australia. He is a member of the Australian Institute of Mining and Metallurgy (AUSIMM).

# 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.

# Directors' Report

For the year ended 30 June 2015

The Directors are pleased to present this year's Annual Report together with the group financial statements for the year ended 30 June 2015.

**Principal Activity**

The principal activity 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 Chairman's Statement, Investment update and Finance Review on pages 4 to 15.

**Results and Dividends**

Loss on ordinary activities of the Group after taxation amounted to US$61.2million (2014: Loss US$19.1million). The Directors do not recommend payment of a dividend in respect of the financial year under review.

**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 the business at this time.

**Events after the end of the reporting period**

At the date these financial statements were approved, being 18 December 2015, the Directors were not aware of any significant events after the end of the reporting period, other than those set out in the notes to the financial statements.

**Directors**

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

**Executive Directors**

Michael Tang

**Non-Executive Directors**

Kian Meng Cheah
Gary Lye

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**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 2015 were as follows:

| | **30 June 2015** | | **30 June 2014** | |
|---|---|---|---|---|
| Director | Shares | Options* | Shares | Options* |
| Michael Tang | 39,218,775 | 6,000,000 | 39,218,775 | 6,000,000 |
| Kian Meng Cheah | - | - | - | - |
| Gary Lye | - | - | - | - |

* The option details have been fully disclosed in Note 20 to the financial statements.

**Corporate Governance**

A statement on Corporate Governance is set out on pages 22 to 24.

**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 and consultants 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)

For the year ended 30 June 2015

**Health and Safety**

The Group aims to achieve and maintain a high standard of workplace safety. In order to achieve this objective the Group provides ongoing 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 or charitable donations.

**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 note the losses that the Group and Company have made for the Year Ended 30 June 2015. The Directors have prepared cash flow forecasts for the period ending 31 December 2016 which take account of the current cost and operational structure of the Group.

The cost structure of the Group comprises a high proportion of discretionary spend and therefore in the event that cash flows become constrained, costs can be quickly reduced to enable the Group to operate within its available funding.

These forecasts demonstrate that the Group and Company have sufficient cash funds available to allow it to continue in business for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

Strategic Report

Corporate Governance

Financial Statements

**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 AIM, the market of that name operated by The London Stock Exchange.

**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:

**Datuk Michael Tang, PJN**
Executive Chairman
18 December 2015

# Corporate Governance Statement

For the year ended 30 June 2015

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 one Executive Director, whom is the Chairman, and two Non-Executive Directors. The Directors are of the opinion that the Board currently comprises a suitable balance and that the recommendations of the UK Code have been implemented to an appropriate level. The Board 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 2015 the full Board met formally four times in relation to normal operational matters and several additional occasions informally. 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 the Executive Director, and one Non-Executive Director; Kian Meng Cheah (Chairman), and Michael Tang and are 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 in respect of Directors' and senior executives' remuneration. It comprises the Executive Director and one Non-Executive Director; Kian Meng Cheah (Chairman), and Michael Tang. 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.

**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.

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**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, Singapore 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)

For the year ended 30 June 2015

**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 22.

**Securities Trading**

The Board has adopted a Share Dealing Code that applies to Directors, senior management and any employee who may be 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

For the year ended 30 June 2015

We have audited the Group and parent company financial statements of Polo Resources Limited for the year ended 30 June 2015, which comprise the Group and Parent Statements of Comprehensive Income, the Group and Parent Statements of Financial Position, Group and Parent Statements of Cash Flows, Group and Parent Statements of Changes in Equity, and the related notes 1 to 25. 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 in accordance with our terms of engagement. 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 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**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 2015 and of the Group's and the Parent Company's loss and cash flows 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
18 December 2015

# Group Statement of Comprehensive Income

For the year ended 30 June 2015

| | Notes | Year ended 30 June 2015 $ 000's | Year ended 30 June 2014 $ 000's |
|---|---|---|---|
| Gain/(loss) on sale of investments | | **484** | (1,317) |
| Investment income | **5** | **134** | 4,324 |
| Reversal of (Provision) for loss on option | | **-** | 742 |
| Impairment of AFS investments | **16** | **(9,127)** | - |
| Impairment of associates | **15** | **(45,495)** | - |
| Administrative & Exploration expenses | | **(1,781)** | (2,149) |
| Share options expensed | **8, 20** | **(290)** | (290) |
| Goodwill written off | **12** | **-** | (2,815) |
| Expensed exploration expensed | | **(1,500)** | |
| Expensed exploration costs on disposal | **13** | **-** | (971) |
| Impairment of exploration and evaluation costs | **13** | **(2,000)** | (27,255) |
| **Group operating (loss)** | **3** | **(59,575)** | (29,731) |
| | | | |
| Share of associates results | **15** | **(1,902)** | 10,423 |
| Finance revenue | **7** | **140** | 196 |
| Other income | **6** | **156** | - |
| **(Loss) before taxation** | **2** | **(61,181)** | (19,112) |
| Income tax expense | **9** | **-** | - |
| **Retained (loss) for the year** | | **(61,181)** | (19,112) |
| | | | |
| **Other comprehensive income** | | | |
| (Loss) on market value revaluation of available for sale investments | | **(5,544)** | (3,142) |
| Currency translation differences | | **(165)** | 354 |
| **Other comprehensive income for the year net of taxation** | | **(5,709)** | (2,788) |
| | | | |
| **Total comprehensive income for the year** | | **(66,890)** | (21,900) |
| | | | |
| **Retained (loss) for the year attributable to:** | | | |
| Equity holders of the parent | | **(60,824)** | (16,280) |
| Non-controlling interests | | **(357)** | (2,832) |
| | | **(61,181)** | (19,112) |
| **Total comprehensive income for the year attributable to:** | | | |
| Equity holders of the parent | | **(66,533)** | (19,008) |
| Non-controlling interests | | **(357)** | (2,832) |
| | | **(66,890)** | (21,900) |
| **(Loss) per share (US cents)** | | | |
| **Basic** | **11** | **(22.09)** | (7.07) |
| **Diluted** | **11** | **(20.50)** | (6.55) |

# Company Statement of Comprehensive Income

As at 30 June 2015

| | Notes | Year ended 30 June 2015 $ 000's | Year ended 30 June 2014 $ 000's |
|---|---|---|---|
| Administrative expenses | | **(1,707)** | (2,066) |
| Share options expensed | **8, 20** | **(290)** | (290) |
| Provision on loan to subsidiary | **17** | **(51,000)** | - |
| **Operating (loss)** | **3** | **(52,997)** | (2,356) |
| Finance revenue | **7** | **140** | 196 |
| Other income | **6** | **184** | 175 |
| **(Loss) before taxation** | | **(52,673)** | (1,985) |
| Income tax expense | **9** | **-** | - |
| **Retained (loss) after taxation** | | **(52,673)** | (1,985) |
| **Other comprehensive income** | | | |
| Currency translation differences | | **(341)** | 303 |
| **Other comprehensive income for the year net of taxation** | | **(341)** | 303 |
| **Total comprehensive income for the year** | | **(53,014)** | (1,682) |

# Group Statement of Financial Position

As at 30 June 2015

| | Note | 30 June 2015 $ 000's | $ 000's | 30 June 2014 $ 000's | $ 000's |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Intangible assets | **12** | **-** | | - | |
| Tangible assets | **13** | **17,844** | | 19,802 | |
| Interest in associates | **15** | **14,591** | | 59,462 | |
| Available for sale investments | **16** | **17,079** | | 24,743 | |
| Trade and other receivables | **17** | **3,472** | | 3,342 | |
| **Total non-current assets** | | | **52,986** | | 107,349 |
| **Current assets** | | | | | |
| Trade and other receivables | **17** | **1,007** | | 273 | |
| Available for sale investments | **16** | **4,755** | | 9,284 | |
| Cash and cash equivalents | | **21,550** | | 30,583 | |
| **Total current assets** | | | **27,312** | | 40,140 |
| **TOTAL ASSETS** | | | **80,298** | | 147,489 |
| **LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Trade and other payables | **18** | **(3,250)** | | (3,841) | |
| **TOTAL LIABILITIES** | | | **(3,250)** | | (3,841) |
| **NET ASSETS** | | | **77,048** | | 143,648 |
| **EQUITY** | | | | | |
| Equity contribution | | **303,059** | | 303,059 | |
| Retained earnings | | **(239,834)** | | (179,010) | |
| Available for sale investment reserve | | **(4,723)** | | 821 | |
| Foreign exchange reserve | | **17,848** | | 18,013 | |
| Share based payments reserve | **20** | **2,413** | | 2,123 | |
| | | | **78,763** | | 145,006 |
| Non-controlling interest | | | **(1,715)** | | (1,358) |
| **TOTAL EQUITY** | | | **77,048** | | 143,648 |

These financial statements were approved by the Board of Directors on 18 December 2015 and signed on its behalf by:

**Datuk Michael Tang**
EXECUTIVE CHAIRMAN

**Kian Meng Cheah**
NON-EXECUTIVE DIRECTOR

# Company Statement of Financial Position

For the year ended 30 June 2015

| | Notes | 30 June 2015 $ 000's | $ 000's | 30 June 2014 $ 000's | $ 000's |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Investment in subsidiaries | **14** | **-** | | - | |
| Trade and other receivables | **17** | **103,618** | | 148,180 | |
| **Total non-current assets** | | | **103,618** | | 148,180 |
| **Current assets** | | | | | |
| Trade and other receivables | **17** | **856** | | 494 | |
| Available for sale of investments | **16** | **797** | | 797 | |
| Cash and cash equivalents | | **21,451** | | 30,452 | |
| **Total Current Assets** | | | **23,104** | | 31,743 |
| **TOTAL ASSETS** | | | **126,722** | | 179,923 |
| **LIABILITIES** | | | | | |
| **Current Liabilities** | | | | | |
| Trade and other payables | **18** | **(293)** | | (770) | |
| **TOTAL LIABILITIES** | | | **(293)** | | (770) |
| **NET ASSETS** | | | **126,429** | | 179,153 |
| **EQUITY** | | | | | |
| Equity contribution | | **303,059** | | 303,059 | |
| Retained earnings | | **(183,012)** | | (130,339) | |
| Foreign exchange reserve | | **3,969** | | 4,310 | |
| Share based payments reserve | **20** | **2,413** | | 2,123 | |
| **TOTAL EQUITY** | | | **126,429** | | 179,153 |

These financial statements were approved by the Board of Directors on 18 December 2015 and signed on its behalf by:

**Datuk Michael Tang**
EXECUTIVE CHAIRMAN

**Kian Meng Cheah**
NON-EXECUTIVE DIRECTOR

# Group Statement of Cash Flows

For the year ended 30 June 2015

| | Notes | **Year ended 30 June 2015 $ 000's** | Year ended 30 June 2014 $ 000's |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Operating (loss) | | **(59,575)** | (29,731) |
| (Increase) in trade and other receivables | | **(734)** | (104) |
| (Decrease) in trade and other payables | | **(591)** | (1,628) |
| (Increase)/decrease in available for sale investments | | **(5,488)** | (9,149) |
| Foreign exchange loss/(gain) | | **1** | (50) |
| Share options expensed | | **290** | 290 |
| (Reversal of) provision for loss on option | | **-** | (742) |
| Impairment of AFS investments | | **9,127** | - |
| Impairment of associates | | **45,495** | - |
| Goodwill written-off | | **-** | 2,815 |
| Loss on sale of PPE | | **30** | - |
| Depreciation & impairment | | **2,016** | 28,226 |
| **Net cash (out)flow from operating activities** | | **(9,429)** | (10,073) |
| | | | |
| **Cash flows from investing activities** | | | |
| Finance revenue | | **140** | 63 |
| Other income | | **156** | - |
| Taxation paid | | **-** | - |
| Net receipts for investments in associates | | **-** | 21,180 |
| Receipts/(Payments) from/to sale/purchase of tangible assets | | **86** | (3,838) |
| Loan (advanced)/repayments to/from third party | | **(130)** | 1,404 |
| **Net cash inflow from investing activities** | | **252** | 18,809 |
| | | | |
| **Cash flows from financing activities** | | | |
| Issue of ordinary share capital | | **-** | - |
| **Net cash inflow from financing activities** | | **-** | - |
| | | | |
| **Net (decrease)/increase in cash and cash equivalents** | | **(9,177)** | 8,736 |
| Cash and cash equivalents at beginning of year | | **30,583** | 21,890 |
| Exchange gain/(loss) on cash and cash equivalents | | **144** | (43) |
| **Cash and cash equivalents at end of year** | **21** | **21,550** | 30,583 |

# Company Statement of Cash Flows

For the year ended 30 June 2015

| | Notes | Year ended 30 June 2015 $ 000's | Year ended 30 June 2014 $ 000's |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Operating (loss) | | **(52,997)** | (2,356) |
| (Increase) in trade and other receivables | | **(362)** | (240) |
| (Decrease)/increase in trade and other payables | | **(477)** | 369 |
| Share options expensed | | **290** | 290 |
| Provision on loan to subsidiary | | **51,000** | - |
| Foreign exchange loss/(gain) | | **1** | (40) |
| **Net cash (out)flow from operating activities** | | **(2,545)** | (1,977) |
| | | | |
| **Cash flows from investing activities** | | | |
| Finance Revenue | | **140** | 63 |
| Other income | | **184** | - |
| Loans (advanced)/repaid to/from subsidiaries | | **(6,308)** | 9,478 |
| Loan (advanced)/repaid to/from third party | | **(130)** | 1,404 |
| **Net cash (out)/inflow from investing activities** | | **(6,114)** | 10,945 |
| | | | |
| **Cash flows from financing activities** | | | |
| Issue of ordinary share capital | | **-** | - |
| **Net cash (out)flow from financing activities** | | **-** | - |
| | | | |
| **Net (decrease)/increase in cash and cash equivalents** | | **(8,659)** | 8,968 |
| Cash and cash equivalents at beginning of year | | **30,452** | 21,411 |
| Exchange (loss)/gain on cash and cash equivalents | | **(342)** | 73 |
| **Cash and cash equivalents at end of year** | **21** | **21,451** | 30,452 |

# Group Statement of Changes in Equity

For the year ended 30 June 2015

| | Equity contribution | Available for sale investment reserve | Foreign currency translation reserve | Share based payment reserve | Retained earnings | Total | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|
| **Group** | **$ 000's** | **$ 000's** | **$ 000's** | **$ 000's** | **$ 000's** | **$ 000's** | **$ 000's** | **$ 000's** |
| **As at 1 July 2013** | **301,210** | **3,963** | **17,659** | **1,833** | **(162,730)** | **161,935** | **1,474** | **163,409** |
| (Loss) for the year | - | - | - | **-** | (16,280) | **(16,280)** | **(2,832)** | **(19,112)** |
| (Loss) on market value revaluation of available for sale investments | - | (3,142) | - | **-** | - | **(3,142)** | **-** | **(3,142)** |
| Currency translation differences | - | - | 354 | - | - | **354** | **-** | **354** |
| **Total comprehensive income** | **-** | **(3,142)** | **354** | **-** | **(16,280)** | **(19,008)** | **(2,832)** | **(21,900)** |
| Share based payments | - | - | - | 290 | - | **290** | **-** | **290** |
| Shares issued | 1,849 | - | - | - | | **1,849** | **-** | **1,849** |
| **Total contributions by and distributions to owners of the Company** | 1,849 | - | - | 290 | - | **2,139** | **-** | **2,139** |
| **As at 30 June 2014** | **303,059** | **821** | **18,013** | **2,123** | **(179,010)** | **145,006** | **(1,358)** | **143,648** |
| (Loss) for the year | - | - | - | - | (60,824) | **(60,824)** | **(357)** | **(61,181)** |
| (Loss) on market value revaluation of available for sale investments | - | (5,544) | - | - | - | **(5,544)** | **-** | **(5,544)** |
| Currency translation differences | - | - | (165) | - | - | **(165)** | **-** | **(165)** |
| **Total comprehensive income** | **-** | **(5,544)** | **(165)** | **-** | **(60,824)** | **(66,533)** | **(357)** | **(66,890)** |
| Share based payments | - | - | - | 290 | - | **290** | **-** | **290** |
| Shares issued | - | - | - | - | - | **-** | **-** | **-** |
| **Total contributions by and distributions to owners of the Company** | - | - | - | 290 | - | **290** | **-** | **290** |
| **As at 30 June 2015** | **303,059** | **(4,723)** | **17,848** | **2,413** | **(239,834)** | **78,763** | **(1,715)** | **77,048** |

# Company Statement of Changes in Equity

For the year ended 30 June 2015

| | Equity contribution | Foreign exchange reserve | Share based payment reserve | Retained earnings | Total equity |
|---|---|---|---|---|---|
| **Company** | **$ 000's** | **$ 000's** | **$ 000's** | **$ 000's** | **$ 000's** |
| **As at 1 July 2013** | **301,210** | **4,007** | **1,833** | **(128,354)** | **178,696** |
| (Loss) for the year | - | - | - | (1,985) | **(1,985)** |
| Currency translation differences | - | 303 | - | **-** | **303** |
| **Total comprehensive income** | **-** | **303** | **-** | **(1,985)** | **(1,682)** |
| Share based payments | - | - | 290 | - | **290** |
| Shares issued | 1,849 | - | - | - | **1,849** |
| **Total contributions by and distributions to owners of the Company** | 1,849 | - | 290 | - | **2,139** |
| **As at 30 June 2014** | **303,059** | **4,310** | **2,123** | **(130,339)** | **179,153** |
| (Loss) for the year | - | - | - | (52,673) | **(52,673)** |
| Currency translation differences | - | (341) | - | - | **(341)** |
| **Total comprehensive income** | **-** | **(341)** | **-** | **(52,673)** | **(53,014)** |
| Share based payments | - | - | 290 | - | **290** |
| Shares issued | - | - | - | - | **-** |
| **Total contributions by and distributions to owners of the Company** | **-** | **-** | **290** | | **290** |
| **As at 30 June 2015** | **303,059** | **3,969** | **2,413** | **(183,012)** | **126,429** |

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# Notes to the Financial Statements

For the year ended 30 June 2015

**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 2015 were authorised for issue by the Board on 18 December 2015 and the balance sheets signed on the Board's behalf by Michael Tang and Kian Meng Cheah. 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, the market of that name operated by the London Stock Exchange.

**(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. Their adoption is not expected to have a material effect on the financial statements.

| **New/Revised International Financial Reporting Standards (IAS/IFRS)** | **Effective date** (accounting periods commencing on or after) |
|---|---|
| IFRS 11 Joint Arrangements* | 1 January 2016 |
| IFRS 14 Regulatory Deferral Accounts | 1 January 2016 |
| Amendments to IAS 1, 16, 27, 28, 38, 41 | 1 January 2016 |
| Amendments to IFRS9 Financial Instruments | 1 January 2018 |
| IFRS 15 Revenue from Contracts with Customers | 1 January 2018 |

* 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.

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

The financial statements have been prepared on a going concern basis, notwithstanding the loss for the year ended 30 June 2015. This basis assumes that the Group will have sufficient funding to enable it to continue to operate for the foreseeable future and the Directors have taken steps to ensure that they believe that the going concern basis of preparation remains appropriate.

The Group made a loss for the year of $61,188,000 after taxation. The Group had net assets of $77,048,000 and cash balances of $21,550,000 at 30 June 2015. The Directors have prepared financial forecasts which cover a period of at least 12 months from date that these financial statements are approved. These forecasts show that the Group expects to have sufficient financial resources to continue to operate as a going concern.

The Directors anticipate that the Group will have a controlled level of operating costs for the next 12 months, principally the costs of maintaining the AIM listing and of pursuing investment opportunities for the Group. Therefore they are confident that existing cash balances are adequate to ensure that costs can be covered. Consequently, the Directors have a reasonable expectation that the Group has adequate resources to continue to operate for the foreseeable future and that it remains appropriate for the financial statements to be prepared on a going concern basis.

**(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 statement of financial position, 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 per cent 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, for example the reappointment of directors in general meeting 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 value 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 re-measured 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 re-measured, 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.

**(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 negative goodwill is immediately written-off to the income statement when it arises.

**(h) Revenue**

The Groups' principal income was derived from investment activities during the year ending 30 June 2015.

**(i) 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.

**(j) 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.

**(k) 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.

**(l) 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.

**(m) 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.

**(n) 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.

**(o) 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, 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.

**(p) 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.

**(q) 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.

**(r) Available for sale investment reserve**

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

**(s) Share based payments reserve**

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

**(t) Foreign currency translation reserve**

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

**(u) Property, plant and equipment**

***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 per cent and 25 per cent

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.

**(u) Property, plant and equipment (continued)**

***Plant and equipment***

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.

***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.

**(v) Impairment of assets**

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

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

**(v) Impairment of assets (continued)**

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.

**(w) Trade and other payables**

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

**(x) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event 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.

**(y) 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 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.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 11).

**(z) Earnings per share**

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of Ordinary Shares, adjusted for any bonus element.

Diluted earnings per share ia calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than 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.

## 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**

| 2015 | BVI/Parent | Americas | Australasia | Africa | Europe | Total |
|---|---|---|---|---|---|---|
| | $ 000's | $ 000's | $ 000's | $ 000's | $ 000's | $ 000's |
| **Result** | | | | | | |
| Operating (loss) | (10,507) | - | - | (24,191) | (24,877) | **(59,575)** |
| Share of associates results | - | - | - | (1,491) | (411) | **(1,902)** |
| Other income | 156 | - | - | - | - | **156** |
| Finance revenue | 140 | - | - | - | - | **140** |
| Profit/(loss) before taxation | (10,211) | - | - | (25,682) | (25,288) | **(61,181)** |
| **Other information** | | | | | | |
| Depreciation and amortisation | - | - | - | 16 | - | **16** |
| Capital additions | - | - | - | - | - | **-** |
| **Assets** | | | | | | |
| Segment assets | 15,653 | 6,181 | 3,813 | 24,806 | 3,816 | **54,269** |
| Financial assets | 4,405 | - | - | 74 | - | **4,479** |
| Cash | 21,451 | - | - | 99 | - | **21,550** |
| Consolidated total assets | 41,509 | 6,181 | 3,813 | 24,979 | 3,816 | **80,298** |
| **Liabilities** | | | | | | |
| Segment liabilities | - | - | - | - | - | **-** |
| Financial liabilities | 293 | - | - | 2,957 | - | **3,250** |
| Consolidated total liabilities | 293 | - | - | 2,957 | - | **3,250** |

## 2 Segmental analysis – Group (continued)

**By geographical area**

| **2014** | **BVI/Parent** | **Americas** | **Australasia** | **Africa** | **Europe** | **Total** |
|---|---|---|---|---|---|---|
| | **$ 000's** | **$ 000's** | **$ 000's** | **$ 000's** | **$ 000's** | **$ 000's** |
| **Result** | | | | | | |
| Operating (loss) | 1,403 | - | - | (31,134) | - | **(29,731)** |
| Share of associates results | - | - | - | 11,019 | (596) | **10,423** |
| Finance revenue | 196 | - | - | - | - | **196** |
| Profit/(loss) before taxation | 1,599 | - | - | (20,115) | (596) | **(19,112)** |
| **Other information** | | | | | | |
| Depreciation and amortisation | - | - | - | - | - | **-** |
| Capital additions | - | - | - | 3,838 | - | **3,838** |
| **Assets** | | | | | | |
| Segment assets | 21,214 | 12,813 | 2,777 | 47,382 | 29,105 | **113,291** |
| Financial assets | 3,487 | - | - | 128 | - | **3,615** |
| Cash | 30,452 | - | - | 131 | - | **30,583** |
| Consolidated total assets | 55,153 | 12,813 | 2,777 | 47,641 | 29,105 | **147,489** |
| **Liabilities** | | | | | | |
| Segment liabilities | - | - | - | - | - | **-** |
| Financial liabilities | (770) | - | - | (3,071) | - | **(3,841)** |
| Consolidated total liabilities | (770) | - | - | (3,071) | - | **(3,841)** |

## 3 Operating (loss)

| | **2015** | **2015** | 2014 | 2014 |
|---|---|---|---|---|
| | **Group** | **Company** | Group | Company |
| Operating (loss) is arrived at after charging: | **$ 000's** | **$ 000's** | $ 000's | $ 000's |
| Auditors' remuneration – audit of Group and Company financial statements | **71** | **71** | 74 | 74 |
| Auditors' remuneration – audit of the Subsidiary financial statements | **72** | **-** | 93 | - |
| Directors' emoluments – fees and salaries | **649** | **649** | 720 | 720 |
| Directors' emoluments – share based payments | **290** | **290** | 290 | 290 |
| Currency exchange loss/(gain) | **1** | **1** | (50) | (40) |
| Loss on sale of PPE | **30** | **-** | - | - |
| Depreciation | **16** | **-** | - | - |

## 4 Employee information – Group

| | 2015 | 2014 |
|---|---|---|
| **Staff Costs comprised:** | **$ 000's** | $ 000's |
| Wages and salaries (#) | **383** | 652 |

(#) Wages and salaries incurred within the Nimini Holdings Limited ("group") have been in prior years capitalised as Mining exploration & evaluation costs in accordance with group policies. For the year ended 30 June 2015, these costs have been expensed as part of the current care and maintenance program in regards to the Sierra Leone exploration licences.

| **Average Number of employees (excluding Directors)** | **Number** | Number |
|---|---|---|
| Exploration | **27** | 41 |
| Administration | **2** | 5 |
| | **29** | 46 |

## 5 Investment income

| | 2015 Group | 2015 Company | 2014 Group | 2014 Company |
|---|---|---|---|---|
| | **$ 000's** | **$ 000's** | $ 000's | $ 000's |
| Dividend income on investments | **134** | **-** | 4,324 | - |
| | **134** | **-** | 4,324 | - |

## 6 Other income

| | 2015 Group | 2015 Company | 2014 Group | 2014 Company |
|---|---|---|---|---|
| | **$ 000's** | **$ 000's** | $ 000's | $ 000's |
| Consultancy fees | **156** | **9** | - | - |
| Management fees | **-** | **175** | - | 175 |
| | **156** | **184** | - | 175 |

## 7 Finance revenue

| | 2015 Group | 2015 Company | 2014 Group | 2014 Company |
|---|---|---|---|---|
| | **$ 000's** | **$ 000's** | $ 000's | $ 000's |
| Loan interest receivable | **134** | **134** | 133 | 133 |
| Bank interest receivable | **6** | **6** | 63 | 63 |
| | **140** | **140** | 196 | 196 |

# Notes to the Financial Statements (continued)

For the year ended 30 June 2015

**8 Directors' emoluments**

| Group | 2015 | 2014 |
|---|---|---|
| | $ 000's | $ 000's |
| Directors' remuneration | 939 | 1,010 |

| 2015 | Directors Fees $ 000's | Consultancy Fees $ 000's | Share Options Issued $ 000's | Total $ 000's |
|---|---|---|---|---|
| **Executive Directors** | | | | |
| Michael Tang (**) | 10 | 621 | 290 | **921** |
| **Non-Executive Directors** | | | | |
| Cheah Kian Meng | 9 | - | - | **9** |
| Gary Lye | 9 | - | - | **9** |
| | **28** | **621** | **290** | **939** |

| 2014 | Directors Fees $ 000's | Consultancy Fees $ 000's | Share Options Issued $ 000's | Total $ 000's |
|---|---|---|---|---|
| **Executive Directors** | | | | |
| Stephen Dattels (#) | 23 | - | - | **23** |
| Ian Burns (#) | 32 | - | - | **32** |
| Michael Tang (**) | 10 | 628 | 290 | **928** |
| **Non-Executive Directors** | | | | |
| Guy Elliott (#) | 15 | - | - | **15** |
| Cheah Kian Meng | 10 | - | - | **10** |
| Gary Lye (#) | 2 | - | - | **2** |
| | **92** | **628** | **290** | **1,010** |

(#): These Directors were not employed throughout the whole financial year.
(**) The amount for consultancy services was paid to a company in which Michael Tang has an interest.

No pension benefits are provided for any Director.

**9 Taxation – Group**

| | 2015 | 2014 |
|---|---|---|
| **Analysis of charge in year** | **$ 000's** | $ 000's |
| Tax on ordinary activities | **-** | - |

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. In Sierra Leone there are tax losses accrued to date. However, the tax losses can be carried forward for a maximum period of ten years after the commencement of commercial production; and the related deferred tax asset can be recognized if the Company generates sufficient taxable profits within the stipulated period.

## 10 Dividends

No dividends were paid in the year to 30 June 2015. (2014: US$: Nil).

## 11 Earnings per share

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

| | **2015** | 2014 |
|---|---|---|
| (Loss) after taxation ($000's) | **(61,181)** | (19,112) |
| Weighted average number of Ordinary Shares used in calculating basic earnings per share (millions) | **276.94** | 270.30 |
| Basic (loss) earnings per share (expressed in US cents) | **(22.09)** | (7.07) |
| Weighted average number of Ordinary Shares used in calculating fully diluted earnings per share (millions) | **298.44** | 291.80 |
| Diluted (loss) earnings per share (expressed in US cents) | **(20.50)** | (6.55) |

## 12 Intangible assets – Goodwill

| | **2015** | 2014 |
|---|---|---|
| **Group** | **$ 000's** | $ 000's |
| **Cost** | | |
| At beginning of the year | **-** | 2,815 |
| Additions | **-** | - |
| Write-off | **-** | (2,815) |
| **As at 30 June** | **-** | - |

As at 30 June 2014, the Directors carried out an impairment review and have concluded that a full write-off of the carrying value of the Goodwill on acquisition of Nimini Holdings Limited ("Nimini") was deemed appropriate. This was based on the impairment review undertaken in relation to the carrying value of the exploration and evaluation costs as detailed in Note 13, and as a result of the impairment charge made therein, it was considered therefore to be inappropriate to carry such value of goodwill, and the full US$2.8million was written off to the income statement in the year ended 30 June 2014.

# Notes to the Financial Statements (continued)

For the year ended 30 June 2015

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

| | Group | | |
|---|---|---|---|
| | **Mining exploration & evaluation costs** | **Property, plant & equipment** | **Total** |
| | **$ 000's** | **$ 000's** | **$ 000's** |
| **Cost** | | | |
| As at 1 July 2013 | 43,907 | 336 | 44,243 |
| Additions | 3,904 | - | 3,904 |
| Disposals | (971) | - | (971) |
| **As at 30 June 2014** | **46,840** | **336** | **47,176** |
| As at 1 July 2014 | 46,840 | 336 | 47,176 |
| Additions/re-classification | 175 | 1 | 176 |
| Disposals | - | (168) | (168) |
| **As at 30 June 2015** | **47,015** | **169** | **47,184** |
| **Depreciation & Impairment** | | | |
| As at 1 July 2013 | - | 53 | 53 |
| Depreciation charge | - | 66 | 66 |
| Impairment provision | 27,255 | - | 27,255 |
| **As at 30 June 2014** | **27,255** | **119** | **27,374** |
| As at 1 July 2014 | 27,255 | 119 | 27,374 |
| Depreciation charge | - | 16 | 16 |
| Eliminated on disposal | - | (50) | (50) |
| Impairment provision | 2,000 | - | 2,000 |
| **As at 30 June 2015** | **29,255** | **85** | **29,340** |
| **Net Book Value** | | | |
| **As at 30 June 2015** | **17,760** | **84** | **17,844** |
| As at 30 June 2014 | 19,585 | 217 | 19,802 |

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### 13 Tangible assets – Property, Plant & Equipment (continued)

**Impairment Reviews**

As at 30 June 2015, an impairment amounting to US$2m (2014: US$27.3m) was recognised against the Nimini ("Komahun") Evaluation and Exploration assets. Although the group still intends to develop this area further, there were a number of impairment indicators under IFRS 6 including changes in the external environment (such as gold price), a reduction in activity during the year as the asset was mainly on a care and maintenance basis, present difficulties in operating in Sierra Leone and draft findings of a Preliminary Economic Assessment. As such an impairment test was performed which calculated the recoverable amount applying a mineral resource based multiple. The Preliminary Economic Assessment was not advanced enough to use as a discounted cash flow model. The resource based multiple was calculated based on an average of similar gold mining groups in Africa and their calculated enterprise value and amount of mineral resources (measured, indicated and inferred). A recoverable amount of US$18m was determined based on the group's resources of 0.9m ounces.

As at 30 June 2014 the Directors carried out an impairment review and concluded the following impairment provisions are currently required;

**1)** An impairment amounting to US$0.9m (2013: Nil) was recognised against the Matotoka Evaluation and Exploration assets. This was as a result of the group relinquishing its exploration license in this area. This reduced the carrying value of the Matotoka assets to nil value.

2) An impairment amounting to US$27.3m (2013: Nil) was recognised against the Nimini ("Komahun") Evaluation and Exploration assets. Although the group still intends to further develop this area, there were a number of impairment indicators under IFRS 6 including changes in the external environment (such as gold pricing), a reduction in activity during the year as the asset was mainly on a care and maintenance basis, and draft findings on a Preliminary Economic Assessment. As such an impairment test was performed which calculated the recoverable amount applying a mineral resource based multiple. The Preliminary Economic Assessment was not advanced enough to use as a discounted cash flow model. The resource based multiple was calculated based on an average of similar gold mining groups in Africa and their calculated enterprise value and amount of mineral resources (measured, indicated and inferred). A recoverable amount of US$20m was determined based on the group's resources of 0.9m ounces.

## 14 Investment in subsidiaries

| Shares in Group undertakings | 2015 | 2014 |
|---|---|---|
| **Company** | **$ 000's** | $ 000's |
| **Cost** | | |
| At beginning of the year | - | - |
| Additions | - | - |
| **As at 30 June** | - | - |

As at 30 June 2015, 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 per cent of the share capital of the following companies as at 30th June 2015:

| Company | Country of Registration | Proportion held | Functional Currency | Nature of business |
|---|---|---|---|---|
| **Direct** | | | | |
| Polo Investments Limited | Guernsey | 100% | US$ | Investment Company |
| Polo Gold Limited | BVI | 100% | US$ | Holding Company |
| Polo Direction Limited | BVI | 100% | US$ | Holding Company |
| Andina Gold Corporation | BVI | 62% | US$ | Holding Company |
| **Indirect** | | | | |
| Via Polo Gold Limited: | | | | |
| Nimini Holdings Limited | BVI | 90% | US$ | Holding Company |
| Via Nimini Holdings Limited: | | | | |
| Nimini Mining Limited | Sierra Leone | 90% | US$ | Mining Company |
| Matatoka Mining Limited | Sierra Leone | 90% | US$ | Mining Company |

**Andina Gold Corporation**

The Joint Venture in Colombian gold explorer Andina Gold Corporation was terminated in the year ending 30 June 2012, following unacceptable delays in the registration of licences, resulting in a loss of US$2.2 million. There still remains a secured recoverable value of approximately US$800,000, whereby the Company had expected to receive 50 per cent within 12 months, and the remainder in the following year. The Company now holds 62 per cent of Andina resulting from a settlement agreement with its former joint venture partner. The amount of US$800,000 remains outstanding as at 30 June 2015, and the Company has commenced action to recover the outstanding balance due through legal channels as at the date of this report.

As a result of the above the recoverable investment value was re-allocated to available for sale investments, within current assets in the prior year, as disclosed in Note 16.

| 15 | **Interest in associates** | **2015** | 2014 |
|---|---|---|---|
| | **Group** | **$ 000's** | $ 000's |
| | At beginning of the year | **59,462** | 68,370 |
| | Investments in associates – equity purchases | **-** | 3,476 |
| | Investments in associates – share buy-back | **-** | (22,807) |
| | Re-classification from AFS investments | **2,526** | - |
| | Share of associates' (loss)/profit for the year | **(1,902)** | 10,423 |
| | Impairment charge (see below) | **(45,495)** | - |
| | **As at 30 June** | **14,591** | 59,462 |

The breakdown of the carrying values and fair values at 30 June 2015 of the Group's interest in listed and unlisted associates is as follows:

| | **Carrying Value** | **Fair Value** |
|---|---|---|
| **Non-current assets** | **$ 000's** | **$ 000's** |
| GCM Resources Plc (listed) | **3,816** | **3,816** |
| Celamin Holdings NL (listed) | **2,008** | **2,008** |
| Signet Petroleum Limited (unlisted) | **6,962** | **6,962** |
| Perfectus Management Limited (unlisted) | **1,805** | **1,805** |
| | **14,591** | **14,591** |

Subsequent to the reporting date the market value of the investment in associates had decreased marginally, to US$12,352,000 as at 17 December 2015.

**Impairment charge**

The Directors have as at 30 June 2015 reviewed the carrying value of the Groups Associate Investments, and consequently on a review of available Market and/or Fair value's through the information available, written down the carrying value of the following Associate Companies:

| | **Impairment Charge** |
|---|---|
| | **$ 000's** |
| GCM Resources Plc | 24,877 |
| Signet Petroleum Ltd | 20,618 |
| Total impairment charge | 45,495 |

**15 Interest in associates (continued)**

Details of the Group associates at 30 June 2015 are as follows:

| Name | Place of Incorporation | Proportion held | Date associate interest acquired | Reporting Date of associate | Principal activities |
|---|---|---|---|---|---|
| GCM Resources Plc | UK | 27.83% | 01/02/08 | 30/06/15 | Coal exploration |
| Celamin Holdings NL | Australia | 33.23% | 18/12/14 | 30/06/15 | Phosphate exploration |
| Signet Petroleum Limited | BVI | 42.00% | 16/05/12 | 30/06/15 | Oil & Gas exploration |
| Signet Petroleum Namibia Limited | BVI | 42.00% | 27/02/14 | 30/06/15 | Oil & Gas exploration |
| Signet Petroleum Nigeria Limited | BVI | 42.00% | 27/02/14 | 30/06/15 | Oil & Gas exploration |
| Perfectus Management Limited | RMI | 49.00% | 27/05/14 | 30/06/14 | Investment in Mining Companies |

Summarised financial information for the Group's associates, where made publicly available, as at 30 June 2015 is given below:

| | For the year ended 30 June 2015 | | | As at 30 June 2015 | |
|---|---|---|---|---|---|
| | Revenue £ 000's | (Loss) £ 000's | Total comprehensive income £ 000's | Assets £ 000's | Liabilities £ 000's |
| GCM Resources Plc | - | (937) | - | 38,206 | (576) |

## 16 Available-for-sale investments

| Listed & Unlisted Investments | 2015 Group $ 000's | 2015 Company $ 000's | 2014 Group $ 000's | 2014 Company $ 000's |
|---|---|---|---|---|
| At beginning of the year | **34,027** | **797** | 26,755 | 797 |
| Acquired during the year | **5,122** | **-** | 11,963 | - |
| Disposals during the year | **(602)** | **-** | (284) | - |
| Realised (losses) on disposals | **484** | **-** | (1,317) | - |
| Re-classification to associate | **(2,526)** | **-** | - | - |
| Currency translation differences | **-** | **-** | 52 | - |
| Impairment of unlisted investment (see below) | **(9,127)** | **-** | - | - |
| Movement in market value | **(5,544)** | **-** | (3,142) | - |
| At 30 June | **21,834** | **797** | 34,027 | 797 |
| **The available-for-sale investments splits are as below;** | | | | |
| **Non-current assets – listed** | **1,463** | **-** | - | - |
| **Non-current assets – unlisted** | **15,616** | **-** | 24,743 | - |
| **Current assets – listed** | **3,958** | **-** | 8,487 | - |
| **Current assets – unlisted** | **797** | **797** | 797 | 797 |
| | **21,834** | **797** | 34,027 | 797 |

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. Subsequent to the reporting date the market value of the available-for-sale investments has decreased to US$20,769,000 as at 17 December 2015.

**Impairment of unlisted investments**

The Directors have as at 30 June 2015 reviewed the carrying value of the Groups Unlisted Investments, and consequently on a review of available Fair value's through the information available, written down the carrying value of the following Unlisted Companies:

| | Impairment Charge $ 000's |
|---|---|
| Equus Petroleum Ltd | 2,495 |
| Ironstone Resources Ltd | 6,632 |
| Total impairment charge | 9,127 |

**17 Trade and other receivables**

| | 2015 | | 2014 | |
|---|---|---|---|---|
| | **Group $ 000's** | **Company $ 000's** | Group $ 000's | Company $ 000's |
| **Current trade and other receivables** | | | | |
| Other debtors | **811** | **206** | 62 | 40 |
| Prepayments | **196** | **125** | 211 | 104 |
| Accrued income | **-** | **525** | - | 350 |
| **Total** | **1,007** | **856** | 273 | 494 |
| **Non-Current trade and other receivables** | | | | |
| Loans due from subsidiaries | **-** | **151,146** | - | 144,838 |
| Provision in respect of subsidiaries loans | **-** | **(51,000)** | - | - |
| Net due from subsidiaries | **-** | **100,146** | - | 144,838 |
| Other loans | **3,472** | **3,472** | 3,342 | 3,342 |
| | **3,472** | **103,618** | 3,342 | 148,180 |

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

**Subsidiary Loan Provision**

As at 30 June 2015, the Directors have assessed the carrying value of the Parent Company loans to its subsidiaries. As a result of the fall in market values and impairment charges of Polo Investment Ltd's portfolio of investments, the Directors have considered it necessary to provide against the loan to this subsidiary on the basis of a significant doubt of recovering the full amount of the loan at this time. The directors considered an approximate 50 per cent provision of US$51million against the loan was deemed appropriate and necessary.

**18 Trade and other payables**

| | 2015 | | 2014 | |
|---|---|---|---|---|
| | **Group** | **Company** | Group | Company |
| | **$ 000's** | **$ 000's** | $ 000's | $ 000's |
| **Current trade and other payables:** | | | | |
| Trade creditors | **208** | **137** | 537 | 93 |
| Other loan | **2,793** | **-** | 2,627 | - |
| Accruals | **249** | **156** | 677 | 677 |
| | **3,250** | **293** | 3,841 | 770 |

## 19 Share capital

| Authorised | $ 000's |
|---|---|
| Unlimited Ordinary Shares of no par value | - |

| Called up, allotted, issued and fully paid | Number of shares | Nominal value $000's |
|---|---|---|
| **As at 1 July 2013** | **269,622,745** | **-** |
| On 27 May 2014, shares issued for non-cash consideration, on acquisition of Perfectus Management Limited, @15 pence per share. | 7,317,564 | - |
| **As at 30 June 2014** | **276,940,309** | **-** |
| No shares issued during the year | - | - |
| **As at 30 June 2015** | **276,940,309** | **-** |

There were no shares issued during the year ended 30 June 2015 (2014: 7,317,564 shares issued). There were no shares cancelled during the year ended 30 June 2015 (2014: no shares cancelled).

***Total share options in issue***

During the year ended 30 June 2015, the Company granted no further options over Ordinary Shares. (2014: Nil options issued)

As at 30 June 2015 the unexercised options in issue were;

| Exercise Price | Expiry Date | Options in Issue 30 June 2015 |
|---|---|---|
| 40p | 24 January 2016 | 8,850,000 |
| 35p | 24 January 2016 | 6,650,000 |
| 25p | 13 May 2018 | 6,000,000 |
| | | **21,500,000** |

No options lapsed and no options were exercised during the year to 30 June 2015 (2014: no options exercised). No options were cancelled during the year ended 30 June 2015 (2014: no options).

***Total warrants in issue***

During the year ended 30 June 2015, the Company granted no warrants to subscribe for Ordinary Shares. (2014: Nil). No warrants were exercised during the year to 30 June 2015 (2014: Nil), and no warrants lapsed during the year ended 30 June 2015. (2014: Nil).

As at 30 June 2015 no warrants were in issue (2014: Nil).

## 20 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 in issue and charged during the year ended 30 June 2015 according to their vesting period, all other options in issue, had been charged in previous years:

| Name | Date Granted | Date Vested | Number | Exercise Price (pence) | Expiry Date | Fair Value at Grant Date (cents) |
|---|---|---|---|---|---|---|
| Michael Tang | 14/05/2013 | **See 1 below** | 6,000,000 | 25p | 13/05/2018 | 14.50 |
| **Totals** | | | **6,000,000** | | | |

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.

The fair value of the options granted and vested during the year ended 30 June 2015 amounted to US$0.290 million. 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 2015:

| | **14 May 2013 issue** |
|---|---|
| Dividend Yield (%) | - |
| Expected Volatility (%) | 60.0 |
| Risk-free interest rate (%) | 2.20 |
| Share price at grant date (£) | 0.2675 |

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

**21 Analysis of changes in net funds**

| | 2015 | | 2014 | |
|---|---|---|---|---|
| | **Group** | **Company** | Group | Company |
| | **$ 000's** | **$ 000's** | $ 000's | $ 000's |
| Balance at beginning of year | **30,583** | **30,452** | 21,890 | 21,411 |
| Net change during the year | **(9,033)** | **(9,001)** | 8,693 | 9,041 |
| **Balance at the end of the year** | **21,550** | **21,451** | 30,583 | 30,452 |

**22 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 Group 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 carefully 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.

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** | 2015 | | 2014 | |
|---|---|---|---|---|
| | **Group** | **Company** | Group | Company |
| | **$ 000's** | **$ 000's** | $ 000's | $ 000's |
| Sterling | **359** | **359** | 476 | 476 |
| US Dollars | **19,165** | **19,066** | 27,916 | 27,785 |
| Australian Dollars | **138** | **138** | - | - |
| Canadian Dollars | **1,888** | **1,888** | 2,191 | 2,191 |
| **At 30 June** | **21,550** | **21,451** | 30,583 | 30,452 |

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.

## 22 Financial instruments (continued)

### Currency risk

The Group has a policy of not hedging and therefore takes market rates in respect of foreign exchange risk. It does however review its currency exposure on a regular basis. All of the Group's active companies, including parent and subsidiaries all operate with a functional currency of US Dollar, and thus the majority of cash balances are now held in that currency.

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

| | As at 30 June 2015 | Average for the year to 30 June 2015 | As at 30 June 2014 | Average for the year to 30 June 2014 |
|---|---|---|---|---|
| Australian Dollar (A$) | 0.76554 | 0.8369 | 0.94193 | 0.9183 |
| Canadian Dollar (CA$) | 0.80925 | 0.8553 | 0.93714 | 0.9353 |
| Pound Sterling (GB£) | 1.57174 | 1.5755 | 1.70276 | 1.6265 |
| Singapore Dollar(SGD) | 0.74032 | 0.7633 | 0.79957 | 0.7941 |

### Equity price risk

The Group held listed and unlisted investments classified as available for sale during the year. The listed equity investments were listed on various major stock exchanges around the world. The sensitivity analysis in respect of listed equity investments, was based on the assumption that if the respective market increased/decreased by 10 per cent, the equity share price of the relevant companies invested therein would move accordingly to the correlation with the market it is listed on.

| Changes in market index % | Effect on profit after tax $ 000's | Effect on equity $ 000's |
|---|---|---|
| 10% | - | 542 |
| (10%) | - | (542) |

**23 Commitments & Contingent Liabilities**

As at 30 June 2015, the Company had entered into the following material commitments:

**Exploration commitments**

As at 30 June 2015, Nimini Holdings Limited or its directly related subsidiary companies had entered into the following material commitments:

- Under the terms of the mining license granted on 8th November, 2012, Nimini Mining Limited is required to pay an annual mining license fee of US$500,000.
- Nimini Mining Limited is required to pay an annual EPA license fee to an order of approximately US$71,712 under the terms of Environmental Impact Assessment License which fee may vary every year depending on the activities planned to be carried out during the year.
- Nimini Mining Limited is required to pay surface rental fee of an order of approximately US$45,000 every year to Nimikoro and Nimiyama chiefdoms.
-

**24 Related party transactions**

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between other related parties are discussed below.

During the year ended 30 June 2015, Nimini Holdings Limited received a loan from Plinian Guernsey Limited (Plinian), who own 10 per cent of the ordinary share capital of Nimini. The loan is non-interest bearing and was advanced over the course of the year in respect of Plinian's contribution to all project expenditure during the period. The outstanding balance due at 30 June 2015 from Nimini to Plinian was US$2,793,000 (2014: US$2,627,000).

***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.

| | 2015 | 2014 |
|---|---|---|
| | **$ 000's** | $ 000's |
| Short-term employee benefits | **649** | 720 |
| Share-based payments | **290** | 290 |
| | **939** | 1,010 |

**25 Events after the end of the reporting period**

On 9 November 2015, the Company announced an update in relation to Signet Petroleum Ltd and other Signet entities, whereby Signet's shareholders have agreed to a distribution of Signet's net cash and an in-specie distribution by Signet Petroleum Nigeria Ltd ("Signet Nigeria") of shares in private Regalis Petroleum Limited ("Regalis"), which has interests in Blocks DOA and WD2-2008 onshore Southern Chad, an investment that was made in June 2014. The amounts of the distributions, which include a cash element, have now been finalised and on 1 December 2015, Polo announced it had now received a cash distribution of US$691,000 and an additional balance of approximately US$91,000 is expected during Q1 2016, subject to final determination as Signet's activities are wound down and its liabilities are settled. Polo has also received an in-specie distribution from Signet Petroleum Nigeria Ltd of approximately 1.89 million shares in private Regalis Petroleum Limited ("Regalis"), which has interests in Blocks DOA and WD2-2008 onshore Southern Chad, and of a further 1.23 million shares from certain other Signet shareholders, as part of the winding down of Signet's affairs, with a total value of approximately US$6.96 million. These shares are in addition to the 3.5 million shares held directly by Polo and bring Polo's total shareholding in Regalis to 13.67 per cent. In its year ended 31 December 2014, Regalis reported an unaudited loss from operations of US$7.5 million and had net assets as at that date of US$40.1 million.

On 19 November 2015, Polo agreed to acquire 10,000,000 ordinary shares of Blackham Resources Ltd ("Blackham") for AUD$2.1 million (approximately £980,000) or AUD$0.21 per share, a 10.6 per cent discount from Blackham's closing share price on 18 November 2015, from Perfectus Management Ltd ("Perfectus") by way of issuing and allotting 25,016,484 new Polo ordinary shares at an agreed price of 3.92 pence per share to Perfectus, a 36.11 per cent premium to Polo's closing share price of 2.88p on 18 November 2015. Upon completion, Polo's undiluted interest in Blackham will increase from its current direct holding of 2.37 per cent to 7.36 per cent, resulting in a combined direct and indirect holding of 10.3 per cent, of which 8.8 per cent is attributable to Polo.

On 1 December 2015, Polo announced that following a rights issue by investee company Ironstone Resources Ltd. ("Ironstone") to raise C$1.04 million, Polo has been informed that its interest in Ironstone has increased to 18.8 per cent following an additional investment by Polo of C$101,000 and the operation of a price protection mechanism for certain early stage investors in Ironstone.

On 2 December 2015, Polo announced that it had accepted, through its wholly owned subsidiary Polo Investments Limited, a US$5 million cash subscription for 90 million new ordinary shares in Hibiscus Petroleum Berhad (HIBI: MK) ("Hibiscus"), a Main Market of Bursa Malaysia Securities Berhad listed company. The holding represents a strategic 8.4 per cent stake in the enlarged fully paid capital of Hibiscus and was acquired at a price MYR0.235 per share (settled in US$ at an agreed rate of MYR/US$4.238), a 4.08 per cent discount to the Hibiscus closing price of MYR0.245 on 1 December 2015.

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