



# Annual Report and Accounts

for the period ending 30 June 2010

AIM and TSX: POL  
[www.poloresources.com](http://www.poloresources.com)

# Corporate Directory

Registered number	1406187 registered in British Virgin Islands	
Registered Office	Craigmuir Chambers Road Town, Tortola British Virgin Islands VG 1110	
Nominated Advisor and Broker	Canaccord Genuity Limited 7th Floor, 80 Victoria Street London SW1E 5JL United Kingdom	
Solicitors to the Company as to English Law	Charles Russell LLP 5 Fleet Place London EC4M 7RD United Kingdom	
Solicitors to the Company as to Canadian Law	Heenan Blaikie LLP 333 Bay Street, Suite 2900 Toronto, ON M5H 2T4 Canada	
Solicitors to the Company as to BVI Law	Harney Westwood & Riegels LLP Third Floor, 7 Ludgate Broadway London EC4V United Kingdom	
Financial Advisors	BMO Capital Markets Inc. BMO Nesbitt Burns Inc. 100 King Street West Toronto, ON M5X 1H3 Canada	
Auditors & Reporting Accountants	Chapman Davis LLP 2 Chapel Court London SE1 1HH United Kingdom	
Principal Bankers	HSBC Bank plc PO Box 14 St. Helier Jersey JE4 8NJ Channel Islands	
Registrars	Computershare Investor Services (Jersey) Limited Queensway House Hilgrove Street St Helier JE1 1ES Channel Islands	Computershare Investor Services 100 University Ave. 9th Floor, North Tower Toronto, Ontario M5J 2Y1 Canada
Depository	Computershare Investor Services Plc PO Box 82, The Pavillions Bridgewater Road Bristol BS99 6ZY United Kingdom	

Polo Resources is a natural resources investment company focused on investing in undervalued companies and projects with strong fundamentals and attractive growth prospects.

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# Highlights

## 2009

### July

#### **Investments in Marenica Energy Limited**

Polo Resources participated in the fundraising for the Marenica Uranium Project, Namibia, acquiring a 11.93 per cent interest and 49.56 million Ordinary shares in Marenica Energy.

### August

#### **Part Disposal in Berkeley Resources Limited**

Polo Resources disposed of 8,221,893 Ordinary shares in Berkeley Resources for a consideration of AUD8.45 million. The Company retains 10,388,181 Berkeley shares, as well as options for a further 5,670,037 shares.

### October

#### **Part Disposal in A-Cap Resources Limited and Impact Minerals Limited**

Polo enters into an agreement with China Growth Minerals Limited for the disposal of 26 million shares in A-Cap and 11.8 million shares in Impact Minerals. 50 per cent of the shareholding is realised immediately at AUD0.385 and AUD0.175 respectively with the remainder of the shares subject to an option agreement.

### November

#### **Increase in shareholding in Extract Resources Limited and remaining disposal of holding in Berkeley Resources**

Acquisition of additional shares in Extract Resources, bringing the total holding to 22,450,849 Ordinary shares, representing 9.26 per cent of the issued ordinary share capital of Extract Resources. Polo disposes of the remainder of its holding in Berkeley Resources realising a profit on its investment of US\$9.8 million.

### December

#### **Marenica Energy - Berkeley Resources Share Arrangement with Areva**

Polo entered into an exchange deal with the French nuclear group Areva. Under the terms of the agreement, Polo will acquire 14.1 million Ordinary shares in Berkeley in return for Polo's remaining 47.56 million shareholding in Marenica Energy plus a cash consideration of AUD7.42 million. The Company received the 14.1 million Berkeley shares on 25 January 2010.

## 2010

### February

#### **Disposal of Interest in Berkeley Resources**

Polo disposes of its entire 14.1 million Ordinary shares in Berkeley Resources for a total cash consideration of AUD17.63 million realising a profit of US\$1.9 million.

### March

#### **Announcement to list on TSX and Disposal of remaining interest in A-Cap and Impact**

Polo shares are conditionally approved for listing on the Toronto Stock Exchange ("TSX"). Neil Herbert is appointed Co-Chairman of the Board of Directors. Warrants to subscribe for 150,000,000 Ordinary shares in the Company are surrendered for a cash consideration of £1,000,000. Polo disposes of the remainder of its holding in A-Cap and Impact following the option exercise by China Growth Minerals. Polo achieves a profit on its investment of US\$6.4 million in A-Cap and US\$1.4 million in Impact respectively.

## April

### Trading on TSX Commences

Commencement of trading on TSX under the trading symbol "POL". The Boards of Polo and Caledon Resources plc reach an in principle understanding regarding a potential combination of the two companies.

## May

### Planned Disposal of Mongolia Assets

A memorandum of understanding is concluded with Peabody Energy Corporation and Winsway Coking Coal Holdings Limited pursuant to which Winsway acquires Polo's 50per cent interest in Peabody-Polo Resources B.V., the joint venture company with Peabody formed to hold all of Polo's coal and uranium assets in Mongolia. Polo, Peabody and Winsway negotiate the terms of a sale of Polo's interests in the JV for a consideration of US\$15 million in cash and US\$20 million payable within 12 months of the sale. In addition Polo will receive a 0.5per cent royalty for coal sold from licences currently held in the JV. The royalty will not exceed US\$50 million and will not continue for longer than 25 years after completion of the JV sale.

## June

### Termination of Merger Discussions with Caledon Resources

Market volatility results in the termination of merger discussions with Caledon Resources. Polo purchased 7.1 million new Ordinary shares in Caledon Resources through a private placing at 30p per share.

### Completion of Sale of Mongolian Assets

Signing of a Sale and Purchase Agreement and the completion of the sale of Polo's 50per cent interest in the Peabody-Polo Resources joint venture company to Winsway Coking Coal Holdings Limited.

## 2010 Post Balance Sheet Highlights

## July

### Investing Company

Following the announcement on 30 June 2010 with respect to the sale of its interests in Peabody-Polo Resources, Polo is categorised as an investing company for AIM rules purposes. Polo and its wholly owned subsidiary Polo Australasia Limited enters into an agreement with Nippon Uranium Resources (Australia) Proprietary Limited ("Nippon Uranium"), a wholly owned subsidiary of ITOCHU Corporation, for the sale of Polo's entire interest of 22,550,849 shares in Extract Resources ("Extract Shares") at a price of AUD7.00 per Extract Share, representing total consideration of approximately AUD157.9 million, subject, inter alia, to requisite approvals by shareholders of Polo at a general meeting of the Company and to Australian Foreign Investment Review Board ("FIRB") approval.

## August

### Extract Sale Complete, Cash Dividend to Shareholders

Polo completes sale of interest in Extract Resources for AUD157.9 million. A special cash dividend of 3p per issued share is paid to shareholders. A Share Buy-Back Programme is launched with a target to re-purchase 10per cent of the company's shares within 12 months.

## October

### Winsway transaction completes

Polo receives payment of US\$20 million from Winsway in accordance with the terms the share purchase agreement with Winsway Coking Coal Holdings Limited

## November

### Caledon Resources Cash Offer

Possible cash acquisition of Caledon Resources Plc by Guangdong Rising (Australia) Pty Limited announced on 8 November 2010 for 112 pence per share would value Polo's equity interest at US\$121.6 million.

# Executive Co-Chairmen's Statement

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

To highlight the achievements of this financial year:

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

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

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

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

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

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



**Stephen R. Dattels**  
Executive Co-Chairman



**Neil Herbert**  
Managing Director and Executive Co-Chairman

8 November 2010

# Financial Review

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

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

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

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

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

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

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

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

# Performance of Investments

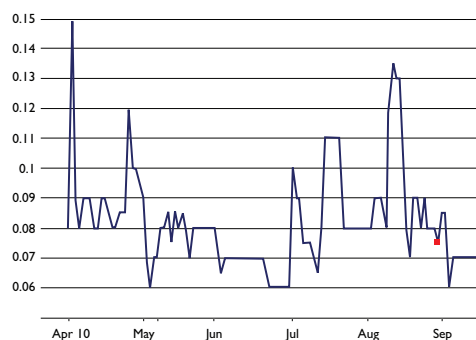
## Polo Resources

Share Price Performance (GBP) LTM (LSE:POL)  
October 2009-September 2010



## Polo Resources

Share Price Performance (CAD) LTM (TSX:POL)  
April 2010-September 2010



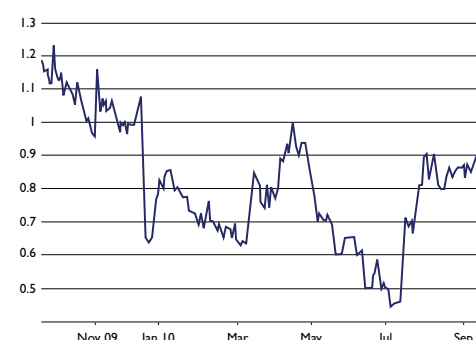
## Caledon Resources

Share Price Performance (GBP) LTM (LSE:CDN)  
October 2009-September 2010



## Caledon Resources

Share Price Performance (AUD) LTM (ASX:CCD)  
October 2009-September 2010



## GCM Resources

Share Price Performance (GBP) LTM (LSE:GCM)  
October 2009-September 2010



## Extract Resources

Share Price Performance (AUD) LTM (ASX:EXT)  
October 2008-August 2010



■ Dividend paid to shareholders on 27/8/2009

# Leadership

## Executive Directors

### Stephen R. Dattels (aged 63), Executive Co-Chairman

Mr. Dattels has founded and/or financed a number of mining ventures, his most recent being UraMin Inc., which was sold in July 2007 for US\$2.5 billion to Areva, the French Government-owned integrated uranium company. Mr. Dattels was an executive at Barrick Gold Corporation during its formative years, when it grew from a capital base of US\$10 million to a market capitalisation of US\$2 billion when he left in early 1987. During his time with Barrick, he was a Director and Executive Vice President of Corporate Finance. In the past decade, he has completed several financings in the natural resources sector, either directly or through his merchant bank, Regent Mercantile Bancorp Inc. This has included exploration, development or production projects in minerals, base metals and precious metals, with the main areas of focus being Africa and Asia.

Mr. Dattels was the Chairman and founder of Caledon Resources plc, an AIM-listed Australian coal producer and Chinese exploration company, and was the co-founder and Managing Director of AIM-listed Oriel Resources plc, a developer of nickel and chrome assets in Kazakhstan. Mr. Dattels is Co-Chairman of Regent Pacific Group Limited, a Hong Kong listed copper/gold and coal company. Mr. Dattels is a former Director of Caledon Resources plc and was also formerly a Director of Extract Resources Limited, which is listed on the Australian Securities Exchange. He is the AIM-listed Co-Chairman of Emerging Metals Limited and a Director of GCM Resources plc.

### Neil Herbert (aged 44), Managing Director and Executive Co-Chairman

Mr. Herbert has worked in the management of mining and exploration companies in Africa, Asia and the Americas since 1998. He is currently Executive Chairman for Polo Resources, together with Stephen Dattels. Mr. Herbert is the Chairman of mineral exploration company UrAmerica Limited and a Director of European Nickel plc. Previously he was Finance Director of UraMin Inc from its formation in 2005, overseeing its listings on both AIM and TSX and raising over US\$400 million until its acquisition by Areva in 2007 for US\$2.5 billion.

Mr. Herbert was previously Finance Director of Galahad Gold plc, International Molybdenum plc, Kalahari Diamond Resources plc and HPD Exploration plc managing a number of project acquisitions and disposals together with stock market listings and fund raisings and has been non-executive director of a number of other companies. He was Chief Financial Officer of gold explorer Brancote Holdings plc until its acquisition by Meridian Gold Inc in 2002 for US\$368 million. Mr. Herbert is a fellow of the Association of Chartered Certified Accountants and prior to joining the mining industry worked for Price Waterhouse.

### Paul Ingram (aged 56), Chief Executive Officer for Australia

Mr. Ingram is a geologist with extensive experience in managing major mineral exploration programmes for several publicly listed companies. He has designed and implemented innovative techniques for exploration in remote areas and has managed projects in countries throughout Australia and East Asia. Mr. Ingram has been involved in mineral exploration and development for over 30 years. He was formerly Managing Director of Menzies Gold Limited and Exploration Director of Caledon Resources plc. Mr. Ingram has a bachelor of applied science (geology) degree from Queensland University of Technology and is a member of the Australian Institute of Mining and Metallurgy and the Mining Industry Consultants Association.

## Non-Executive Directors

### Guy Elliott (aged 51), Senior Non-Executive Director

Mr. Elliott is a co-founder of F3 Capital Management, LLC, an independent alternative asset management firm specialising in early stage financings in the natural resources field. Prior thereto, Mr. Elliott was president and co-founder of Croesus Capital Management, a specialist emerging markets hedge fund manager which grew over several years to about US\$800 million under management. He was a manager of proprietary trading at HSBC New York from 1992 to 1993 and worked for EBF & Associates as a portfolio manager from 1990 to 1992. He has also worked for Merrill Lynch International in New York focusing on fixed income securities and Cargill in London, Geneva and Minneapolis trading fixed income, foreign exchange and derivatives. Mr. Elliott is a director of Aurelian Oil & Gas, an AIM listed E&P company, and formerly of Direct Petroleum Exploration Inc, a private Denver based E&P company.

### Ian Stalker (aged 59), Non-Executive Director

Mr. Stalker is a chemical engineer, with an outstanding history in developing and managing a number of mining projects in Europe, Africa and Australia over the past 35 years. He has worked his way up from operational roles in base and precious metals companies to senior project development and director positions with some of the largest mining companies in the world and has successfully managed eight mining projects throughout the world through feasibility study, development and construction phases. He is currently Managing Director of Berkeley Resources Limited and was formerly Chief Executive Officer of Niger Uranium Limited from 2008 until April 2010. Prior to that, he was Chief Executive Officer of UraMin Inc. from late 2005 until it was acquired by Areva. He has worked in senior executive roles at Gold Fields Limited, Zambia Consolidated Copper Mines Limited, Ashanti Goldfields Company Limited and Caledonia Mining Corporation. He has also been a senior metallurgical consultant for Lycopodium, the Australian-based engineering company. Mr. Stalker holds a Bachelor of Science degree in Chemical Engineering from the University of Strathclyde.

### Bryan Smith (aged 70), Non-executive Director

Mr. Smith has more than 30 years of experience in the securities industry and is a recognised leader in the Canadian financial industry. He began his career in 1967 with Nesbitt Thomson. In 1973 he joined Draper Dobie Limited, holding subsequently senior roles, including Vice President and Director. Mr. Smith has also held the role of Senior Vice President of Gardner Watson Limited, now Dean Witter, and Senior Vice President and Director of Walwyn Stodgell Limited.

Mr. Smith was a co-founder and Director of Burgundy Asset Management. He was pivotal in the firm's growth to its position as top Canadian equity performer in 2000 and ranking in the number two position for the past five years. Burgundy has significant assets under management for clients that range from pension funds, charitable foundations, public and private corporations as well as wealthy private clients. Mr. Smith has been a director of a number of public and private companies, including Northbridge Financial Corporation and Bioscript Inc. Mr. Smith holds a bachelor degree in Business Administration from Ryerson University in Toronto, Canada.

### Jim Mellon (aged 52), Non-executive Director

Mr. Mellon has been a fund and asset manager for nearly 30 years. He is an avid participant in a number of markets, in particular the stock markets of emerging nations. Mr. Mellon started his career with GT Management Plc in 1978. In July 1984, he moved to the Thornton Group where he was Managing Director of the Asian operation. From 1988 to 1990, he was an Executive Director of Tyndall Holdings Plc, responsible for business expansion and corporate development. Mr. Mellon is the founder, principal shareholder and co-Chairman of the Regent Pacific Group, quoted on the Hong Kong Stock Exchange. He is also founder, principal shareholder and a Non-Executive Director of Charlemagne Capital and Non-Executive Co-Chairman of Emerging Metals Limited, both listed on the AIM market. Mr. Mellon holds a masters degree in Politics, Philosophy and Economics from Oxford University.

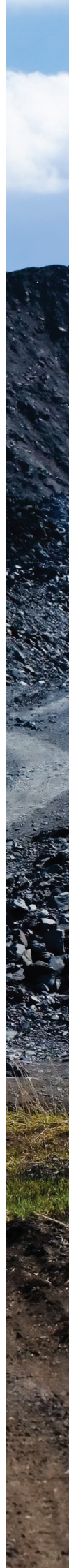
# Forward-looking Statements

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.

# Consolidated Annual Financial Statements

for the period ending 30 June 2010



# Polo Resources Limited

Polo Resources Limited ("Polo" or "the Company") is a BVI incorporated company which is quoted on the London Stock Exchange Alternative Investment Market ("AIM"). Polo Resources is a natural resources investment company focused on investing in undervalued companies and projects with strong fundamentals and attractive growth prospects.

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# Directors' Report

The Directors are pleased to present this year's annual report together with the consolidated financial statements for the period ended 30 June 2010.

## Principal Activities

The principal activities 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. The Company will primarily invest in companies with producing assets and/or resources and reserves that have been verified under internationally recognised reporting standards. Polo aims to build a diversified portfolio of mineral assets which the Board of Directors consider as offering substantial growth potential, pursuing both short and long-term value - adding investments.

## Business Review and future developments

A review of the current and future development of the Group's business is given in the Highlights, Executive Co-Chairmen's Statement, and Finance Review on pages 4-9.

## Results and Dividends

Profit on ordinary activities of the Group after taxation amounted to US\$28.84.million (2009: (loss) US\$62.73million). The Directors do not recommend payment of a dividend in respect of the financial period 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 our business at this time.

## Post Balance Sheet events

At the date these financial statements were approved, being 8 November 2010, the Directors were not aware of any significant post balance sheet events other than those set out in the notes to the financial statements.

## Directors' Report (continued)

### Directors

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

Director	Date of Appointment	Date of Resignation
<b>Executive Directors</b>		
Stephen Dattels	30 January 2008	
Neil Herbert	14 May 2008	
Paul Ingram	31 January 2008	
Tony Bainbridge	4 March 2008	3 July 2009
<b>Non-Executive Directors</b>		
Guy Elliott	23 May 2007	
Bryan Smith	2 June 2009	
James Mellon	4 June 2009	
John Stalker	18 October 2010	

### 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 period to 30 June 2010 were as follows:

Director	30 June 2010 or Date of Resignation		30 June 2009 or Date of Resignation	
	Shares	Options*	Shares	Options*
Stephen Dattels	111,676,007	5,000,000	106,676,007	5,000,000
Neil Herbert	53,132,954	12,000,000	51,732,954	12,000,000
Paul Ingram	9,114,286	15,000,000	9,114,286	15,000,000
Tony Bainbridge	30,514,286	-	30,514,286	20,000,000
Guy Elliott	31,199,999	5,000,000	28,173,467	5,000,000
Bryan Smith	4,287,240	5,000,000	4,287,240	5,000,000
James Mellon	16,500,000	5,000,000	16,500,000	5,000,000
John Stalker	-	-	-	-

\* The option details have been fully disclosed in Note 21 to the financial statements.

### Corporate Governance

A statement on Corporate Governance is set out on pages 19 to 21.

### 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 will be committed to promoting policies which ensure that high calibre employees 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)

## Health and Safety

The Group aims to achieve and maintain a high standard of workplace safety. In order to achieve this objective the Group will provide 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 period 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

Notwithstanding the profit incurred during the period under review, the Directors are of the opinion that ongoing evaluations of the Company's interests indicate that preparation of the Group's accounts on a going concern basis is appropriate.

## Directors' Report (continued)

### 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 period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 the Alternative Investment Market.

### 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:



**Neil Herbert**

Managing Director & Co-Executive Chairman  
8 November 2010

# Corporate Governance Statement

The Board is committed to maintaining high standards of corporate governance. The Listing Rules of the Financial Services Authority incorporate 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 Combined Code, the Company's corporate governance procedures take due regard of the principles of Good Governance set out in the Combined Code in relation to the size and the stage of development of the Company.

## **Board of Directors**

The Board of Directors currently comprises three Executive Directors two of whom are Co-Chairmen and four Non-Executive Directors. The Directors are of the opinion that the Board comprises a suitable balance and that the recommendations of the Combined Code have been implemented to an appropriate level. The Board, through the Chairman and the Managing Director in particular, 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 period ending 30 June 2010 the Board met 21 times in relation to normal operational matters. 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 one Executive Director, and two Non-Executive Directors, Guy Elliott (Chairman) Neil Herbert and James Mellon, and is 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 of Directors' and senior executives' remuneration. It comprises one Executive Director and two Non-Executive Directors, Stephen Dattels (Chairman), Guy Elliott and James Mellon. 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 achievement of recognized 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.

### *Investment Committee*

The Investment Committee has been created as a sub-committee of the Board of Directors to oversee the significant investments Polo has maintained in Extract Resources Limited, Caledon Resources plc and GCM Resources plc. The committee has been set up to monitor the performance of these investments and reports to the Board of Directors accordingly, making recommendations on both potential investments and divestments. The committee is chaired by Guy Elliott (Senior Non-Executive Director) and has two further directors, Neil Herbert (Managing Director & Co-Executive Chairman) and Bryan Smith (Non-Executive Director).

## **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.

# Corporate Governance Statement (continued)

## 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 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, 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)

### **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. Decisions regarding the management of these assets are approved by the Board. Refer Note 23.

### **Securities Trading**

The Board has adopted a Share Dealing Code that applies to Directors, senior management and any employee who is 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 to the Shareholders of Polo Resources Ltd

We have audited the group and parent company financial statements of Polo Resources Ltd for the period ended 30 June 2010, which comprise the Group and Parent Statements of Comprehensive Income, the Group and Parent Balance Sheets, Group and Parent Cash Flow Statement, Group and Parent Statement of Changes in Equity, and the related notes 1 to 28. 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. 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 and the parent Company'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.

## 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 2010 and of the Group's and the Parent Company's profit or loss 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:

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  
8 November 2010

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

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

All of the operations are considered to be continuing.

## Company Statement of Comprehensive Income for the year ended 30 June 2010

	Notes	Year ended 30 June 2010 \$ 000's	Year ended 30 June 2009 \$ 000's
Exploration costs		-	(534)
Administrative expenses		(7,916)	(13,339)
Share options expensed	8, 21	(2,199)	(607)
Currency exchange (losses)/gains		(72)	12,075
Reversal of/(Impairment) of investment in Subsidiaries	14	7,567	(43,978)
Investment income	5	3,656	-
<b>Operating profit/(loss)</b>	<b>3</b>	<b>1,036</b>	<b>(46,383)</b>
Other income	6	1,895	(2,470)
Finance revenue	7	130	1,703
Loan to Joint Venture written-off		(2,682)	-
<b>Profit/(loss) before taxation</b>		<b>379</b>	<b>(47,150)</b>
Income tax expense	9	-	-
<b>Retained profit/(loss) after taxation</b>		<b>379</b>	<b>(47,150)</b>
<b>Other comprehensive income</b>			
Currency translation differences		(19,739)	(59,594)
<b>Other comprehensive income for the year net of taxation</b>		<b>(19,739)</b>	<b>(59,594)</b>
<b>Total comprehensive income for the year</b>		<b>(19,360)</b>	<b>(106,744)</b>

All of the operations are considered to be continuing.


# Group Balance Sheet as at 30 June 2010

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

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



Stephen Dattels  
Director



Neil Herbert  
Director

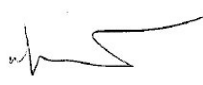
# Company Balance Sheet as at 30 June 2010

		30 June 2010		30 June 2009	
	Notes	\$ 000's	\$ 000's	\$ 000's	\$ 000's
<b>ASSETS</b>					
<b>Non-current assets</b>					
Tangible assets	13	4		6	
Investment in subsidiaries	14	30,881		26,550	
Trade and other receivables	18	168,768		221,914	
<b>Total non-current assets</b>			<b>199,653</b>		<b>248,470</b>
<b>Current assets</b>					
Cash and cash equivalents		37,795		12,288	
Trade and other receivables	18	2,252		4,236	
<b>Total Current Assets</b>			<b>40,047</b>		<b>16,524</b>
<b>TOTAL ASSETS</b>			<b>239,700</b>		<b>264,994</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade and other payables	19	(2,514)		(8,821)	
<b>TOTAL LIABILITIES</b>			<b>(2,514)</b>		<b>(8,821)</b>
<b>NET ASSETS</b>			<b>237,186</b>		<b>256,173</b>
<b>EQUITY</b>					
Ordinary shares	20	-		-	
Share premium		275,109		305,359	
Retained earnings		(50,046)		(50,425)	
Foreign exchange reserve		5,448		(1,890)	
Share based payments reserve	21	6,675		3,129	
<b>TOTAL EQUITY</b>			<b>237,186</b>		<b>256,173</b>

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



Stephen Dattels  
Director



Neil Herbert  
Director

# Group Cash Flow Statement for the year ended 30 June 2010

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

# Company Cash Flow Statement for the year ended 30 June 2010

	Notes	Year ended 30 June 2010 \$ 000's	Year ended 30 June 2009 \$ 000's
<b>Cash flows from operating activities</b>			
Operating profit/(loss)		1,036	(46,383)
Decrease/(increase) in trade and other receivables		1,984	(403)
(Decrease)/increase in trade and other payables		(6,307)	5,077
Share options expensed		2,199	607
Share based payment charge – shares issued		-	8,021
Foreign exchange loss/(gain)		72	(12,075)
Impairment of investment in subsidiaries		(7,567)	43,978
Depreciation		4	3
<b>Net cash outflow from operating activities</b>		<b>(8,579)</b>	<b>(1,175)</b>
<b>Cash flows from investing activities</b>			
Interest Received		130	1,703
Purchases of tangible assets		(2)	(9)
Loans repaid/(paid) to subsidiaries		32,676	(82,280)
Loans to joint ventures		-	(2,813)
<b>Net cash in/(out)flow from investing activities</b>		<b>32,804</b>	<b>(83,393)</b>
<b>Acquisitions and disposals</b>			
Payments to acquire subsidiaries		(2)	-
Capital redemption from subsidiaries		675	-
<b>Net cash inflow from acquisitions and disposals</b>		<b>673</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Issue of ordinary share capital		-	10,172
Share issue costs		(234)	(704)
Cost of buy back of warrants		(1,485)	-
<b>Net cash (out)/inflow from financing activities</b>		<b>(1,719)</b>	<b>9,468</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>23,179</b>	<b>(75,100)</b>
Cash and cash equivalents at beginning of period		12,288	113,674
Exchange gain/(loss) on cash and cash equivalents		2,328	(26,286)
<b>Cash and cash equivalents at end of period</b>	<b>22</b>	<b>37,795</b>	<b>12,288</b>

## Group Statement of Changes in Equity

### For the year ended 30 June 2010

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

## Company Statement of Changes in Equity continued

### For the year ended 30 June 2010

	Called up share capital	Share premium reserve	Foreign exchange reserve	Share based payment reserve	Retained earnings	Total equity
Company	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's
<b>As at 1 July 2008</b>	-	338,861	11	2,029	(3,275)	337,626
Loss for the period	-	-	-	-	(47,150)	(47,150)
Currency translation differences	-	(57,394)	(1,901)	(299)	-	(59,594)
<b>Total comprehensive income</b>	-	(57,394)	(1,901)	(299)	(47,150)	(106,744)
Share capital issued	-	25,364	-	-	-	25,364
Cost of share issue	-	(1,472)	-	-	-	(1,472)
Share based payments	-	-	-	1,399	-	1,399
<b>As at 30 June 2009</b>	-	305,359	(1,890)	3,129	(50,425)	256,173
Profit for the period	-	-	-	-	379	379
Currency translation differences	-	(26,625)	7,338	(452)	-	(19,739)
<b>Total comprehensive income</b>	-	(26,625)	7,338	(452)	379	(19,360)
Share capital issued	-	-	-	-	-	-
Cost of share issue	-	(3,625)	-	-	-	(3,625)
Share based payments	-	-	-	3,998	-	3,998
<b>As at 30 June 2010</b>	-	275,109	5,448	6,675	(50,046)	237,186

# Notes to the Financial Statements for the year ended 30 June 2010

## 1 Summary of Significant Accounting Policies

### (a) Authorisation of financial statements

The Group financial statements of Polo Resources Ltd for the year ended 30 June 2010 were authorised for issue by the Board on 8 November 2010 and the balance sheets signed on the Board's behalf by Stephen Dattels and Neil Herbert. The Company is registered in British Virgin Islands under the BVI Business Companies Act 2004 with registered number 1406187. The Company's Ordinary shares are traded on the AIM Market operated by the London Stock Exchange.

### (b) Statement of compliance with IFRS

As at the date of authorisation of these financial statements, there were Standards and Interpretations that were in issue but are not yet effective and have not been applied in these financial statements. The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the group or company, except for additional disclosures when the relevant Standards come into effect.

### (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, and on a going concern basis.

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

### (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 balance sheet, 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

The acquisition of subsidiaries in a business combination is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 '*Non Current Assets Held for Sale and Discontinued Operations*', which are recognised and measured at fair value less costs to sell.

Where there is a difference between the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities and the cost of the business combination, any excess cost is recognised in the balance sheet as goodwill and any excess net fair value is recognised immediately in the income statement as negative goodwill on acquisition of subsidiary.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

## Notes to Financial Statements for the year ended 30 June 2010, continued

### (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) Interest in joint ventures

A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity that is subject to joint control; that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

These consolidated financial statements include the Group's share of the total recognised gains and losses of joint ventures using the equity method, from the date that significant influence or joint control commences to the date that it ceases, based on present ownership interests and excluding the possible exercise of potential voting rights, less any impairment losses. When the Group's interest in a joint venture has been reduced to nil because the Group's share of losses exceeds its interest in the joint venture, the Group only provides for additional losses to the extent that it has incurred legal or constructive obligations to fund such losses, or where the Group has made payments on behalf of the joint venture. Where the disposal of an investment in a joint venture is considered to be highly probable, the investment ceases to be equity accounted and, instead, is classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell.

### (h) Revenue

The Group had no revenue, other than investment income during the year ending 30 June 2010.

### (i) Foreign currencies

The Company's functional currency is Sterling (£). 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 Ltd, 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.

## Notes to Financial Statements for the year ended 30 June 2010, continued

### (j) 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.

### (k) Exploration and development costs

Exploration and development costs are carried forward in respect of areas of interest where the consolidated entity's rights to tenure are current and where these costs are expected to be recouped through successful development and exploration, or by sale. Alternatively, these costs are carried forward while active and significant operations are continuing in relation to the areas of interest and it is too early to make reasonable assessment of the existence or otherwise of economically recoverable reserves. When the area of interest is abandoned, exploration and evaluation costs previously capitalised are written off to the Income Statement.

In accordance with the full cost method, all costs associated with mining development and investment are capitalised on a project-by-project basis pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses but not general overheads. If a mining development project is successful, the related expenditures will be written-off over the estimated life of the commercial ore reserves on a unit of production basis. Impairment reviews will be carried out regularly by the Directors of the Company. Where a project is abandoned, or is considered to be of no further commercial value to the Company, the related costs will be written off.

The recoverability of deferred mining costs and mining interests is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition of recoverable reserves.

### (l) Significant accounting judgments, estimates and assumptions

#### *(i) 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:

#### *(ii) 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.

#### *(iii) 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.

### (m) 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.

## Notes to Financial Statements for the year ended 30 June 2010, continued

### (n) 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.

### (o) 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.

### (p) Available for sale Investments

Equity investments intended to be held for an indefinite period of time 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.

### (q) 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 overseas subsidiaries in BVI, and Dutch Antilles whose expenses are denominated in US Dollars, and Sterling (£). 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.

### (r) 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.

## Notes to Financial Statements for the year ended 30 June 2010, continued

**(s) Share Premium**

This reserve is used to record the valuation of shares issued, less any attributable costs of these issues, and other specific capital related costs.

**(t) Available for sale investment Reserve**

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

**(u) 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.

**(v) 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.

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

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 5per cent and 25per cent

All assets are subject to annual impairment reviews.

**(x) 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 revalued amount (in which case the impairment loss is treated as a revaluation decrease).

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.

## Notes to Financial Statements for the year ended 30 June 2010, continued

### (y) 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.

### (z) Provisions

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

### (aa) Share-based payment transactions

#### *(i) Equity settled transactions:*

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees 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 Ltd (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 become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. 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, as described in the previous paragraph.

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

### (bb) 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) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

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

- costs of servicing equity (other than dividends) and preference share 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 ordinary shares, adjusted for any bonus element.

## Notes to Financial Statements for the year ended 30 June 2010, continued

### 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 producing or exploring directly, 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

2010	BVI/Parent \$ 000's	Mongolia \$ 000's	Other \$ 000's	Total \$ 000's
<b>Result</b>				
Operating profit	16,938	-	-	16,938
Share of joint venture results	-	(3,554)	-	(3,554)
Share of associates results	(3,983)	-	-	(3,983)
Other income	2,945	-	-	2,945
Finance revenue	130	-	-	130
Gain on disposal of Joint Venture	19,049	-	-	19,049
Loan to Joint Venture written-off	(2,682)	-	-	(2,682)
Profit before & after tax				28,843
<b>Other information</b>				
Depreciation and amortization	4	-	-	4
Capital additions	2	-	-	2
<b>Assets</b>				
Segment assets	246,429	-	-	246,429
Financial assets	22,686	-	-	22,686
Cash				37,795
Consolidated total assets				306,910
<b>Liabilities</b>				
Segment liabilities	-	-	-	-
Financial liabilities	(2,517)	-	-	(2,517)
Consolidated total liabilities				(2,517)

## Notes to Financial Statements for the year ended 30 June 2010, continued

### 2 Segmental analysis – Group (continued)

#### By geographical area

2009	BVI/Parent \$ 000's	Mongolia \$ 000's	Australia \$ 000's	Total \$ 000's
<b>Result</b>				
Operating loss	(48,251)	(6,582)	(248)	<b>(54,881)</b>
Share of joint venture results		(3,519)	-	<b>(3,519)</b>
Share of associates results	(3,239)	-	-	<b>(3,239)</b>
Investment revenue	1,703	714	-	<b>2,421</b>
(Loss) on disposal of subsidiary	(3,512)	-	-	<b>(3,512)</b>
Loss before & after tax				<b>(62,730)</b>
<b>Other information</b>				
Depreciation and amortization	3	105	-	<b>108</b>
Capital additions	9	6,647	-	<b>6,656</b>
<b>Assets</b>				
Segment assets	292,766	-	-	<b>292,766</b>
Financial assets	7,373	-	-	<b>7,373</b>
Cash				<b>12,288</b>
Consolidated total assets				<b>312,427</b>
<b>Liabilities</b>				
Segment liabilities	-	-	-	<b>-</b>
Financial liabilities	(8,821)	-	-	<b>(8,821)</b>
Consolidated total liabilities				<b>(8,821)</b>

3 Operating loss	2010 Group	2010 Company	2009 Group	2009 Company
	\$ 000's	\$ 000's	\$ 000's	\$ 000's
Operating loss is arrived at after charging:				
Auditors' remuneration – audit	83	83	109	42
Auditors' remuneration – non audit services	-	-	-	-
Directors' emoluments – fees and salaries	2,106	2,106	1,228	1,011
Directors' emoluments – share based payments	1,298	1,298	3,721	3,721
Foreign exchange (gain)/loss	(1,415)	(1,415)	(11,200)	(12,075)
Depreciation	4	4	108	3

Auditors remuneration for audit services above includes \$Nil (2009: \$65,000) charges by KPMG (Malaysia), relating to the audit of subsidiary companies.

## Notes to Financial Statements for the year ended 30 June 2010, continued

<b>4 Employee information – Group</b>	<b>2010</b>	<b>2009</b>
<b>Staff Costs comprised:</b>	<b>\$ 000's</b>	<b>\$ 000's</b>
Wages and salaries	-	643
<hr/>		
<b>Average Number of employees (excluding directors)</b>	<b>Number</b>	<b>Number</b>
Exploration	-	125
Administration	-	10
	-	135
<hr/>		

<b>5 Investment income</b>	<b>2010 Group</b>	<b>2010 Company</b>	<b>2009 Group</b>	<b>2009 Company</b>
	<b>\$ 000's</b>	<b>\$ 000's</b>	<b>\$ 000's</b>	<b>\$ 000's</b>
Dividend income on investments	-	-	90	-
Dividend income from group companies	-	3,656	-	-
Interest income on convertible loan notes	774	-	313	-
	<hr/>	<hr/>	<hr/>	<hr/>
	774	3,656	403	-
	<hr/>			

<b>6 Other income</b>	<b>2010 Group</b>	<b>2010 Company</b>	<b>2009 Group</b>	<b>2009 Company</b>
	<b>\$ 000's</b>	<b>\$ 000's</b>	<b>\$ 000's</b>	<b>\$ 000's</b>
Management fees (re-payable)	-	-	-	(2,470)
Gain on returned shares	1,721	1,721	-	-
Surplus on capital redemption	1,050	-	-	-
Sundry income	174	174	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	2,945	1,895	-	(2,470)
	<hr/>			

The management fees originally charged in 2008 were cancelled and reversed in 2009, in conjunction with the terms of the Joint Venture agreement with Peabody Energy.

<b>7 Finance revenue</b>	<b>2010 Group</b>	<b>2010 Company</b>	<b>2009 Group</b>	<b>2009 Company</b>
	<b>\$ 000's</b>	<b>\$ 000's</b>	<b>\$ 000's</b>	<b>\$ 000's</b>
Bank interest receivable	130	130	2,421	1,703
	<hr/>			

## Notes to Financial Statements for the year ended 30 June 2010, continued

### 8 Directors' emoluments

Group	2010 \$ 000's		2009 \$ 000's	
Directors' remuneration	3,404		4,949	

2010	Directors Fees \$ 000's	Shares issued \$ 000's	Net Options Issued (*) \$ 000's	Total \$ 000's
<b>Executive Directors</b>				
Stephen Dattels	836	-	122	958
Neil Herbert	835	-	293	1,128
Tony Bainbridge (#)	-	-	-	-
Paul Ingram	315	-	367	682
<b>Non-Executive Directors</b>				
Guy Elliott	40	-	122	162
Bryan Smith	40	-	197	237
James Mellon	40	-	197	237
	<b>2,106</b>	<b>-</b>	<b>1,298</b>	<b>3,404</b>

2009	Directors Fees \$ 000's	Shares issued \$ 000's	Net Options Issued (*) \$ 000's	Total \$ 000's
<b>Executive Directors</b>				
Stephen Dattels	258	1,547	(38)	1,767
Neil Herbert	258	1,547	(92)	1,713
Tony Bainbridge	319	40	124	483
Paul Ingram	279	40	(60)	259
<b>Non-Executive Directors</b>				
Guy Elliott	35	311	(92)	254
Harald Van Hoeken (#)	31	10	-	41
Danny Sun (#)	25	10	278	313
Suresh Hiremath (#)	17	-	-	17
Bryan Smith (#)	3	-	48	51
James Mellon (#)	3	-	48	51
	<b>1,228</b>	<b>3,505</b>	<b>216</b>	<b>4,949</b>

(\*) During the year ended 30 June 2009, the company cancelled various options issued in 2008, and issued new options. The net charge to the income statement in respect of these directors options is highlighted here. (See Note 21 for full option details). In addition all previously issued options vested in the current year.

(#): These Directors were not employed during the full financial period.

No consultancy fees were paid to the directors in the year to 30 June 2010.

No pension benefits are provided for any Director.

## Notes to Financial Statements for the year ended 30 June 2010, continued

<b>9 Taxation</b>	<b>2010</b>	<b>2009</b>
<b>Analysis of charge in period</b>	<b>\$ 000's</b>	<b>\$ 000's</b>
Tax on ordinary activities	-	-

No taxation has been required to be provided for.

The British Virgin Islands under the IBC imposes no corporate taxes or capital gains. However the Company as a group may be liable for taxes in the jurisdictions where it is developing mining properties.

No deferred tax asset nor any deferred tax liability have been recognised as a result of the jurisdictions under which the Group operates and is domiciled for corporate taxation.

## **10 Dividends**

No dividends were paid or proposed by the Directors during the year. (2009: \$Nil) The company did pay a dividend after the year end as detailed in note 28.

## **11 Earnings per share**

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

	<b>2010</b>	<b>2009</b>
Net profit/(loss) after taxation (\$000's)	<b>28,843</b>	(62,730)
Weighted average number of ordinary shares used in calculating basic earnings per share (millions)	<b>2,346.65</b>	1,962.85
Basic earnings per share (expressed in US cents)	<b>1.23</b>	(3.20)
Weighted average number of ordinary shares used in calculating fully diluted earnings per share (millions)	<b>2,478.48</b>	1,962.85
Diluted earnings per share (expressed in US cents)	<b>1.16</b>	(3.20)

As inclusion of the potential ordinary shares would result in a decrease in the earnings per share they are considered to be anti-dilutive, as such, a diluted earnings per share is not included in year ended 30 June 2009.

## Notes to Financial Statements for the year ended 30 June 2010, continued

### 12 Intangible assets

Group	\$ 000's	
<b>Cost</b>		
At 1 July 2008		73,588
Additions		2,798
Disposals on derecognition of subsidiary		(80,975)
Currency translation differences		4,589
<b>As at 30 June 2009</b>		-
<b>At 1 July 2009 and as at 30 June 2010</b>		-
<b>Amortisation</b>		
At 1 July 2008		1,427
Amortisation & write-off charges for the period		5,736
Eliminated on derecognition of subsidiary		(9,181)
Currency translation differences		2,018
<b>At 30 June 2009</b>		-
<b>At 1 July 2009 and as at 30 June 2010</b>		-
<b>Net book value</b>		
<b>At 30 June 2010</b>		-
At 30 June 2009		-
The cost is analysed as follows;	<b>2010</b>	<b>2009</b>
	<b>\$ 000's</b>	<b>\$ 000's</b>
Deferred exploration expenditure	-	-
Mining & exploration licences	-	-
	-	-
<b>Impairment Review</b>		

At 30 June 2010, no impairment review was required.

## Notes to Financial Statements for the year ended 30 June 2010, continued

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

	Group Property, plant & equipment \$ 000's	Company Property, plant & equipment \$ 000's
<b>Cost</b>		
As at 1 July 2008	801	-
Additions	3,858	9
Disposals on derecognition of subsidiary	(4,667)	-
Currency translation differences	17	-
<b>As at 30 June 2009</b>	<b>9</b>	<b>9</b>
As at 1 July 2009	9	9
Additions	2	2
Currency translation differences	-	-
<b>As at 30 June 2010</b>	<b>11</b>	<b>11</b>
<b>Depreciation</b>		
As at 1 July 2008	46	-
Depreciation charge for the year	108	3
Eliminated on derecognition of subsidiary	(151)	-
<b>As at 30 June 2009</b>	<b>3</b>	<b>3</b>
As at 1 July 2009	3	3
Depreciation charge for the year	4	4
<b>As at 30 June 2010</b>	<b>7</b>	<b>7</b>
<b>Net Book Value</b>		
<b>As at 30 June 2010</b>	<b>4</b>	<b>4</b>
As at 30 June 2009	6	6

#### Impairment Review

At 30 June 2010, the Directors have carried out an impairment review and concluded no impairment provision is currently required.

## Notes to Financial Statements for the year ended 30 June 2010, continued

### 14 Investment in subsidiaries

Shares in Group undertakings	2010	2009
Company	\$ 000's	\$ 000's
<b>Cost</b>		
At beginning of the period	26,550	24,842
Additions	2	-
Capitalisation of loans to subsidiaries	-	12,178
Impairment of investment in subsidiaries	7,567	(7,360)
Currency translation differences	(3,238)	(3,110)
<b>As at 30 June</b>	<b>30,881</b>	<b>26,550</b>

During the year ended 30 June 2009, there was a major group re-organisation prior to the completion of the Joint Venture Agreement with Peabody Holland BV. In the course of the re-organisation, the directors assessed the carrying values of the group investments including investment carrying values and loans receivable from subsidiaries.

The basis of the review was the valuation and terms being attached to the Joint Venture with Peabody Holland BV. This resulted in a total write down of US\$43,978,000 which has been charged to the income statement in the year. The Board of Directors considers that the ongoing carrying values of group investments and loans due from group companies as at 30 June 2009, represented their fair and recoverable values.

During the year ended 30 June 2010, the directors re-assessed the carrying values of the group investments, as a result of the disposal of the Group's Joint Venture, and considered it appropriate to reverse US\$7,567,000 of the previous year's charge of impairment as a result of the assets held within these subsidiaries. The directors' consider that the ongoing carrying values of the group investments as at 30 June 2010 represent their fair and recoverable values.

The parent company of the Group holds more than 50per cent of the share capital of the following companies:

Company	Country of Registration	Proportion held	Nature of business
<b>Direct</b>			
MUC Resources Ltd	BVI	100%	Holding Company
Polo Australasia Ltd	BVI	100%	Investment Company
Polo Bangladesh Ltd	BVI	100%	Holding Company
World Coal Works Corporation	BVI	100%	Holding Company
Polo Resources NV	Dutch Antilles	100%	Holding Company
Polo Coal Ltd	BVI	100%	Holding Company
Polo Iron Ltd	BVI	100%	Holding Company
<b>Indirect</b>			
<i>Via Polo Resources NV</i>			
Polo Resources Cooperatief U.A.	Netherlands	99.9%	Holding Company
<i>Via Polo Australasia Ltd</i>			
Polo Resources Cooperatief U.A.	Netherlands	0.01%	Holding Company

## Notes to Financial Statements for the year ended 30 June 2010, continued

15 Investment in joint ventures	2010	2009
	\$ 000's	\$ 000's
<b>Group</b>		
At beginning of the period	19,505	-
Transfer from Subsidiaries	-	30,024
Write down of Joint Venture value	-	(7,000)
Disposal of Joint Venture	15,951	-
Share of Joint Venture's results	(3,554)	(3,519)
<b>As at 30 June</b>	<b>-</b>	<b>19,505</b>

The breakdown of the carrying values and fair values at the balance sheet date of the Group's investment in joint ventures is as follows:

	2010	2009
	Carrying & fair Value	Carrying & fair Value
	\$ 000's	\$ 000's
Peabody-Polo Resources BV	-	19,505

Details of the Group's Joint Venture interests were as follows:

Name	Place of Incorporation	Proportion held	Date associate interest acquired	Reporting Date of JV	Principal activities
Peabody-Polo Resources BV	Netherlands	50%	01/05/09	30/06/09	Coal exploration

On 29 June 2010, the Group completed the disposal of its 50 per cent Joint Venture interest in Peabody-Polo Resources BV.

The terms of the disposal were an initial consideration of US\$15 million, with deferred consideration of US\$20 million of which the terms were met, and the US\$20million was received on 18 October 2010.

As a result of the Group writing down the value of the Joint Venture operations in previous years, and the carrying value at the date of disposal being US\$15.951 million, the Group recognised a gain on disposal of US\$19.049 million in its income statement.

The terms of the disposal also entitled the Group in certain circumstances to receive a royalty on all coal that is mined and sold following the date of the agreement in respect of licenses held at that date.

## Notes to Financial Statements for the year ended 30 June 2010, continued

16 Interest in associates	2010	2009
	\$ 000's	\$ 000's
<b>Group</b>		
At beginning of the period	132,596	148,529
Investments in associates – equity purchases	-	6,113
Investments in associates – convertible loan notes	3,767	7,763
Share of associates loss for the period	(3,983)	(3,239)
Currency translation differences	(11,446)	(26,570)
<b>As at 30 June</b>	<b>120,934</b>	<b>132,596</b>

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

	Carrying Value	Fair Value
	\$ 000's	\$ 000's
GCM Resources Plc – interest in equity shares	30,787	40,595
Caledon Resources Plc – interest in equity shares	79,299	22,990
Caledon Resources Plc – interest in convertible loan notes	10,848	10,848
	<b>120,934</b>	<b>74,433</b>

Subsequent to 30 June 2010 the market value of the investment in associates has increased to \$133,877,000 as at 2 November 2010.

Details of the Group associates at 30 June 2010 are as follows:

Name	Place of Incorporation	Proportion held	Date associate interest acquired	Reporting Date of associate	Principal activities
GCM Resources Plc	UK	29.83%	01/02/08	30/06/10	Coal exploration
Caledon Resources Plc	UK	25.28%	05/06/08	31/12/09	Coal Mining

## Notes to Financial Statements for the year ended 30 June 2010, continued

17 Available for sale investments	2010	2009
Group – Listed Investments	\$ 000's	\$ 000's
At beginning of the period	140,659	285
Acquired during the year	32,343	83,908
Disposals during the year	(57,544)	(9,586)
Realised gains on disposals	20,130	1,211
Currency translation differences	(12,725)	8,000
Movement in market value	2,628	56,841
At 30 June	125,491	140,659

The available for sale investments, are split as below;

Non-current assets	-	108,264
Current assets	125,491	32,395
	125,491	140,659

Available for sale investments comprise investments in listed securities, which are traded on Stock markets throughout the world, and, which are held by the Group as a mix of strategic and short term investments. No unlisted available for sale investments are held. The above listed investments were all disposed of after the year end, as detailed in Note 28.

18 Trade and other receivables	2010		2009	
	Group \$ 000's	Company \$ 000's	Group \$ 000's	Company \$ 000's
<b>Current trade and other receivables</b>				
Other debtors	20,573	573	4,097	4,097
Prepayments	1,679	1,679	139	139
Accrued income	434	-	324	-
<b>Total</b>	<b>22,686</b>	<b>2,252</b>	<b>4,560</b>	<b>4,236</b>
<b>Non Current trade and other receivables</b>				
Loans due from subsidiaries	-	168,768	-	221,914
Loans due from Joint Ventures	-	-	2,813	-
	-	168,768	2,813	221,914

The loans from Joint Ventures were interest free throughout the period and have no fixed repayment date. Certain loans to and from subsidiaries attracted interest from nil to Euribor + 2.5per cent throughout the period with certain loans falling due to be repaid before the 10<sup>th</sup> anniversary of the advance date.

All loans attaching interest and fixed repayment dates have been fully repaid since the balance sheet date.

**Notes to Financial Statements  
for the year ended 30 June 2010, continued**

19	Trade and other payables	2010		2009	
		Group	Company	Group	Company
		\$ 000's	\$ 000's	\$ 000's	\$ 000's
	<b>Current trade and other payables:</b>				
	Trade creditors	714	714	8,142	8,121
	Taxation liabilities	-	-	271	271
	Other creditors	-	-	85	85
	Accruals	1,803	1,800	323	323
		<b>2,517</b>	<b>2,514</b>	<b>8,821</b>	<b>8,821</b>

**20 Share capital**

Authorised	\$ 000's	
Unlimited Ordinary shares of no par value	-	
	<hr/>	
Called up, allotted, issued and fully paid	Number of shares	Nominal value \$000's
<b>As at 1 July 2008</b>	1,874,239,816	-
30 January 2009 for non-cash consideration	33,776,056	-
3 March 2009 for non-cash consideration	162,629,750	-
6 May 2009 for non-cash consideration	66,000,000	-
11 May 2009 for non-cash consideration	50,000,000	-
19 June 2009 for cash at 3.85p per share	160,000,000	-
<b>As at 30 June 2009 and as at 30 June 2010</b>	<b>2,346,645,622</b>	<b>-</b>

There were no shares issued during the year ended 30 June 2010 (2009: 472,405,807 shares issued)

## Notes to Financial Statements for the year ended 30 June 2010, continued

### 20 Share capital (continued)

#### *Total share options in issue*

During the period ended 30 June 2010, the company granted 20,000,000 options over ordinary shares. (2009: 120.75million)

As at 30 June 2010 the unexercised options in issue were;

Exercise Price	Expiry Date	Options in Issue 30 June 2010
5p	4 September 2012	4,000,000
9p	4 March 2018	21,000,000
3.5p	28 January 2019	85,750,000
4.28p	7 June 2019	10,000,000
4p	1 March 2011	20,000,000
		<b>140,750,000</b>

No options lapsed or were exercised during the period to 30 June 2010 (2009: nil). 25,000,000 options were cancelled during the year ended 30 June 2010. (2009: 52,000,000)

#### *Total warrants in issue*

During the period ended 30 June 2010, the company granted no warrants to subscribe for ordinary shares. (2009: 415,455,111). No warrants were exercised during the period to 30 June 2010 (2009: Nil), and no warrants lapsed during the year ended 30 June 2010. (2009: 27,050,000)

As at 1 July 2009 the following unexercised warrants were in issue were;

Exercise Price & Detail	Expiry Date & Date	Warrants in Issue At 1 July 2009
4p	5 November 2010	404,866,875
3.775p	30 November 2010	8,823,530
4p	30 November 2010	1,764,706
		<b>415,455,111</b>
Warrant buy back for cash	29 March 2010	(150,000,000)
Warrant surrender for nil consideration	29 June 2010	(265,455,111)
<b>In issue as at 30 June 2010</b>		<b>-</b>

On 29 March 2010, the company bought back 150,000,000 warrants at a net cost of \$1,485,000.

On 29 June 2010, Peabody Energy surrendered the remaining 265,455,111 warrants held, as part of the Joint Venture sale agreement for nil consideration.

## Notes to Financial Statements for the year ended 30 June 2010, continued

### 21 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 recognises the amount as an expense in the income statement with a corresponding increase in equity.

The following options were issued during the years ended 30 June 2010 & 30 June 2009:

Name	Date Granted	Date Vested	Number	Exercise Price (pence)	Expiry Date	Fair Value at Grant Date (pence)
Stephen Dattels	29/01/2009	See 1 below	5,000,000	3.5p	28/01/2019	2.22
Paul Ingram	29/01/2009	See 1 below	15,000,000	3.5p	28/01/2019	2.22
Guy Elliott	29/01/2009	See 1 below	5,000,000	3.5p	28/01/2019	2.22
Neil Herbert	29/01/2009	See 1 below	12,000,000	3.5p	28/01/2019	2.22
Consultants	29/01/2009	See 1 below	31,000,000	3.5p	28/01/2019	2.22
Employees	29/01/2009	See 1 below	17,750,000	3.5p	28/01/2019	2.22
Bryan Smith	08/06/2009	See 1 below	5,000,000	4.28p	07/06/2019	3.09
James Mellon	08/06/2009	See 1 below	5,000,000	4.28p	07/06/2019	3.09
Consultants	01/03/2010	01/03/2010	20,000,000	4p	01/03/2011	1.05
<b>Totals</b>			<b>115,750,000</b>			

1. The above share options were originally to vest equally over a 3 year period from the date of grant, however the Board of Directors approved a resolution for all of the above to vest immediately on 26 March 2010. The options are exercisable at any time after vesting during the Directors period as an eligible employee until the tenth anniversary of admission.

## Notes to Financial Statements for the year ended 30 June 2010, continued

### 21 Share Based Payments (continued)

The fair value of the options granted during the year ended 30 June 2010 amounted to US \$4.271 million, and the fair value of the cancelled options was US\$0.258 million, giving a net charge to the income statement of US\$2.199 million, and net charge to the share premium of US\$1.814 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 period ended 30 June 2010:

	29 January 2009 issue	6 May 2009 issue	8 June 2009 issue	1 March 2010 issue
Dividend Yield (%)	-	-	-	-
Expected Volatility (%)	60.0	60.0	60.0	60.0
Risk-free interest rate (%)	3.66	3.66	3.66	3.25
Share price at grant date (£)	0.0317	0.0342	0.043	0.0409

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

22 Analysis of changes in net funds	2010		2009	
	Group \$ 000's	Company \$ 000's	Group \$ 000's	Company \$ 000's
Balance at beginning of period	12,288	12,288	115,974	113,674
Net change during the period	25,507	25,507	(103,686)	(101,386)
<b>Balance at the end of the period</b>	<b>37,795</b>	<b>37,795</b>	12,288	12,288

### 23 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 maximize 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 Company 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 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.

## Notes to Financial Statements for the year ended 30 June 2010, continued

### 23 Financial instruments (continued)

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	2010		2009	
	Group \$ 000's	Company \$ 000's	Group \$ 000's	Company \$ 000's
Sterling	16,060	16,060	5,625	5,625
USD	17,048	17,048	5,591	5,591
Australian Dollars	4,072	4,072	1,072	1,072
Canadian Dollars	615	615	-	-
<b>At 30 June</b>	<b>37,795</b>	<b>37,795</b>	12,288	12,288

The financial assets comprise cash balances in current and interest earning bank accounts at call. 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.

#### Foreign currency risk

The following table details the Group's sensitivity to a 10per cent increase and decrease in the US Dollar against the relevant foreign currency of Pound Sterling. 10per cent represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated investments and other financial assets and liabilities and adjusts their translation at the period end for a 10per cent change in foreign currency rates. The following table sets out the potential exposure, where the 10per cent increase or decrease refers to a strengthening or weakening of the US Dollar:

	Profit or loss sensitivity		Equity sensitivity	
	10% increase \$ 000's	10% decrease \$ 000's	10% increase \$ 000's	10% decrease \$ 000's
Pound Sterling	(1,725)	1,725	(30,439)	30,439

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

	As at 30 June 2010	Average for the relevant consolidated period to 30 June 2010	As at 30 June 2009	Average for the period to 30 June 2009
Pound Sterling (£)	0.66371	0.63198	0.60546	0.62696

### 24 Material non-cash transactions

- On 29 June 2010, the company agreed the return to the company, and cancellation of 29,800,000 shares as part of a dispute settlement.

## Notes to Financial Statements for the year ended 30 June 2010, continued

### 25 Commitments

As at 30 June 2010, the Company had entered into the following material commitments:

#### Exploration commitments

The group currently has no ongoing exploration commitments.

#### Other commitments

Polo entered into a Venture Services Agreement on 3 April 2009, with American Patriot International, LLC (AmPat) for a 3 year term of the provision of services in respect of the Group's joint venture in Mongolia. Polo are committed to fees of US\$300,000 per annum for the term of the agreement. This agreement was cancelled on 29 June 2010.

In April 2010, Polo entered into a Service Agreement with Regent Mercantile Bancorp Inc for the provision of administration services at US\$31,645 per month.

In June 2010, Polo entered into a Brokerage Agreement with Chiliogon Partners LLP relating to the sale of Polo's holding in Extract Resources, which was successfully concluded in August 2010.

#### Caledon Resources Plc Loan Facilities

On 27 April 2010, the Company signed a facility agreement with Caledon Resources Plc (an associate company) relating to a £18 million secured term loan facility.

This facility is available for drawdown from 14 June 2010 to and including 20 July 2010, and will mature on 31 October 2010. The interest rate applicable is 10per cent per annum, and secured by a first fixed charge over the shares in Hazelhurst Holdings Ltd a wholly owned subsidiary of Caledon, which is the parent company of Blackwater Coal Pty Ltd which is the legal and beneficial owner of the Minyango project.

The above facility was drawn against on 5 July 2010 by Caledon, for the sum of £14.9m and utilized to repay Caledon's 8.5per cent convertible loan notes due on 5 July 2010. The group as a result was repaid its holding in Caledon's convertible loan notes on that date.

The company also agreed a second facility of AUD4 million to be available for drawdown immediately and up to 1 June 2010, and will mature on 30 September 2010. Full draw down was made in July 2010.

On 29 October 2010, the company agreed the extension of the above loan facilities maturity dates to the earlier of 28 February 2011 or in the event that the offer period (as defined in the City Code on Takeovers and Mergers ("**Takeover Code**") relating to Caledon which commenced on 17 September 2010) ("**Offer Period**") ends or Caledon announces it is no longer in offer discussions with a third party or an announcement is made pursuant to Rule 2.8 of the Takeover Code in connection with Caledon (whether or not such announcement is made by Caledon) ("**Offer Announcement**"), the date, if earlier than 28 February 2011, which is the later of:

(i) 60 days from the date on which the Offer Period ends or an Offer Announcement is made; or

(ii) 31 January 2011,  
provided that in no event will the maturity date be any later than 28 February 2011.

In consideration of Polo extending the maturity dates Caledon will pay an additional facility fee of £550,000 which shall be payable on the date the Loan Facilities are repaid to Polo.

## Notes to Financial Statements for the year ended 30 June 2010, continued

### 26 Business combination - Group

#### Disposal of Peabody-Polo Resources BV("PPR")

On 4th May 2009 Polo Resources Ltd through its indirect subsidiary Polo Resources Cooperatief U.A, was deemed to have disposed of 50per cent of PPR, a company based in Dutch Antilles. This deemed disposal occurred through a share subscription issue in PPR, subscribed to by Peabody Holland BV for US\$23 million, for a 50per cent share in the newly formed Joint Venture company. The fair value of identifiable assets and liabilities of PPR as at the date of disposal were:

	Fair value 30 <sup>th</sup> June 2009 \$'000
Intangible assets	68,052
Property, plant and equipment	3,005
Cash and cash equivalents	231
Trade and other receivables	5,850
	<hr/> 77,138 <hr/>
Trade and other payables	(2,136)
Other payables	(6,572)
	<hr/> (6,572) <hr/>
Fair value of net assets	<hr/> 68,430 <hr/>
<i>The cash outflow on disposal was as follows;</i>	
Net cash disposed with subsidiary	(231)
Cash received	-
Net cash (outflow)	<hr/> (231) <hr/>

The analysis of the net loss arising on the deemed disposal of PPR recognised in the income statement is as follows:

Share of Net Assets disposed of following share issue in PPR	(22,715)
Less: share of fair value uplift in PPR's intangible assets disposed of	19,203
	<hr/> (3,512) <hr/>
(Loss) on deemed disposal recognised in the income statement	<hr/> (3,512) <hr/>

### 27 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 period, Polo entered into a Service Agreement with Regent Mercantile Bancorp Inc a company in respect of which Mr. S Dattels, Chairman of Polo Resources, is an interested party. Expenditure of US\$109,790 was incurred to 30<sup>th</sup> June 2010 for the provision of administration and support services at cost and recharge of direct related expenses. This replaces the administration services previously provided by Regent Mercantile Ltd.

## Notes to Financial Statements for the year ended 30 June 2010, continued

### 27 Related party transactions (continued)

In February 2010, Polo entered into a service agreement with Chiliogon Partners LLP, a company in which Mr G Elliott holds a minority shareholding. The agreement relates to the provision of corporate finance services at £5,000 per month to 31<sup>st</sup> December 2010 in respect of which, £30,000 was expended to 30<sup>th</sup> June 2010

The terms and conditions for all of the above transactions are based on normal trade terms.

The Group incurred costs of US\$367,889 (2009: US\$254,250) to Regent Mercantile Ltd during the period, a Company under the control of Mr. S Dattels, Chairman of Polo Resources Ltd. This was expended for the provision of administration and support services at cost and recharge of direct related expenses.

#### **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.

	2010	2009
	\$ 000's	\$ 000's
Short-term employee benefits	2,106	1,228
Share-based payments	1,298	3,721
	<b>3,404</b>	<b>4,949</b>

### 28 Post balance sheet events

On 7 July the company cancelled 29,800,000 shares.

On 9 July 2010, the Group announced the agreement to sell its holding in Extract Resources Ltd at a price of AUD7 per share, raising US\$142 million (AUD157.9million) and realised a net gain on disposal of US\$62.7 million, based on forex rates on the completion date of 13 August 2010.

During the period 27 July 2010 to 16 August 2010, 115,833,333 share options were exercised at exercise prices from 3.5p to 5p per share.

On 5 August 2010, the company declared a dividend of 3p per share, this was subsequently paid on 27 August 2010. The total amount paid was £71,609,894.

On 3 September 2010, the company purchased and subsequently cancelled 3,000,000 shares at 3.36p per share.

On 12 October 2010, the group received the remaining deferred consideration of US\$20million from Peabody Energy for the sale of the Joint Venture, as detailed in Note 15.

On 18 October 2010, the company appointed John (Ian) Stalker as a Non-Executive Director.

On 8 November 2010, Caledon Resources announced the possible cash acquisition of Caledon Resources Plc by Guangdong Rising (Australia) Pty Limited for 112 pence per share.

Post year end activities between Polo and Caledon Resources Plc have been detailed in Note 25.