

21 April 2009

Polo Resources

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

Execution of subscription agreement with Peabody Energy Corporation

Polo Resources Ltd. (AIM:PRL) announces the execution of a Subscription Agreement dated 20 April 2009 with Peabody Energy Corporation (NYSE: BTU) ("Peabody"), pursuant to which Peabody will, conditional upon completion, acquire a 50% interest in a joint venture company (Polo JV) formed to hold all of Polo's coal and uranium interests in Mongolia, by investing up to US\$25.8 million in the joint venture. Polo will also receive a royalty equal to the greater of US\$ 0.5 per tonne or 1% of the selling price with respect to any coal sold from properties contributed to the JV by Polo. This alliance provides the mining expertise and funding required to develop and unlock the full potential of Polo's Mongolian interests.

Completion is expected to occur by no later than 30 April 2009.

The key terms of the subscription agreement and the other agreements to be entered into between the parties upon completion are set out at the end of this announcement.

The joint venture currently holds 37 exploration licenses in the prolific South Gobi Basin, a substantial basin which hosts some of the largest coking and thermal coal deposits in close proximity to China. Outside of the South Gobi Basin, the joint venture has 21 Mongolian coal licenses where exploration progress has continued to reaffirm their potential. In addition to its coal assets, the Polo JV holds a 100% interest in 26 uranium licenses within the Dornogovi and Dornod districts of Mongolia. Both areas have a long history of exploration and mining of uranium.

Neil Herbert, Executive Deputy Chairman, said:

"We look forward to working in partnership with Peabody to maximise shareholder value through the development of our Mongolian coal interests."

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Principal Terms of the Subscription Agreement:

Polo's newly formed Dutch Co-operative, Polo Resources Cooperatief ("Polo Co-op") and Peabody Holland BV have executed an agreement pursuant to which (conditional on completion) Peabody Holland BV will subscribe for 50% of the share capital of Polo JV for a total investment of US\$23 million. The investment comprises an initial investment of US\$10 million ("Initial Investment") payable upon closing, and up to a further US\$13 million to be paid no later than one year after the Initial Investment. In the event certain additional property acquisitions are approved by the JV during the initial one year after closing, Peabody Holland BV will invest a further US\$2.8 million for a total investment of US\$25.8 million.

Completion of the Subscription Agreement is subject to completion of certain conditions prior to a Longstop Date of 30 April 2009 (which may be extended to 31 May 2009 by Peabody in the event the completion conditions are not satisfied or waived by such time). The conditions to completion include the completion of certain procedural filings and share transfers and customary closing conditions including there being no material adverse change in the business, operations, assets, position, profits or prospects of Polo JV having occurred between the date of signing and completion and the entry into the other agreements by the parties, material terms of which are set out below.

The proceeds from the Initial Investment will fund Polo JV and may be applied towards further investments in Mongolia to be made by Polo JV and the reimbursement of US\$2.5 million of the US\$5.3 million in costs incurred by Polo since 1 November 2008.

Principal Terms of the Joint Venture Agreement.

The Joint Venture Agreement is effective on completion of the Subscription Agreement. Polo Co-Op and Peabody Holland BV shall each be entitled to appoint the same number of directors to the board of Polo JV and in addition, Peabody has the right to appoint the Executive Director to manage the Mongolian operations and have day to day control over the activities of the Mongolian subsidiaries of Polo JV.

Under the Agreement, Polo and Peabody agree to procure that Polo JV is offered the opportunity to acquire any interests in Mongolia (other than, in the case of Peabody, in respect of Tavan Tolgoi) offered to them, on terms at least as favourable.

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

Peabody Warrant

Polo has granted to Peabody a warrant to subscribe for 404,866,875 shares of Polo, representing approximately 15% of the fully-diluted share capital of Polo.

This warrant may be exercised during the period from closing to the last business day of the 18th month following closing. The warrant has an exercise price of 4.0 pence per share, representing an approximate 30% premium to the 20 day VWAP prior to the signing of the Option Deed and a 13% premium to the current share price. The warrant price is subject to adjustment on the occurrence of certain events including in the case of distributions.

During the warrant exercise period, Peabody will have certain anti-dilutive rights, including the right to participate in certain fundraisings carried out by Polo to maintain its holding at 15 per cent of the fully diluted capital from time to time.

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

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

Parent Company Guarantees

Polo and Peabody have agreed to guarantee the performance and the financial obligations of their affiliates to each other as well as agreeing to abide by the terms of the non compete.

Sales and Marketing Agreement

Upon Closing of the Initial Investment and subject to certain exceptions, Polo JV shall enter into a sales and marketing agreement granting Peabody's subsidiary Coaltrade International LLC (for so long as Peabody owns shares in the Polo JV), the exclusive world-wide right to market coal produced from Polo JV's assets for a commission.

About the Company

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

CAUTIONARY STATEMENT

The AIM Market of London Stock Exchange plc does not accept responsibility for the adequacy or accuracy of this release. No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein. All statements, other than statements of historical fact, in this news release are forward-looking statements that involve various risks and uncertainties, including, without limitation, statements regarding potential values, the future plans and objectives of Polo Resources Limited. There can be no assurance that such statements will prove to be accurate, achievable or recognizable in the near term. Actual results and future events could differ materially from those anticipated in such statements. These and all subsequent written and oral forward-looking statements are based on the estimates and opinions of management on the dates they are made

and are expressly qualified in their entirety by this notice. Polo Resources Limited assumes no obligation to update forward-looking statements should circumstances or management's estimates or opinions change.

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