Polo Resources

Positioned for Opportunity Financed for Growth





Annual Report and Accounts
For the year ended 30 June 2016

AIM: POL
www.poloresources.com

Corporate Directory

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Contents

Existing Investing Policy

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

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

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

Chairman's Statement

This annual report to shareholders is delivered at a time where we are seeing significant improvements in market sentiment across the natural resources sector as we begin to enter a new cycle in the market. However, you will see both in the Notice of Annual General Meeting and this Annual Report that the Board is proposing that Shareholders adopt a new investing policy for the Company.

In summary we believe that growth in Asia and the Pacific will remain strong and that the Company's strategy should be to focus more on direct and indirect investments in this geographical area. This change in investment policy is supported by analyses undertaken by Multilateral Organisations. For instance, according to the Asian Development Bank, economic activity in Asia will continue to grow, with the region expecting to contribute to about 60 per cent of global growth in the next couple of years.

The year under review has still been a transformational one for Polo, where we have grown our portfolio and asset value through our investments in Hibiscus Petroleum Berhad ("Hibiscus"), Blackham Resources ("Blackham") and Universal Coal Resources Pte Ltd ("Universal"). However, we also have had to accept that the probability of realising a return on our investment in Nimini Holdings Limited ("Nimini") has diminished and as consequence we have accepted a significant impairment in this regard.

In December 2015, we announced to the market that we had acquired an 8.4 per cent stake in Hibiscus Petroleum, Malaysia's first listed independent oil and gas exploration and production company.

Hibiscus boasts a portfolio of multi-field producing oil assets in the United Kingdom offshore Anasuria Cluster and significant oil and gas development acreage in Australia. Hibiscus has also agreed to acquire Shell's entire 50 percent participating interests in Malaysia's North Sabah Enhanced Oil Recovery Production Sharing Contract, a deal which is set to conclude, subject to regulatory approval, in 2017 and one which will add significant value to Hibiscus both in terms of production income, but also in terms of infrastructure assets.

Our stake in Hibiscus features as a signature investment within our portfolio and one where the board of Polo sees significant upside value-adding potential as oil prices edge higher and where we see Hibiscus growing its cash earnings position moving forward.

In May 2016, Polo secured a further investment in the coal sector by acquiring a stake in Universal Coal Resources Pte Ltd ("Universal"), through a S$5,000,000 nominal value 15 per cent redeemable convertible note. Universal is incorporated in Singapore and has entered into a conditional agreement to acquire an indirect 75 per cent interest in PT Transcoal Minergy Coal Project ("TCM") a company incorporated in Indonesia, from a Pan Asia Corporation Ltd (ASX: PZC) subsidiary company.

TCM is the owner of a Production Operation Mining Business Licence ("IUP") being an Indonesian business licence, in respect of a mining concession area in Mantewe District, Tanah Bumbu Regency, South Kalimantan Province, Indonesia and comprising 3,440 hectares ("TCM Coal Project").

As assets within our portfolio move up in valuation and change in terms of their risk profile, Polo is seeing these changes reflect in our share price performance. An example of this is our investment in Blackham.

Blackham has taken its flagship Matilda Gold Project, from completion of a Definitive Feasibility Study ("DFS") in February 2016 to first gold pour in October 2016 and is already working on an expansion plan to double gold production to over 200,000oz per year.

In June 2016, Polo increased its investment in Blackham to approximately 8.11 per cent through exercising a right to purchase a further 49 per cent of Perfectus Management Ltd ("Perfectus") which owns 5,888,495 ordinary shares (approximately 2.3 per cent.) in Blackham's issued fully paid ordinary share capital.

Post the reporting period, our investee company GCM Resources Plc ("GCM") the developer of the integrated Phulbari Coal and power project, located in Bangladesh, signed a Memorandum of Understanding ("MOU") with China Gezhouba Group International Engineering Co. Ltd (CGGCINTL) a specialist engineering company. The MOU sets out the process to investigate the feasibility of a joint venture for the development of mine-mouth coal fired power plants generating up to 2,000 MW at the Phulbari mine development site.

CGGCINTL is a subsidiary of China Gezhouba Group Corporation, which in turn is a core member of China Energy Engineering Group Co., Ltd, a super central state-owned enterprise of the People's Republic of China. This news served to re-rate the share price of GCM and also reflected positively on Polo. We hold a significant 27.8 per cent stake in GCM and this latest exciting development signals a real step forward in the development of the world-class Phulbari project.

Also, post the reporting period we received the positive news regarding our investment in Celamin Holdings NL ("Celamin") that is in a dispute with its local partner in the Chaketma Phosphate Project ("CPSA") in Tunisia. The sole arbitrator appointed by the International Court of Arbitration of the International Chamber of Commerce ("ICC") issued an award confirming Celamin's position regarding jurisdiction of the arbitrator and the ICC. This means the arbitration proceedings to recover Celamin's interest in CPSA will continue and we believe this will also pave the way for Celamin to return to being quoted on ASX.

Polo's current portfolio includes gold assets: Blackham Resources Limited (7.18%)and Nimini Holdings Limited (90%); petroleum assets: Hibiscus Petroleum Limited (9.90%) and Regalis Petroleum Limited (13.67%); coal assets: GCM Resources Plc (27.8%) and Universal Coal Resources Pte Ltd (S$5,000,000 nominal value 15 per cent redeemable convertible note); iron and vanadium: Ironstone Resources Limited (18.8%); a phosphate asset: Celamin Holdings NL (33.23%); and a copper asset: Weatherly International Plc (5.2%) and various liquid short term investments.

Whilst we are seeing significant improvements in market sentiment across the natural resources sector, this sector has not generally performed well in recent times and the outlook remains uncertain. Therefore, whilst we will retain exposure to this sector, the Board has concluded that it is in the Shareholders' interests for the Company to continue as an investing company by amending the Company's investing policy to include other sectors that the Board considers are more likely to generate attractive returns for Shareholders. As such the Board are proposing to submit a new investment policy proposal to its Shareholders at the Company's forthcoming Annual General Meeting. The Board are also proposing to place, before the Annual General Meeting, a resolution to approve a Revised Share Options plan, as the existing Share Option Plan initiated in February 2008 is soon to expire and has become dysfunctional in terms of scope for granting options.

2016 Investment Portfolio Overview

Gold

Blackham Resources (ASX: BLK), in which Polo has a combined direct and indirect holding of 7.22 per cent, of which 7.18 per cent is attributable to Polo, has continued to make progress on its flagship Matilda Gold Project (the "Project"). The Project's robust economics are reinforced by the recent commencement of production, low capital cost, fast payback and operating costs that are in line with its Western Australian peers. The Project has an initial mine life of 8 years that has the potential to grow rapidly.

In October 2015, Blackham announced that the Project's Preliminary Feasibility Study had demonstrated very strong economics. In February 2016, the company announced that the DFS had reconfirmed the Project's viability. Additional resource definition drilling for the DFS had also increased the Mining Inventory to 8.3Mt @ 2.9g/t for 767,000oz and Mining reserves 6.1Mt @ 2.5g/t for 481,000oz. Initial mine life was more than 7 years with the average gold production 101,000oz per year (for the first five years) and pre-production capital costs were calculated to be a modest AUD32M, with the operation benefitting from already having enabling infrastructure such as the Wiluna processing plant and a mining camp.

A key strength for Blackham is the high prospectivity of its 780 sq km tenement area and the ability of its very capable exploration geology to continue to expand the total gold resource and increase both mining inventory and mining reserve. Another very positive feature of the Project is the high conversion rate of mining inventory to mining reserves. This is evidenced by the announcement in June 2016 which detailed resource upgrades and open pit and underground mine design optimisations adding a further 43,000oz to the free milling reserves since the DFS). At this time the Project also had just received all the necessary development approvals and as it headed to production its key drivers were:

- Mine life: + 8 years
- Ore Reserves: 7.0Mt @ 2.5g/t for 560,000 ounces (up 17 per cent)
- Mining Inventory 9.3Mt @ 2.9g/t for 873,000 ounces (up 14 per cent).
- Total Resource: 48Mt @ 3.3g/t for 5.1Moz (48 per cent Indicated) all located within a 20km radius of Blackham's Wiluna gold plant

In July 2016, Blackham announced it had started open pit mining, refurbishment of the Wiluna processing plant was well under way and development works for underground mining had commenced.

During October 2016, Blackham announced that it had completed its first gold pour at the Matilda Gold Project. The ramp up to the full planned 100,000oz per year continues and in December 2016 the company indicated it expected to achieve the designed production rate (25,000oz per Quarter) within the March Quarter 2017.

Blackham is now fast tracking the Stage 2 Wiluna Gold Plant expansion study aimed at increasing production from some 100kozpa to 200-220kozpa.

To ensure positive cashflow through the early mine production period Blackham locked in forward gold sales contracts which at 30 September 2016 sat at 54,250oz at AUD1,749. In December Blackham announced it had realised AUD6.3M in cash by direct purchase of physical gold ounces at the current reduced spot price to close out a total 41,250oz of the forward gold sales contracts at an average price AUD1,762 per oz. This leaves 12,795 ozs under the forward sales agreement at an average price AUD1,701 per oz.

Polo is delighted with the progress Blackham's management team is making and that this is now being realised in Blackham's share price which has moved well above our initial entry level.

Nimini Holdings Limited's ("Nimini") Komahun Gold Project (the "Project") continues to be held back through not having an acceptable Mine Development Agreement ("MDA") negotiated with the Government of Sierra Leone ('GoSL").

With the Ebola epidemic waning and at the invitation of the GoSL, Nimini recommenced negotiations for the MDA in August 2015. Although these negotiations were inconclusive, in early 2016 there were promising signs when His Excellency, President Koroma, issued a mandate to two senior persons to conclude a mutually acceptable MDA with Nimini. However, despite this high-level intervention progress continues to be slow.

Polo recognises that any return on its investment in Nimini is dependent on being able to move the Project forward and this is entirely dependent on obtaining an acceptable ratified MDA which sets out attractive fiscal and commercial terms and whilst there also needs to be a sustained amenable gold price.

Management continues to review the options that are available for Nimini whilst discussions are on-going with the Government. However, in view of the significant delays in in achieving the MDA and upon consideration of the overall risks in taking the Project forward, Polo has recorded an impairment on the carrying value of its investment of USD14.3 million.

Phosphate

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

The Chaketma Project is a significant large-scale phosphate development asset, which comprises six prospects over a total area of 56 square kilometres. It hosts a total JORC compliant Inferred Resource of 130Mt at 20.5 per cent phosphorus pentoxide, confirmed from drilling at only two of the Project's six prospects.

Copper

Weatherly International Plc's (Weatherly) Namibian copper assets include its main operation the Tschudi open pit mine which became operational in February 2015 and the Otjihase and Matchless underground operations which are currently on care and maintenance. The Tschudi Project, which recovers copper through well proven heap leach, Solvent Extraction (SX) and Electro-Winning (EW) processing, is located in one of the best mining jurisdictions in Africa.

Tschudi made the transition from commissioning into ramp-up, and went on to reach nameplate production rates by December 2015 as planned. Tschudi then briefly demonstrated its true potential before suffering a short-term setback towards the end of the financial year when excessive groundwater was encountered which resulted in lower production in the June and September 2016 quarters. Having dealt with this challenge, Weatherly reported in October 2016 that Tschudi nameplate production rates, of 1,417 tonnes per month, were re-attained during October - two months earlier than had been forecasted. Weatherly still aims to achieve the nameplate 17,000 tonnes of copper cathode production for the financial year to June 2017 via above-nameplate production rates during the latter portion of the period.

Furthermore, operational optimisation at Tschudi, plus project development at Otjihase and Matchless offer significant potential value for Weatherly. As part of the potential Tschudi expansion project to 20 thousand tonnes per annum (20ktpa), the Tschudi SX-EW plants have already demonstrated the capacity to operate at 20ktpa rates with significantly reduced capital expenditure requirements.

The mineral resources at Otjihase and Matchless plus the installed processing plant capacity present a valuable opportunity for Weatherly to resume production at higher production rates and lower unit costs than were achieved during the period from 2011 to 2015. Weatherly intends investigating the potential for skills development to support a strategic goal of achieving 10-12ktpa of contained copper in concentrate from the underground mines at C1 costs below USD2/lb.

Oil and Gas

On 9 November 2015, Polo announced an update in relation to **Signet Petroleum Limited** ("Signet") and other Signet entities, whereby Signet's shareholders agreed to wind down their activities. Polo received a cash distribution of USD691,000 and an in-specie distribution from Signet Petroleum Nigeria Ltd of approximately 1.89 million shares in private entity Regalis Petroleum Limited ("Regalis"), and of a further 1.23 million shares from certain other Signet shareholders, as part of the settlement of Signet's affairs, with a total value of approximately USD6.96 million. These shares are in addition to the 3.5 million shares held directly by Polo and bring Polo's total shareholding in Regalis to 13.67 per cent. Management is pleased to have been able to secure some benefits of the investment exposure to Signet at a time where such exit opportunities are scarce and challenging.

In December 2015, Polo subscribed 90 million shares in **Hibiscus**, a Main Market of Bursa Malaysia listed company for USD5 million. The holding represented a strategic 8.4 percent stake in the enlarged fully paid capital of Hibiscus and was acquired at a price of MYR 0.235 per share. Post reporting period, Polo announced an increase in its subsidiary, Polo Investment Limited's ("PIL") interest in Hibiscus to 10.20 per cent (since diluted to 9.90 percent) via the subscription of 48.9 million new shares at an issue price of MYR0.18 per share. This increase in shareholding makes Polo Investments Limited the second largest shareholder of Hibiscus after the Hibiscus management team

Hibiscus is an independent oil and gas exploration and production company, jointly operating its maiden producing asset, the Anasuria Cluster, in the North Sea, United Kingdom.

On 10 March 2016, Hibiscus completed its most significant acquisition to date, taking joint ownership of the Anasuria Cluster in the North Sea, United Kingdom. The acquisition marks a shift in the company's strategy from a focus on exploration to production, unlocking its potential as an independent oil and gas exploration and production player. A package of geographically-focused producing fields and associated infrastructure, the asset provides a firm platform for recurring cash flows and profits that has delivered a visible turnaround in the company's financials, effectively placing Hibiscus in a stronger position to make its mark in the industry.

The acquisition of the Anasuria Cluster includes the 100 per cent ownership of Anasuria FPSO and its existing infrastructure (jointly with Ping Petroleum UK Limited). The Anasuria FPSO is the primary infrastructure hub and represents the core of the Anasuria Cluster. A marine offloading system is utilised to transport oil from the Anasuria Cluster to tandem shuttle tankers whereas the gas is exported to the onshore St Fergus Terminal in Aberdeenshire.

For the third individual quarter, ended 31 March 2016, Hibiscus recorded a profit after taxation of MYR80.5 million (approximately USD20.22 million). In its press release of 30 June 2016, Hibiscus disclosed that following the completion of the acquisition of its stake in the Anasuria Cluster on 10 March 2016, RPS Energy had revalued the interest held by Hibiscus in the Anasuria Cluster as of 1 March 2016 to USD208 million, based on updated oil and gas production profiles, latest oil price projections and revised operating and capital cost estimates. This signifies an 84 per cent uplift in asset valuation when compared to a previous report also issued by RPS Energy in September 2015, which initially valued Hibiscus' interest in the Anasuria Cluster at USD113 million.

Post reporting period, SEA Hibiscus Sdn Bhd (SEA Hibiscus) entered into a conditional sale and purchase agreement with Sabah Shell Petroleum Company Limited and Shell Sabah Selatan Sdn Bhd (collectively Shell) to acquire Shell's entire 50 per cent participating interest in the 2011 North Sabah Enhanced Oil Recovery Production Sharing Contract ("PSC") for a purchase consideration of USD25 million (excluding post completion adjustments and reimbursements to Shell). Shell's interest also included operatorship responsibilities which would transfer from Shell to SEA Hibiscus through a transfer of operatorship programme.

In July 2016, Polo accepted a cash offer by International Petroleum Holding B.V. to acquire its 1.95 per cent equity interest consisting of 5.5 million ordinary shares in **Equus Petroleum Plc**. The offer resulted in a net cash payment to Polo of approximately CAD1.37 million and resulted in a total loss to Polo (including currency translation) of approximately USD500,000. The loss is based on the written down value in accordance with Polo's last audited accounts.

Iron Ore and Vanadium

Ironstone Resources Ltd ("Ironstone") has been making good progress at its Clear Hills Iron Ore and Vanadium Project in Alberta, Canada, which holds one of the world's largest NI 43-101 compliant iron-vanadium deposits. Polo is now the largest shareholder with an 18.8 per cent interest. In addition to owning a significant resource of vanadium pentoxide in the Clear Hills (2.45 billion pounds contained), the company holds the mineral rights to lithium, and other performance elements such as potash, bromine and boron, in the carbonate reservoirs that underlie its permits. With the burgeoning demand for lithium and vanadium "electric metals" needed for batteries for use in electric cars, consumer electronics and renewable energy storage, the spotlight has grown on companies like Ironstone.

The potential exists for Ironstone to become a key supplier of both lithium and vanadium used in storage solutions, as evidenced by the interest of several parties that have contacted Ironstone seeking to invest and co-develop the company's resources. Ironstone anticipates that its development plans for its electric metals will be firmed up by Q2 2017.

Coal

GCM's Phulbari Coal and Power Project based around the 572Mt (JORC 2004 compliant) thermal and metallurgical coal in North-West Bangladesh is very significant in the context that the Government of Bangladesh is moving to change the country's energy mix and increase coal fired power generation from the current 250MW to 19,000MW by 2030.

Bangladesh's Power Sector Master Plan recognises the importance of both domestic and imported coal in meeting the anticipated demand for high quality thermal coal of some 39 million tonnes per annum. Although there has been an initial focus on establishing power plants based on imported coal, at a recent media conference the highest level of Government promoted the benefits of open pit coal mining combined with mine mouth power plants.

GCM has lifted its efforts to highlight that more than 4,000MW of power can be generated from Phulbari's coal and that it can provide the most competitive coal-based power tariffs.

GCM is also pursuing potential partners who may assist in delivering Government approval and has recently agreed a MOU with China Gezhouba Group International Engineering Co. Ltd to investigate the feasibility of establishing up to 2,000MW of mine-mouth coal-fired power generation at the Phulbari Coal and Power Project site.

Polo's interest in **Universal** provided the Company with investment exposure to Indonesia's coal and energy sector where Universal has secured access to a large-scale mining concession area in Indonesia's Mantewe District, Tanah Bumbu Regency, South Kalimantan Province. The TCM Coal Project is an underground high quality 6,200 GAR thermal coal mining venture situated in a major coal producing province of Indonesia.

The TCM Coal project has current mineable JORC Resources of 129Mt (measured, indicated and inferred) located in the southern section of the concession, with potential to upgrade and increase the resources in the northern area of the project with further drilling. Targeted sellable coal is currently >2Mt per annum with a mine life >20 years. The TCM Coal Project has infrastructure including road access and barge loading facilities (at the port) and being 48 kilometres northwest of Batulicin, a major coal shipping centre and port.

We see a significant value catalyst unfolding from this project where Universal is targeting a Singapore Stock Exchange Catalist Board listing. The Convertible Note entitles Polo to convert the principal outstanding plus any accrued interest into not less than 20 per cent of the share capital of Universal as enlarged by such conversion at any time up to 18 months from draw-down, or earlier upon the receipt of approval in principle to list the company.

I would like to take this opportunity to thank our shareholders for their continued support as we move to expand our investment portfolio under a new Investing Policy (subject to approval of Shareholders) and in what is now emerging as a period of resource sector commodity price increase with energy (oil, gas and coal) and metals all moving in the right direction. It is significant that key investments have made the transition to production and have delivered increased value for us through either advancing from feasibility to production or through acquisition of high value producing assets.

Our net cash position will enable us to continue to take advantage of the moving market situation and we will pursue investments with the highest potential to develop and add significant value to our portfolio. As expected the commodity price recovery has also begun to push our share price towards a level that more truly reflects the Company's investments, net worth and potential.

Datuk Michael Tang, PJN
Executive Chairman

Investment Update

Gold

Blackham Resources Limited (ASX: BLK)

- Gold, Western Australia
- Coal, Southwest Australia
- Combined direct and indirect 7.22 per cent equity interest

Table 1: DFS and Revision Summary
Quality of Mine Plan and Economics continue to improve

	DFS	Revised Mine Plan
Mining Inventory[1]	8.3Mt @ 2.9g/t for 767,000oz	9.3Mt @ 2.9g/t for 873,000oz
Reserves[1]	6.1Mt @ 2.5g/t for 481,000oz	7.0Mt @ 2.5g/t for 560,000oz
Initial Life of Mine	7.3 years	8.3 years
Av. Annual Production[2]	101,000ozpa	103,000ozpa
C1 Cash Costs[3]	A$850/oz	A$800/oz
ASIC Costs[4]	A$1,160/oz	A$1,120/oz

1) At A$1,600/oz
2) Average production over the first 5 years
3) C1 Cash Costs include all mining, processing and general & administration costs over the first 5 years
4) ASIC includes C1 Cash Costs plus royalties, refining cost & sustaining capital over the first 5 years

The Matilda Gold Project is located in Australia's largest gold belt which stretches from Norseman through Kalgoorlie to Wiluna. Blackham's 100 per cent owned Wiluna Gold Plant is located in the centre of the Matilda Gold Project and can process up to 1.7Mtpa or ~100,000ozpa as indicated by the recently published DFS. The expanded Matilda Gold Project now includes JORC 2012 Measured, Indicated and Inferred Resources of 48Mt @ 3.3g/t for 5.1Moz Au (refer to ASX release 27th June 2016) within a 860km2 exploration tenement package and has historically produced in excess of 4.3 million ounces.

Blackham continues to grow the life of mine sufficiently to allow a sustainable, ongoing operation through the replacement of production ounces from both the large 5.1Moz resource base and ongoing exploration.

Open Pit Mining

The open pit mine plan comprises 5.8Mt @ 1.7g/t for 324,000oz (including stockpiles) of shallow free milling ore to be mined over the first 4 years of which only 14,000 oz (approx. 4 per cent) are classified as Inferred Resources. The open pit reserves comprise 5.5Mt @ 1.8g/t for 310,000oz (refer to Blackham's ASX release 17th June 2016). Blackham's open pit contractor mobilised the initial mining fleet in July 2016 and are currently mining at the M10, M3 and M4 open pits at Matilda.

Blackham is initially focused on the free-milling resources which it intends to process through the established low risk circuit of crushing, grinding, gravity and carbon in leach. The free-milling open pit Matilda deposits are planned to provide a base load feed stock for the Wiluna gold plant which will be supplemented by the high grade open pit and shallow underground quartz reef deposits.

Underground Mining

Within 11 months of first entering the Wiluna underground mine, Blackham has developed an underground mine plan comprising 3.4Mt @ 5.0g/t for 549,000oz which will be mined over the initial 7 years. The underground reserve comprises 1.1Mt @ 5.0g/t for 250,000oz. Reserve infill and extensional drilling is ongoing.

Blackham's underground mining contractor commenced underground development work in mid-August 2016 at the high grade Golden Age orebody. The Golden Age initial mine plan consists of 206,000t @ 5.8g/t for 38,000 oz of free milling ore which will be mined over the first 2 years and remains open both to the east and up dip. The Golden Age Reserve comprises 112,000t @ 6.0g/t for 21,000 oz (refer to Blackham's ASX release 17th June 2016). The Golden Age reef has existing access via the Bulletin decline and has mining infrastructure in place and good geotechnical conditions which has allowed easy re-entry to the mine. The average stope width is 1.5m.

Mining at both the Matilda open pit and the Golden Age underground mine is now ramping up and plant optimisation of both throughput and recovery are now underway with a view to maximising mining and plant performance. Blackham is now entering the next phase of ramp up to commercial production as quickly as possible.

With a vastly diversified resource base of over 4Moz's outside the current mine plan, the study team are now focused on the expansion plan. Open pit optimisation studies over the entire Wiluna mine show there are significant resources remaining that may be profitably exploited. Drilling is continuing on these target areas for inclusion in a new mine plan for the area.

Expansion Study

Now that the Blackham has successfully completed the commissioning of the Wiluna plant, culminating in its first gold pour, the next phase is to optimise the current plant capacity and production to nameplate Stage 1 of 100,000oz per annum.

During the September quarter, Blackham commenced pre-feasibility studies aimed at increasing production to between 200,000 and 220,000ozpa. The expansion study has targeted this as a production goal in the next two years mainly through the treatment of the Wiluna sulphide ore which have current Measured, Indicated and Inferred Resources of 3.5Moz @ 5.8 g/t (refer to ASX release dated 27th June 2016). Unlocking the value of these sulphide ores is a crucial part of this strategy which involves increasing mining output and increasing the capacity of the mill by running the sulphide circuit in conjunction with the current operating free milling circuit.

To date the company has focused on the mining and processing of the soft free milling ore as a low risk strategy to cash flow and debt repayment. The aggressive exploration programme currently in progress is aimed at both significant conversion of resource to reserves as well as extensions to know ore bodies.

Investment Update
In November 2015, Polo increased its undiluted interest in Blackham from its direct holding of 2.37 per cent to 7.36 per cent. This resulted in a combined direct and indirect holding of 10.3 per cent, of which 8.8 per cent was attributable to Polo. This followed the acquisition of 10,000,000 ordinary shares of Blackham for AUD2.1 million or AUD0.21 per share from Perfectus Management Ltd ("Perfectus"). At that time Perfectus was a 49 per cent owned associate of Polo, by way of the issuance of 25,016,484 new Polo ordinary shares at an agreed price of 3.92 pence per share to Perfectus.

In March 2016, Blackham completed a capital placement of AUD20.3 million. The funds contributed to the exploration, development and the refurbishment of the Wiluna Gold Plant

In June 2016, Polo's subsidiary, PIL, exercised its right to purchase a further 49 per cent of Perfectus (taking Polo's interest in Perfectus to 98 per cent) for AUD3.0 million satisfied by the issue of 9,832,358 new ordinary shares in Polo at the price agreed in 2014 of 15 pence per share. Upon completion, Polo's undiluted interest in Blackham increased to approximately 8.11 per cent.

Perfectus owns 5,888,495 ordinary shares (approximately 2.3 per cent.) in Blackham's issued fully paid ordinary share capital. Polo directly holds a further 14,761,905 (approximately 5.83 per cent.) Blackham ordinary shares.

During the September quarter Blackham raised AUD25 million through a placement at AUD1.00 per share. The placement proceeds will be used at Blackham's 100 per cent owned 5.1Moz Matilda Gold Project with the aim to:

- Expand the oxide and free milling resources and reserves
- Grow the sulphide open pit and underground mine plan and reserves
- Fast track the plant expansion study and sulphide circuit refurbishment
- Strengthen the balance sheet and increase working capital

Gold Price Risk Management
With production imminent, Blackham's Board believes it is prudent to lock in responsible proportions of its short to medium term production so that the company can optimally manage its operations and risk exposures in the current volatile price environment. Being able to lock in close to record high AUD gold prices allows even modest hedge commitments to create a high degree of predictable cash flow at this crucial time in the company's transition to being a significant gold producer. In September 2016, Blackham reported that it total gold hedge commitments represent 35 per cent of the forecast production over the next 18 months. In December, it was announced that Blackham had directly purchased gold at current low prices and sold it to take profit against the higher hedged gold price.

The full details of Blackham's announcements can be found at **www.blackhamresources.com**, including a competent person's statement (JORC 2012) in respect of the Matilda Gold Project DFS Summary.

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

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

Nimini's Komahun Gold Project (the "Project") has a significant resource reported in the MRE (August 2013) comprising of an Indicated Mineral Resource of 0.55Moz (3.65Mt at a gold grade of 4.69g/t) and an Inferred Mineral Resource of 0.34Moz (2.61Mt at a gold grade of 4.08g/t), for potentially mineable Mineral Resources at a 2.4g/t cut-off grade.

Nimini's draft Preliminary Economic Assessment "PEA" has been reviewed internally to assess the positive impact on capital expenditure and operating costs of the stronger United States Dollar, the lower fuel price and additional annual production which is estimated could result from a resource addition drilling programme. The combination of these factors results in a more robust project, albeit at a long-term gold price which is somewhat above that currently prevailing. However, the substantial increase in the gold price thus far in 2016 is encouraging and will hopefully be sustained.

On 7th November 2015, the World Health Organisation declared that the Ebola Virus Disease ("EVD") transmission had ceased in Sierra Leone. This is a welcome event, but EVD, together with the significant decrease in the iron ore price, has had a major adverse impact on the Sierra Leone economy.

The prime objective of Nimini remains that of negotiating, executing and parliament ratifying the Mine Development Agreement ("MDA") which sets out, inter alia, the key fiscal and commercial terms under which the Project will operate. His Excellency the President of Sierra Leone has issued a mandate to the effect that a mutually acceptable MDA is to be finalised.

Negotiations are currently taking place with the support of those two key persons charged with executing the mandate. The British High Commission in Freetown has also been briefed.

Polo recognises that any return on this investment is dependent on Nimini being able to move the Project forward which is entirely dependent on securing a ratified MDA and a sustained recovery of the price of gold. Unfortunately, despite the high-level directive to finalise the MDA negotiation, progress remains slow and as consequence Nimini has pulled back on all activity in country.

For the period under review, in view of the significant delays in in achieving the MDA and upon consideration of the overall risks in taking the Project forward, Polo has recorded an impairment on the carrying value of its investment of USD14.3 million.

Oil and Gas

Regalis Petroleum Limited

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

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

Regalis has interests in three highly prospective onshore exploration blocks in the Republic of Chad. Regalis completed a 5,349km airborne gravity/magnetic survey over Blocks DOA and WD2-2008 which are on trend with existing and recent Glencore/Caracal discoveries.

However, Polo has recorded an impairment charge of USD14.7 million on the carrying value of its investment in Regalis as no further progress has been made by Regalis in pursuing its exploration strategy, and Regalis is actively seeking further funding, but with no success currently.

Hibiscus Petroleum Berhad (HIBI: MK)

- Oil and Gas, United Kingdom and Australia
- 9.90 per cent equity interest

On 2 December 2015 Polo subscribed 90 million new ordinary shares in Hibiscus, a Main Market of Bursa Malaysia Securities Berhad listed company, for USD5.0 million. The holding represented a strategic 8.4 per cent stake in the enlarged fully paid capital of Hibiscus and was acquired at a price of MYR0.235 per share, a 4.08 per cent discount to the Hibiscus closing price of MYR0.245 on 1 December 2015.

Hibiscus' strategy since listing on 25 July 2011 has been to invest in a balanced portfolio of assets across the spectrum of upstream oil and gas exploration and production activities with key focus on politically stable areas. Its current development assets are located in Australia with an estimated 8.0 million barrels of 2P/2C reserves/resources.

Post reporting period, in July 2016, Polo's subsidiary, PIL, increased its interest in Hibiscus to 10.20 per cent (since diluted to 9.90 per cent) via the subscription of 48.9 million new shares at an issue price of MYR0.18 per share. This increase in shareholding makes PIL the second largest shareholder of Hibiscus after the Hibiscus management team.

On 6 August 2015, Hibiscus announced a proposed joint acquisition (50:50 basis) by its subsidiary Anasuria Hibiscus UK Limited and Ping Petroleum Limited ("Ping") of the interests held by Shell U.K. Limited, Shell EP Offshore Ventures Limited and Esso Exploration and Production UK Limited in the relevant licenses of the Anasuria cluster of oil and gas fields in the UK Central North Sea for a total cash consideration of USD52.5 million. On 11 March 2016 Hibiscus announced the successful completion of the acquisition. The acquisition is an exciting opportunity that will elevate Hibiscus to the status of an operating oil producer through a shareholder's agreement with Ping to jointly operate the producing Anasuria oil and gas field.

Today, the five discovered oil fields within Anasuria Hibiscus' licence boundaries include Guillemot A, Teal, Teal South, Cook and Kite. Within these fields, there are:

- existing production which remains cash flow positive at current oil prices;
- discovered but undeveloped reserves;
- discovered but not, at this time, commercially proven resources called Contingent Resources; and,
- some potential oil and gas deposits which are yet to be proven, called Prospective Resources.

The Guillemot A, Teal, Teal South and Cook fields have the necessary infrastructure installed and have been producing to the Anasuria FPSO since the late 1990's. Based on Hibiscus' (internal and independent third party) assessment of these assets, Hibiscus believes that – subject to oil price, capital investment and operating expenditures – another 20 years of economic production is feasible.

In October 2016, Hibiscus announced that its indirect wholly-owned subsidiary, SEA Hibiscus Sdn Bhd ("SEA Hibiscus") has entered into a conditional sale and purchase agreement with Sabah Shell Petroleum Company Limited and Shell Sabah Selatan Sdn Bhd (collectively "Shell") to acquire Shell's entire 50 percent participating interests in the 2011 North Sabah Enhanced Oil Recovery Production Sharing Contract ("PSC") for a purchase consideration of USD25 million (excluding post completion adjustments and reimbursements to Shell). Shell's interest also includes operatorship responsibilities which would be transferred to SEA Hibiscus through a transfer of operatorship program. This acquisition is expected to complete in 2017 and is subject primarily to obtaining regulatory approval of Petroliam Nasional Berhad ("PETRONAS") and consent of Petronas Carigali Sdn Bhd ("Petronas Carigali"), a fifty percent joint venture partner in the PSC.

The PSC comprises of four producing oil fields and associated infrastructure; i.e. St Joseph, South Furious, SF30, and Barton oilfields which are located in a key hydrocarbon province in Malaysia and have delivered reliable production since coming on stream in 1979. The PSC also contains pipeline infrastructure and the Labuan Crude Oil Terminal, an onshore processing plant and oil export terminal. The PSC also provides long-term production rights until 2040 with identified future development opportunities which are expected to add incremental 2P/2C resources up to 79 million barrels. This bodes well for the increased trajectory of Hibiscus Petroleum into the next milestones of its growth.

Operational Metrics

	Units	March 2016 to June 2016 (Net to Anasuria Hibiscus)
Oil production rate	barrel (bbl)/day	2,971
Gas export rate*	bbl of oil equivalent (boe)/day	236
Oil equivalent production rate	boe/day	3,206
Average oil price	USD/bbl	40.1
Average gas price	USD/1 million British Thermal Units (MMbtu)	1.2/3.1^
Capex	USD million	-
Opex per calendar month	USD million	2.25
Opex per boe	UUSD/boe	23.1

Source: AOC, the company's jointly controlled operating arm.
All figures are net to Anasuria Hibiscus.
* Conversion rate of 6,000 scf/boe.
^ Per current Gas Sales Agreement (GSA), USD1.2/MMmbtu for Cook field and USD3.1/MMbtu for Guillemot A field, Teal field and Teal South field.

The fields are reported by independent technical valuer, RISC Operations Pty Ltd to be producing over 16,000 barrels of oil per day and have an estimated remaining developed reserves (2P) of 62 million barrels as of April 2016.

Petronas Carigali is a wholly-owned subsidiary of PETRONAS which is the national oil company of Malaysia. PETRONAS is a fully integrated oil and gas multinational ranked among the largest corporations on FORTUNE Global 500®.

Some details of the PSC

	Units	Total
Average Daily Production 2015[1]	kstb/d[3]	18
Remaining Reserves (2P)[2]	MMstb[4]	62
Contingent Resources (2C)[2]	MMstb	79
Platforms/Structures[1]		19
Wells		135

1. Actuals (source: Shell).
2. Figures derived by independent technical valuer, RISC Operations Pty Ltd, based on 1005 interest in the PSC, as of Jan 16.
3. Thousand stock tank barrels per day.
4. Million stock tank barrels.

Coal

GCM Resources Plc (AIM: GCM)

- Coal Project and associated power plants, Bangladesh
- 27.8 per cent equity interest

Polo is a strong supporter of AIM traded GCM which seeks to develop a large scale mining project together with associated coal-fired power generation based on a world class deposit of 572Mt (JORC 2004 compliant) comprising of thermal and metallurgical coal in North-West Bangladesh.

Although GCM is still awaiting approval from the Government of Bangladesh ("Government") to proceed, it is encouraged by the fact that the Government will need some 39Mt annual coal supply (import and domestic) to fuel the large number of coal-fired power plants it plans to install over the next 15 years; and by the highest level of Government speaking favourably about open pit coal mines and associated mine-mouth power plants during a two hour televised media conference. Extensive reference was made to the success of such operations in the Cologne area of Germany which in fact is a very good benchmark for the GCM Phulbari Coal and Power Project, albeit the Cologne mining operations, being brown coal of lower specific energy, are of significantly larger scale than Phulbari is planned to be.

GCM's strategy is focused on pursuing approval for the Project by demonstrating how it will assist the Government of Bangladesh meet its power requirement and in particular show that it will be a reliable high volume supplier of high quality coal enabling much lower power tariffs than using imported coal. The company is in discussions with potential partners who may assist GCM in the process. In addition, GCM places importance on retaining its social licence with the potentially affected local communities, and has continued with its local engagement activities during the last six months.

In November 2016, GCM announced it had agreed a MOU with China Gezhouba Group International Co. Ltd ("CGGC") to investigate the feasibility of a joint venture to develop mine-mouth power plants generating up to 2000MW at the Phulbari mine site.

In the period under review, no further impairment charge has been taken to the carrying value of our investment.

Universal Coal Resources Pte Ltd

- Coal Projects, Indonesia
- 15 per cent redeemable convertible note

In May 2016, Polo's subsidiary, Polo Investments Limited ("PIL"), has entered into a secured S$5,000,000 nominal value 15 per cent redeemable convertible note ("Note") with Universal Coal Resources Pte Ltd ("Universal").

Universal is a company incorporated in Singapore, which, in turn, has entered into a conditional agreement to acquire an indirect 75 per cent interest in PT Transcoal Minergy Coal Project ("TCM"), a company incorporated in Indonesia, from a Pan Asia Corporation Ltd. (ASX: PZC) subsidiary.

TCM is the owner of a Production Operation Mining Business Licence (being an Indonesian business licence), in respect of a mining concession area in Mantewe District, Tanah Bumbu Regency, South Kalimantan Province, Indonesia. This comprises of 3,440 hectares ("TCM Coal Project") and is a major coal producing province in Indonesia. The TCM Coal Project is focused on developing a two million tonnes ("Mt") per annum underground mine delivering a high quality Bituminous Coal saleable product of some 6,200 kcal/kg specific energy (GAR – Gross as Received). The current JORC Resource of 129 Mt (measured, indicated and inferred)* has been derived from the southern area of the concession and there is potential to upgrade and increase the resource base through drilling the northern area. TCM's production permit extends to April 2028. Further drilling and a full final feasibility study are required to be completed and forestry approval obtained prior to commencement of mine development. The TCM Coal Project will utilise existing coal transportation infrastructure including a 50 kilometre haul road to the river port at Batulicin, a major coal shipping centre.

Universal is targeting a Singapore Stock Exchange Catalist Board ("SGX") listing and the Note entitles Polo to convert the principal outstanding plus any accrued interest into not less than 20 per cent of the share capital of Universal as enlarged by such conversion at any time up to 18 months from draw-down, or earlier upon the receipt of approval in principle to list. The funding under the Note will enable Universal to undertake value adds to the TCM Coal Project in addition to progressing its proposed listing. The Note is repayable 18 months from draw-down unless previously converted.

The Note is secured by TCM and underwritten by a personal guarantee and undertaking by Mr Boelio Muliadi, an Indonesian national and major shareholder of Universal, guaranteeing the repayment by Universal of the principal amount and any accrued interest and undertaking to meet all the funding requirements of Universal and the TCM Coal Project for the proposed listing on or before 31 December 2017.

Universal has been coordinating with relevant authority to procure forestry permit for the TCM Coal Project and the company is currently in the final stages and hopes to complete the process and obtain the forestry license which is the single most important piece in enabling work on site. At the same time, Universal are also engaging discussion with parties exploring the possibility of contractual development of the coal mine. Upon receipt of the forestry license, Universal will then proceed to appoint qualified person to conduct an Independent Qualified Person Report and valuation report which are required for approval of SGX. Universal also intends to acquire a coal trading company prior to submission on SGX.

Iron and Vanadium

Ironstone Resources Limited

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

Ironstone Resources Limited ("Ironstone"), headquartered in Calgary, Alberta is in advanced development of its Clear Hills Project located in the Peace Region of NW Alberta. Featuring a large compliant poly-metallic iron and vanadium resource, quality infrastructure, high value commodities, top tier partners and local and institutional support – the Clear Hills Project stands apart from traditional iron concentrate producers.

Ironstone's strategic plan includes a sequence of initiatives to be undertaken to advance its Clear Hills Project through its feasibility (FS) stage by late 2018, some of which are highlighted below.

Western Canadian Steel Market Study

Acknowledging the pending demand for steel products in the expanding western Canada economy, Ironstone has received acknowledgement by the provincial government that it will offer financial support for a steel market study to determine the supply and demand scenario for steel products in western Canada over the next 15 years. The study is now expected to commence in Q4 2016 after final approvals by the government, and will provide important data to the Company to consider moving up the value chain from producing iron metallics for export to producing finished steel products for domestic consumption.

The PEA, originally planned for 2015, has been deferred due to the potential of re-aligning the production plan from export metallics to high-strength steel products for domestic consumption, depending on the outcome of the aforementioned market study.

Private Public Partnerships

To offset of the softening Canadian economy, the provincial and federal governments in Canada have indicated their commitment to assist small and medium enterprises through investments in environmentally sustainable and innovative job creation developments. Ironstone, working with a highly regarded government advisory firm, is in advanced discussions with both governments to develop a private-public partnership (P3) committed to provide shared financial support for up to CAD18 million for building and operating Ironstone's demonstration pilot plant in NW Alberta by late 2017. The pilot work will lead to the commissioning of its feasibility study, expected in late 2018, prior to a final investment decision on the full commercial mine and steel mini mill.

Memorandum of Understanding

Ironstone and Grande Prairie Regional College ("GPRC") have recently announced their signing of a MOU to cooperate and collaborate in joint research, product development and technology commercialization with respect to the company's mineral development in the Clear Hills. In addition, GPRC will provide all the necessary training and apprenticeship programs needed for developing the broad skillset required for the anticipated mining and manufacturing operations.

GPRC is a comprehensive community institution that offers a wide variety of career certificates and diplomas, pre-employment and apprenticeship trades, and university transfer studies. GPRC Research & Innovation leads the development of applied research and innovation for the College and region. Research & Innovation is responsible for leading the College's major applied research initiatives including its "Pollutants-to-Products" ("P2P") carbon capture technology and the "National Bee Diagnostic Technology" access centre. Ironstone will be working closely with GPRC to commercialize its revolutionary P2P technology in its planned demonstration pilot plant, as the technology will help the company achieve its environmental sustainability objectives.

Electric Metals for Renewable Energy Storage (Vanadium and Lithium)

With the burgeoning demand for lithium and vanadium "electric metals" needed for batteries for use in electric cars, consumer electronics and renewable energy storage, the spotlight has grown on companies like Ironstone. In addition to owning a significant resource of vanadium pentoxide in the Clear Hills (2.45 billion pounds contained), the company holds the mineral rights to lithium, and other performance elements such as potash, bromine and boron, in the Devonian-age reservoirs that underlie its permits. These carbonate reservoirs that typically produce oil and gas, also contain significant amounts of formation waters with elevated concentrations of lithium, a key component of rechargeable batteries.

Ironstone is currently evaluating the lithium potential on its southern Clear Hills permits, which have tested relatively high concentrations of lithium from existing wells.

Investment Update

Polo Resources Limited announced on November 27, 2015 that following a rights issue by Ironstone raising CAD1.04 million. Polo's interest in Ironstone has increased from 14.9 per cent to 18.84 per cent. This was due to the operation of a price protection mechanism, in addition to Polo's additional investment of CAD101,000.

Phosphate

Celamin Holdings NL (ASX: CNL)

- Phosphate, Tunisia
- 33.23 per cent equity interest

On 20 October 2016, Celamin issued an update regarding the arbitration to resolve the dispute between its wholly owned subsidiary Celamin Limited and its joint venture partner Tunisian Mining Services ("TMS") in relation to the fraudulent transfer to TMS of Celamin's 51 per cent shareholding in Chaketma Phosphates SA ("CPSA"). At the heart of the dispute is an apparently fraudulent transfer by TMS to itself of Celamin's 51 per cent interest in the joint venture company Chaketma Phosphates SA ("CPSA").

The sole arbitrator appointed by the International Court of Arbitration of the International Chamber of Commerce ("ICC") has considered the jurisdictional challenges raised by TMS and has issued an award confirming Celamin's position regarding jurisdiction of the arbitrator and the ICC. The arbitration proceedings on the merits to recover Celamin's interests will now continue.

Celamin has already been granted certain emergency and later interim orders from the sole arbitrator against TMS (refer to Celamin's ASX release dated 14 April 2016) preserving the status quo regarding CPSA's share and assets until the dispute is finally determined. These orders were made without prejudice to the decision of the sole arbitrator on the merits of the case. These orders continue in force for the purpose of preventing TMS's disposal of CPSA's shares and assets and ensuring a continuous disclosure of information to Celamin in relation to CPSA activity and the Chaketma Permit.

TMS has not complied with these orders to date and penalties have been ordered for failure to comply.

The arbitrator did not accept jurisdiction over CPSA and CPSA will not continue as a party to the arbitration on the merits of the case. Celamin's board is of the view that this will not affect either the relief sought or the enforceability of any orders against TMS.

Polo believes both that Celamin will be sufficiently funded through the period necessary to resolve the dispute and has been advised by Celamin's management that the dispute will be resolved in Celamin's favour. Polo further appreciates that the legal process has restricted Celamin making announcements.

The full details of the background of the dispute can be found at: **www.celaminnl.com.au** and the Celamin Half Year Report for 31 December 2015.

Copper

Weatherly International Plc (AIM; WTI)

- Copper, Namibia
- 5.2 per cent equity interest

Weatherly's flagship Tschudi mine produced first copper ahead of schedule in February 2015, but then encountered some significant challenges due to the poor leaching characteristics of the shallow ore available for heap leaching during the commissioning period. Weatherly's operating team at Tschudi had successfully dealt with these challenges and delivered a new first-class mining and processing operation capable of producing 17,000 tonnes per annum of LME A Grade copper cathode.

For the ramp up, Weatherly committed to 10,000 tonnes of copper from Tschudi in CY2015 and to reach the 17,000 tonnes per annum nameplate rate by December 2015. Weatherly delivered 6 per cent better, with 10,659 tonnes for the calendar year, achieving commercial production on 1 October 2015, and hitting nameplate production rates for the first time in December 2015 as committed.

In the fourth quarter, the open pit at Tschudi encountered groundwater at the depth expected. While well prepared to deal with the highest rates of groundwater inflow contemplated in the DFS, Weatherly encountered significantly higher rates of inflow than these, and production rates were compromised. Ore delivery from the pit to the crushing plant was reduced while groundwater management systems and capability were upgraded. This reduced production in the June and September 2016 quarters. Despite this, Weatherly still aim to achieve the nameplate 17,000 tonnes of copper cathode production for the financial year to June 2017 via above-nameplate production rates during the latter portion of the period. C1 costs for the full financial year to June 2017 are expected to be in the range of USD 4,100 to 4,200 per tonne, despite relatively high C1 costs in the first part of the year while dealing with groundwater issues.

Tschudi nameplate production re-attained early

In October 2016, Weatherly repeated its Tschudi guidance from July 2016 that nameplate production rates of 1,417tpm would be re-attained by December 2016, following the reduced production in the June and September 2016 quarters due to excessive groundwater inflow to the pit. Weatherly reports that nameplate rates were in fact re-attained in October 2016, two months earlier than forecast.

20ktpa Tschudi Expansion Opportunity Update

In December 2015, the Weatherly announced that the opportunity to expand Tschudi production capacity to 20ktpa would require expenditure of USD1.2M. In the same update, Weatherly reported that life-of-mine C1 cost estimates had improved to USD1.75/lb for production of 17ktpa, with expected modest improvements in Life of Mine C1 unit cost to USD1.72/lb under the 20ktpa scenario.

Subsequent optimisation of the operating parameters used within the Solvent Extraction and Electro-Winning plants has now reduced this capital estimate to USD0.2M. Focus for the expansion opportunity evaluation has now shifted to evaluating mining, pad development, stacking, and leach scheduling paths to sustain such a potential expansion and quantifying potential operating cost savings from the expansion.

Otjihase and Matchless Project Development Update

The mineral resources at Otjihase and Matchless plus the installed processing plant capacity present a valuable opportunity for Weatherly. Success will be dependent on achieving higher production rates and lower unit costs than were achieved during the period from 2011 to 2015. This will be critically dependent on safer and more productive underground mining execution capability and operator skills development in this area is the critical requirement to unlock the opportunity.

The geology and processing characteristics of the Otjihase and Matchless orebodies are well understood and off-take agreements remain in place for the high-quality concentrate which can be produced. While some further geological resource development work may be required over time, for example to upgrade the historical estimate at Old Matchless to a JORC Mineral Resource Estimate and to upgrade and extend the Matchless Western Extension resource estimate down plunge, the critical-path to implementing a sustainable restart of operations lies with underground mining skills development.

The current strategic goal envisaged for such a restart would be safe and sustainable production from the Otjihase Concentrator of 10-12ktpa of copper in concentrate at C1 unit costs of below USD2/lb. Due to the large amount of underground access infrastructure in place plus the fact that the Otjihase concentrator is well maintained and capable of treating up to 800ktpa of ore, the capital expenditure required to deliver such an outcome is expected to be very low, and would likely rank as one of the lowest capital intensity copper production opportunities in the world. A robust and low-risk plan to develop the requisite underground mining skills is the key to unlocking this potential.

Weatherly has also entered into a Cooperation Agreement with the holder of the Ongombo prospecting license, a prospective copper deposit in close vicinity to the Otjihase mine and concentrator. The parties will initially share technical information on their respective projects. Previous holders of prospecting licenses over the Ongombo project reported JORC-compliant resources of 10.5Mt @ 1.6 per cent Cu in 2012, and the current holder has been conducting additional exploration work.

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

Financial Review

The purpose of this review is to provide a further analysis of the Group's consolidated 2016 results and the main factors that affected this financial performance. The Financial Review should be read in conjunction with the financial statements and associated notes.

During the year, the Group made a loss on ordinary activities after taxation of USD31.2 million (2015: loss of USD61.2 million). This loss was significantly attributable to impairment of the Group's investments, with a total USD15.68 million written down against Regalis Petroleum Limited, Verolube Inc. and Equus Petroleum Plc, and a charge of USD14.3 million against the evaluation and exploration assets of its 90 per cent owned Nimini Gold project in Sierra Leone. It should be noted that this headline figure is not necessarily indicative of a weakening financial performance as such variances are in the very nature of a natural resource investment company whose strategic focus extends beyond a single reporting year.

Basic loss per share for the year ended 30 June 2016 was USD10.64 cents (2015: basic loss per share of USD22.09 cents).

Focus sectors for our portfolio of investments in this reporting period centre largely on investments across the oil & gas, gold, and coal sectors. In the 2015/16 financial year, the Board has continued to support the on-going development of its key assets and acquired new investments.

In November 2015, Polo increased in its direct interest in Blackham Resources Limited, an Australian gold exploration company listed on the Australian Stock Exchange. Polo acquired 10,000,000 ordinary shares of Blackham for AUD2.1 million (approximately £980,000) or AUD0.21 per share, a 10.6 per cent discount from Blackham's closing share price on 18 November 2015, from Perfectus by way of issuing and allotting 25,016,484 new Polo ordinary shares at an agreed price of 3.92 pence per share to Perfectus Management Ltd, a 36.11 per cent premium to Polo's closing share price of 2.88 pence on 18 November 2015. Perfectus was at that time a 49 per cent owned associate of Polo.

In December 2015, Polo accepted, through its wholly owned subsidiary, Polo Investments Limited, a USD5 million cash subscription for 90 million new ordinary shares in Hibiscus Petroleum Berhad, a Main Market of Bursa Malaysia Securities Berhad listed company. The holding represented a strategic 8.4 per cent stake in the enlarged fully paid capital of Hibiscus and was acquired at a price MYR0.235 per share (settled in USD at an agreed rate of MYR/USD4.238), a 4.08 per cent discount to the Hibiscus closing price of MYR0.245 on 1 December 2015.

In May 2016, Polo entered into a secured S$5,000,000 nominal value 15 per cent redeemable convertible note (the "Note") with Universal Coal Resources Pte Ltd ("Universal"). Universal is a company incorporated in Singapore, which, in turn, had entered into a conditional agreement to acquire an indirect 75 per cent interest in PT Transcoal Minergy Coal Project ("TCM"), a company incorporated in Indonesia, from a Pan Asia Corporation Ltd. (ASX: PZC) subsidiary. The Note entitles Polo to convert the principal outstanding plus any accrued interest into not less than 20 per cent of the share capital of Universal as enlarged by such conversion at any time up to 18 months from drawdown, or earlier upon the receipt of approval in principle to list. The Note is repayable 18 months from draw-down unless previously converted. The Note is secured by TCM and underwritten by a personal guarantee and undertaking by Mr. Boelio Muliadi, an Indonesian national and major shareholder of Universal, guaranteeing the repayment by Universal of the principal amount and any accrued interest and undertaking to meet all the funding requirements of Universal and the TCM Coal Project for the proposed listing on or before 31 December 2017.

In June 2016, Polo gave notice to exercise its right to purchase a further 49 per cent of Perfectus, taking its interest therein to 98 per cent, for AUD3.0 million satisfied by the issue of 9,832,358 new ordinary shares in Polo ("Consideration Shares") at the price agreed in 2014 of 15 pence per share. At 7 June 2016 closing price of 4.00 pence, the Consideration Shares have a value of approximately £393,000 or AUD800,000. Perfectus owns 5,888,495 ordinary shares (approximately 2.3 per cent.) in Blackham's issued fully paid ordinary share capital. Polo directly holds a further 14,761,905 (approximately 5.83 per cent) Blackham ordinary shares.

The Board of Polo is still sensitive to the impact of current market sentiment towards junior exploration-stage resource companies and of the correction in the prices of many commodities, such as gold, copper and oil during the reporting period under review. Whilst these factors have combined to create a difficult operating environment across the board for junior resource companies, Polo's strategy of developing a broad-based portfolio of projects and investments capable of delivering positive shareholder returns has enabled the Company to retain the financial flexibility to optimise asset value over the medium and longer-terms.

Financial Position

The Directors have reviewed the Group's budgets for 2017, as well as longer-term financial cash flow projections and have considered a range of different scenarios together with their associated risks and uncertainties, and the impact of these scenarios on the Group's cash balances. Additionally, the Directors have assessed the likelihood of future funding requirements. Based on these activities, the Directors are satisfied that the Group maintains a healthy financial position from the date of the signing of these financial statements, enabling Polo to take a flexible approach to the acquisition and disposal of investments.

As at 9 December 2016, the Group had a net position of cash, receivables and short term investments of USD20.29 million (30 June 2016: USD20.83 million). Listed and unlisted investments at marked to market value, cost and valuation amounted to USD39.93 million (30 June 2016: USD34.93 million). The combined total of cash, receivables, payables, listed and unlisted investments was USD56.97 million as of 9 December 2016 (30 June 2016: USD52.52 million) which is equivalent to a Net Asset value of approximately 14.46 pence per Polo share (30 June 2016: 12.57 pence per share).

Outlook

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

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

Datuk Michael Tang, PJN
Executive Chairman
19 December 2016

Management and Leadership

Good governance ensures that the highest standards are maintained across all aspects of the Company's operations. The commitment to responsible governance begins at Board level and flows throughout the Polo Resources operation.

Datuk Michael Tang, PJN (aged 43)

Executive Chairman

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

Kian Meng Cheah (aged 43)

Senior Non-Executive Director

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

Gary Lye (aged 63)

Non-Executive Director

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

Forward-looking Statements

Certain statements in this report are ‘‘Forward Looking statements’’. These statements are not based on historical facts, but rather on the management’s expectations regarding the Company’s future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, planned exploration and development drilling activity and the results of such drilling activity, business prospects and opportunities. Such Forward Looking statements reflect management’s current beliefs and assumptions and are based on information currently available to management.

Forward-looking statements involve significant known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including risks associated with vulnerability to general economic market and business conditions, competition, environmental and other regulatory changes, the results of exploration and development drilling and related activities, actions by governmental authorities, the availability of capital markets, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond the control of the Company. Although the forward-looking statements contained in this Document are based upon what management believes to be reasonable assumptions the Company cannot assure investors that actual results will be consistent with these forward-looking statements.

This Annual Report contains inside information as defined in Article 7 of the EU Market Abuse Regulation No 596/2014 and has been announced in accordance with the Company's obligations under Article 17 of that Regulation.

Group Financial Statements

For the year ending 30 June 2016

Contents

Directors' Report

The Directors are pleased to present this year's Annual Report together with the group financial statements for the year ended 30 June 2016.

Principal Activity

The principal activity of the Group is that of a natural resources investment company focused on investing in undervalued companies and projects with strong fundamentals and attractive growth prospects. Polo aims to build a diversified portfolio of mineral and hydrocarbon assets which the Board of Directors consider as offering substantial growth potential, pursuing both short and long-term value enhancing investments.

Business Review and Future Developments

A review of the current and future development of the Group's business is given in the Chairman's Statement, Strategic Report and Finance Review on pages 4 to 15.

Results and Dividends

Loss on ordinary activities of the Group after taxation amounted to US$31.2million (2015: Loss US$61.2million). The Directors do not recommend payment of a dividend in respect of the financial year under review.

Key Performance Indicators

Given the nature of the business the Directors are of the opinion that analysis using KPIs is not appropriate for an understanding of the development, performance or position of the business at this time.

Events after the end of the reporting period

At the date these financial statements were approved, being 19 December 2016, the Directors were not aware of any significant events after the end of the reporting period, other than those set out in the notes to the financial statements.

Directors

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

Executive Directors
Michael Tang

Non-Executive Directors
Kian Meng Cheah
Gary Lye

Directors' Remuneration

The Company remunerates the Directors at a level commensurate with the size of the Company and the experience of its Directors. The Remuneration Committee has reviewed the Directors' remuneration and believes it upholds the objectives of the Company with regard to this issue. Details of the Directors' emoluments and payments made for professional services rendered are set out in Note 8 to the financial statements.

Directors' Interests

The total beneficial interests of the serving Directors in the shares and options of the Company during the year to 30 June 2016 were as follows:

	30 June 2016		**30 June 2015**	
Director	Shares	Options*	Shares	Options*
Michael Tang	39,218,775	4,000,000	39,218,775	6,000,000
Kian Meng Cheah	-	-	-	-
Gary Lye	-	-	-	-

* The option details have been fully disclosed in Note 19 to the financial statements.

Directors' Report (continued)

Corporate Governance

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

Environmental Responsibility

The Company is aware of the potential impact that activities conducted by it and some of its subsidiary companies may have on the environment. The Company ensures that it, and its subsidiaries at a minimum, comply with the local regulatory requirements and the revised Equator Principles with regard to the environment.

Employment Policies

The Group is committed to promoting policies which ensure that high calibre employees and consultants are attracted, retained and motivated to ensure the ongoing success for the business. Employees and those who seek to work within the Group are treated equally regardless of sex, marital status, creed, colour, race or ethnic origin.

Health and Safety

The Group aims to achieve and maintain a high standard of workplace safety. In order to achieve this objective, the Group provides ongoing training and support to employees and set demanding standards for workplace safety.

Payment to Suppliers

The Group's policy is to agree terms and conditions with suppliers in advance; payment is then made in accordance with the agreement provided the supplier has met the terms and conditions. Suppliers are typically paid within 30 days of issue of invoice.

Political Contributions and Charitable Donations

During the year the Group did not make any political contributions or charitable donations.

Annual General Meeting ("AGM")

This report and financial statements will be presented to shareholders for their approval at the AGM. The Notice of the AGM will be distributed to shareholders together with the Annual Report.

Statement of Disclosure of Information to Auditors

As at the date of this report the serving Directors confirm that:

- So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

A resolution to re-appoint Chapman Davis LLP and to authorise the Directors to fix their remuneration will be proposed at the next Annual General Meeting.

Going Concern

The Directors note the losses that the Group and Company have made for the Year Ended 30 June 2016. The Directors have prepared cash flow forecasts for the period ending 31 December 2017 which take account of the current cost and operational structure of the Group.

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

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

Statement of Directors' Responsibilities

The Directors prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that year. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are also responsible for ensuring that the Annual Report includes information required by AIM, the market of that name operated by The London Stock Exchange.

Electronic Communication

The maintenance and integrity of the Company's website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The Company's website is maintained in accordance with AIM Rule 26.

Legislation in the British Virgin Islands governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

By order of Board:

Datuk Michael Tang, PJN
Executive Chairman
19 December 2016

Corporate Governance Statement

The Board is committed to maintaining high standards of corporate governance. The Listing Rules of the Financial Services Authority incorporate the UK Corporate Governance Code (formerly the Combined Code), which sets out the principles of Good Governance, and the Code of Best Practice for listed companies. Whilst the Company is not required to comply with the UK Corporate Governance Code ("UK Code"), the Company's corporate governance procedures take due regard of the principles of Good Governance set out in the UK Code in relation to the size and the stage of development of the Company.

Board of Directors

The Board of Directors currently comprises one Executive Director, whom is the Chairman, and two Non-Executive Directors. The Directors are of the opinion that the Board currently comprises a suitable balance and that the recommendations of the UK Code have been implemented to an appropriate level. The Board maintains regular contact with its advisers and public relations consultants in order to ensure that the Board develops an understanding of the views of major shareholders about the Company.

Board Meetings

The Board meets regularly throughout the year. For the year ending 30 June 2016 the full Board met formally seven times in relation to normal operational matters and several additional occasions informally. The Board is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operating performance. Day to day management is devolved to the Executive Directors who are charged with consulting the Board on all significant financial and operational matters.

All Directors have access to the advice of the Company's solicitors and other professional advisers as necessary and information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively. All Directors have access to independent professional advice, at the Company's expense, as and when required.

Board Committees

The Board has established the following committees, each of which has its own terms of reference:

Audit Committee

The Audit Committee considers the Group's financial reporting (including accounting policies) and internal financial controls. The Audit Committee comprises the Executive Director, and one Non-Executive Director; Kian Meng Cheah (Chairman), and Michael Tang and are responsible for ensuring that the financial performance of the Group is properly monitored and reported on.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board in respect of Directors' and senior executives' remuneration. It comprises the Executive Director and one Non-Executive Director; Kian Meng Cheah (Chairman), and Michael Tang. Non-Executive Directors' remuneration and conditions are considered and agreed by the Board. Financial packages for Executive Directors are established by reference to those prevailing in the employment market for executives of equivalent status both in terms of level of responsibility of the position and their achievements and of recognised job qualifications and skills. The Committee will also have regard to the terms which may be required to attract an equivalent experienced executive to join the Board from another company.

Internal Controls

The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Company and to ensure the reliability of financial information for both internal use and external publication. The Directors are aware that no system can provide absolute assurance against material misstatement or loss. However, in the interest of the further development of the Company, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Risk Management

The Board considers risk assessment to be important in achieving its strategic objectives. There is a process of evaluation of performance targets through regular reviews by senior management to budgets and forecasts. Project milestones and timelines are regularly reviewed.

Risks and Uncertainties

The principal risks facing the Company are set out below. Risk assessment and evaluation is an essential part of the Group's planning and an important aspect of the Group's internal control system.

General and Economic Risks

- contractions in the world's major economies or increases in the rate of inflation resulting from international conditions;
- movements in the equity and share markets in the United Kingdom and throughout the world;
- weakness in global equity and share markets in particular, in the United Kingdom, and adverse changes in market sentiment towards the natural resource industry;
- currency exchange rate fluctuations and, in particular, the relative prices of US Dollar, Australian Dollar, Canadian Dollar, Singapore Dollar and the UK Pound;
- exposure to interest rate fluctuations; and
- adverse changes in factors affecting the success of exploration and development operations, such as increases in expenses, changes in government policy and further regulation of the industry; unforeseen major failure, breakdowns or repairs required to key items of plant and equipment resulting in significant delays, notwithstanding regular programmes of repair, maintenance and upkeep; variations in grades and unforeseen adverse geological factors or prolonged weather conditions.

Funding Risk

- The Group or the companies in which it has invested may not be able to raise, either by debt or further equity, sufficient funds to enable completion of planned exploration, investment and/or development projects.

Commodity Risk

- Commodities are subject to high levels of volatility in price and demand. The price of commodities depends on a wide range of factors, most of which are outside the control of the Company. Mining, processing and transportation costs also depend on many factors, including commodity prices, capital and operating costs in relation to any operational site.

Exploration and Development Risks (relating to investments)

- Exploration and development activity is subject to numerous risks, including failure to achieve estimated mineral resource, recovery and production rates and capital and operating costs.
- Success in identifying economically recoverable reserves can never be guaranteed. The Company also cannot guarantee that the companies in which it has invested will be able to obtain the necessary permits and approvals required for development of their projects.
- Some of the countries in which the Company operates have native title laws which could affect exploration and development activities. The companies in which the Company has an interest may be required to undertake clean-up programmes on any contamination from their operations or to participate in site rehabilitation programmes which may vary from country to country. The Group's policy is to follow all applicable laws and regulations and the Company is not currently aware of any material issues in this regard.
- Timely approval of mining permits and operating plans through the respective regulatory agencies cannot be guaranteed.
- Availability of skilled workers is an ongoing challenge.
- Geology is always a potential risk in mining activities.

Market Risk

- The ability of the Group (and the companies it invests in) to continue to secure sufficient and profitable sales contracts to support its operations is a key business risk.

Corporate Governance Statement (continued)

Insurance

The Group maintains insurance in respect of its Directors and Officers against liabilities in relation to the Company.

Treasury Policy

The Group finances its operations through equity and holds its cash as a liquid resource to fund the obligations of the Group and take advantage of opportunities as they arise. Decisions regarding the management of these assets are approved by the Board. Refer Note 21.

Securities Trading

The Board has adopted a Share Dealing Code that applies to Directors, senior management and any employee who may be in possession of 'inside information'. All such persons are prohibited from trading in the Company's securities if they are in possession of 'inside information'. Subject to this condition and trading prohibitions applying to certain periods, trading can occur provided the relevant individual has received the appropriate prescribed clearance.

Relations with Shareholders

The Board is committed to providing effective communication with the shareholders of the Company. Significant developments are disseminated through stock exchange announcements and regular updates of the Company website. The Board views the AGM as a forum for communication between the Company and its shareholders and encourages their participation in its agenda.

Independent Auditors' Report to the Shareholders of Polo Resources Limited

We have audited the Group and parent company financial statements of Polo Resources Limited for the year ended 30 June 2016, which comprise the Group and Parent Statements of Comprehensive Income, the Group and Parent Statements of Financial Position, Group and Parent Statements of Cash Flows, Group and Parent Statements of Changes in Equity, and the related notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body in accordance with our terms of engagement. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out in the Directors' Report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2016 and of the Group's and the Parent Company's loss and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the financial statements have been prepared in accordance with Article 4 of the IAS Regulation. and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following where we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Chapman Davis LLP
Registered Auditors
London, United Kingdom
19 December 2016

Group Statement of Comprehensive Income

For the year ended 30 June 2016

	Notes	**Year ended 30 June 2016 $ 000's**	Year ended 30 June 2015 $ 000's
Gain on sale of investments		**25**	484
Investment income	**5**	**900**	134
Impairment of AFS investments	**15**	**(15,685)**	(9,127)
Impairment of associates	**14**	**-**	(45,495)
Administrative & Exploration expenses		**(2,917)**	(1,781)
Share options expensed	**8, 19**	**(727)**	(290)
Expensed exploration costs		**(1,275)**	(1,500)
Impairment of exploration and evaluation costs	**12**	**(13,000)**	(2,000)
Group operating (loss)	**3**	**(32,679)**	(59,575)
Share of associates results	**14**	**(822)**	(1,902)
Negative goodwill written-off	**24**	**1,615**	-
Finance revenue	**7**	**692**	140
Other income	**6**	**37**	156
(Loss) before taxation	**2**	**(31,157)**	(61,181)
Income tax expense	**9**	**-**	-
Retained (loss) for the year		**(31,157)**	(61,181)
Other comprehensive income			
Gain/(loss) on market value revaluation of available for sale investments		**2,289**	(5,544)
Currency translation differences		**(162)**	(165)
Other comprehensive income for the year net of taxation		**2,127**	(5,709)
Total comprehensive income for the year		**(29,030)**	(66,890)
Retained (loss) for the year attributable to:			
Equity holders of the parent		**(29,723)**	(60,824)
Non-controlling interests		**(1,434)**	(357)
		(31,157)	(61,181)
Total comprehensive income for the year attributable to:			
Equity holders of the parent		**(27,596)**	(66,533)
Non-controlling interests		**(1,434)**	(357)
		(29,030)	(66,890)
(Loss) per share (US cents)			
Basic	**11**	**(10.64)**	(22.09)
Diluted	**11**	**(10.49)**	(20.50)

Company Statement of Comprehensive Income

For the year ended 30 June 2016

	Notes	Year ended 30 June 2016 $ 000's	Year ended 30 June 2015 $ 000's
Administrative expenses		**(2,917)**	(1,707)
Share options expensed	**8, 19**	**(727)**	(290)
Provision on loan to subsidiary	**16**	**(44,931)**	(51,000)
Operating (loss)	**3**	**(48,575)**	(52,997)
Finance revenue	**7**	**138**	140
Other income	**6**	**-**	184
(Loss) before taxation		**(48,437)**	(52,673)
Income tax expense	**9**	**-**	-
Retained (loss) after taxation		**(48,437)**	(52,673)
Other comprehensive income			
Currency translation differences		**(228)**	(341)
Other comprehensive income for the year net of taxation		**(228)**	(341)
Total comprehensive income for the year		**(48,665)**	(53,014)

Strategic Report

Corporate Govenanace

Financial Statements

Group Statement of Financial Position

As at 30 June 2016

	Note	30 June 2016 $ 000's	$ 000's	30 June 2015 $ 000's	$ 000's
ASSETS					
Non-current assets					
Tangible assets	**12**	**4,598**		17,844	
Interest in associates	**14**	**4,883**		14,591	
Available for sale investments	**15**	**25,452**		17,079	
Trade and other receivables	**16**	**3,603**		3,472	
Total non-current assets			**38,536**		52,986
Current assets					
Trade and other receivables	**16**	**2,449**		1,007	
Available for sale investments	**15**	**5,167**		4,755	
Cash and cash equivalents		**9,615**		21,550	
Total current assets			**17,231**		27,312
TOTAL ASSETS			**55,767**		80,298
LIABILITIES					
Current liabilities					
Trade and other payables	**17**	**(3,251)**		(3,250)	
TOTAL LIABILITIES			**(3,251)**		(3,250)
NET ASSETS			**52,516**		77,048
EQUITY					
Equity contribution	**18**	**306,714**		303,059	
Retained earnings		**(267,325)**		(239,834)	
Available for sale investment reserve		**(2,434)**		(4,723)	
Foreign exchange reserve		**17,686**		17,848	
Share based payments reserve	**19**	**908**		2,413	
			55,549		78,763
Non-controlling interest			**(3,033)**		(1,715)
TOTAL EQUITY			**52,516**		77,048

These financial statements were approved by the Board of Directors on 19 December 2016 and signed on its behalf by:

Datuk Michael Tang
EXECUTIVE CHAIRMAN

Kian Meng Cheah
NON-EXECUTIVE DIRECTOR

Company Statement of Financial Position

As at 30 June 2016

	Notes	30 June 2016 $ 000's	30 June 2016 $ 000's	30 June 2015 $ 000's	30 June 2015 $ 000's
ASSETS					
Non-current assets					
Investment in subsidiaries	**13**	**-**		-	
Trade and other receivables	**16**	**70,537**		103,618	
Total non-current assets			**70,537**		103,618
Current assets					
Trade and other receivables	**16**	**1,411**		856	
Available for sale of investments	**15**	**797**		797	
Cash and cash equivalents		**9,589**		21,451	
Total Current Assets			**11,797**		23,104
TOTAL ASSETS			**82,334**		126,722
LIABILITIES					
Current Liabilities					
Trade and other payables	**17**	**(188)**		(293)	
TOTAL LIABILITIES			**(188)**		(293)
NET ASSETS			**82,146**		126,429
EQUITY					
Equity contribution	**18**	**306,714**		303,059	
Retained earnings		**(229,217)**		(183,012)	
Foreign exchange reserve		**3,741**		3,969	
Share based payments reserve	**19**	**908**		2,413	
TOTAL EQUITY			**82,146**		126,429

These financial statements were approved by the Board of Directors on 19 December 2016 and signed on its behalf by:

Datuk Michael Tang
EXECUTIVE CHAIRMAN

Kian Meng Cheah
NON-EXECUTIVE DIRECTOR

Group Statement of Cash Flows

For the year ended 30 June 2016

	Notes	**Year ended 30 June 2016 $ 000's**	Year ended 30 June 2015 $ 000's
Cash flows from operating activities			
Operating (loss)		**(32,679)**	(59,575)
(Increase) in trade and other receivables		**(1,442)**	(734)
Increase/(decrease) in trade and other payables		**1**	(591)
(Increase) in available for sale investments		**(8,771)**	(5,488)
Foreign exchange (gain)/loss		**(5)**	1
Share options expensed		**727**	290
Impairment of AFS investments		**15,685**	9,127
Impairment of associates		**-**	45,495
Loss on sale of PPE		**-**	30
Depreciation & impairment		**13,731**	2,016
Net cash (outflow) from operating activities		**(12,753)**	(9,429)
Cash flows from investing activities			
Finance revenue		**692**	140
Other income		**37**	156
Taxation paid		**-**	-
Receipts/(Payments) from/to sale/purchase of tangible assets		**-**	86
Loan (advanced) to third party		**(131)**	(130)
Net cash inflow from investing activities		**598**	252
Cash flows from financing activities			
Issue of ordinary share capital		**-**	-
Net cash inflow from financing activities		**-**	-
Net (decrease) in cash and cash equivalents		**(12,155)**	(9,177)
Cash and cash equivalents at beginning of year		**21,550**	30,583
Exchange gain on cash and cash equivalents		**220**	144
Cash and cash equivalents at end of year	20	**9,615**	21,550

Company Statement of Cash Flows

For the year ended 30 June 2016

	Notes	Year ended 30 June 2016 $ 000's	Year ended 30 June 2015 $ 000's
Cash flows from operating activities			
Operating (loss)		**(48,575)**	(52,997)
(Increase) in trade and other receivables		**(555)**	(362)
(Decrease) in trade and other payables		**(105)**	(477)
Share options expensed		**727**	290
Provision on loan to subsidiary		**44,931**	51,000
Foreign exchange (gain)/loss		**(13)**	1
Net cash (outflow) from operating activities		**(3,590)**	(2,545)
Cash flows from investing activities			
Finance revenue		**138**	140
Other income		**-**	184
Loans (advanced) to subsidiaries		**(8,063)**	(6,308)
Loan (advanced) to third party		**(131)**	(130)
Net cash (outflow) from investing activities		**(8,056)**	(6,114)
Cash flows from financing activities			
Issue of ordinary share capital		**-**	-
Net cash inflow from financing activities		**-**	-
Net (decrease) in cash and cash equivalents		**(11,646)**	(8,659)
Cash and cash equivalents at beginning of year		**21,451**	30,452
Exchange (loss) on cash and cash equivalents		**(216)**	(342)
Cash and cash equivalents at end of year	**20**	**9,589**	21,451

Group Statement of Changes in Equity

For the year ended 30 June 2016

Group	Equity contribution	Available for sale investment reserve	Foreign currency translation reserve	Share based payment reserve	Retained earnings	Total	Non-controlling interest	Total equity
	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's
As at 1 July 2014	**303,059**	**821**	**18,013**	**2,123**	**(179,010)**	**145,006**	**(1,358)**	**143,648**
(Loss) for the year	-	-	-	-	(60,824)	**(60,824)**	**(357)**	**(61,181)**
(Loss) on market value revaluation of available for sale investments	-	(5,544)	-	-	-	**(5,544)**	**-**	**(5,544)**
Currency translation differences	-	-	(165)	-	-	**(165)**	**-**	**(165)**
Total comprehensive income	**-**	**(5,544)**	**(165)**	**-**	**(60,824)**	**(66,533)**	**(357)**	**(66,890)**
Share based payments	-	-	-	290	-	**290**	**-**	**290**
Shares issued	-	-	-	-	-	**-**	**-**	**-**
Total contributions by and distributions to owners of the Company	-	-	-	290	-	**290**	**-**	**290**
As at 30 June 2015	**303,059**	**(4,723)**	**17,848**	**2,413**	**(239,834)**	**78,763**	**(1,715)**	**77,048**
(Loss) for the year	-	-	-	-	(29,723)	**(29,723)**	**(1,434)**	**(31,157)**
Gain on market value revaluation of available for sale investments	-	2,289	-	-	-	**2,289**	**-**	**2,289**
Currency translation differences	-	-	(162)	-	-	**(162)**	**-**	**(162)**
Total comprehensive income	**-**	**2,289**	**(162)**	**-**	**(29,723)**	**(27,596)**	**(1,434)**	**(29,030)**
Share based payments	-	-	-	727	-	**727**	**-**	**727**
Share options expired	-	-	-	(2,232)	2,232	**-**	**-**	**-**
Shares issued	3,655	-	-	-	-	**3,655**	**-**	**3,655**
Total contributions by and distributions to owners of the Company	3,655	-	-	(1,505)	2,232	**4,382**	**-**	**4,382**
Non-controlling interest arising on business combination	-	-	-	-	-	**-**	**116**	**116**
As at 30 June 2016	**306,714**	**(2,434)**	**17,686**	**908**	**(267,325)**	**55,549**	**(3,033)**	**52,516**

Company Statement of Changes in Equity

For the year ended 30 June 2016

	Equity contribution	Foreign exchange reserve	Share based payment reserve	Retained earnings	Total equity
Company	**$ 000's**	**$ 000's**	**$ 000's**	**$ 000's**	**$ 000's**
As at 1 July 2014	**303,059**	**4,310**	**2,123**	**(130,339)**	**179,153**
(Loss) for the year	-	-	-	(52,673)	**(52,673)**
Currency translation differences	-	(341)	-	-	**(341)**
Total comprehensive income	**-**	**(341)**	**-**	**(52,673)**	**(53,014)**
Share based payments	-	-	290	-	**290**
Shares issued	-	-	-	-	**-**
Total contributions by and distributions to owners of the Company	-	-	290	-	**290**
As at 30 June 2015	**303,059**	**3,969**	**2,413**	**(183,012)**	**126,429**
(Loss) for the year	-	-	-	(48,437)	**(48,437)**
Currency translation differences	-	(228)	-	-	**(228)**
Total comprehensive income	**-**	**(228)**	**-**	**(48,437)**	**(48,665)**
Share based payments	-	-	727	-	**727**
Share options expired	-	-	(2,232)	2,232	**-**
Shares issued	3,655	-	-	-	**3,655**
Total contributions by and distributions to owners of the Company	**3,655**	**-**	**(2,232)**	**2,232**	**4,382**
As at 30 June 2016	**306,714**	**3,741**	**908**	**(229,217)**	**82,146**

Strategic Report

Corporate Govenanace

Financial Statements

Notes to the Financial Statements

For the year ended 30 June 2016

1 Summary of Significant Accounting Policies

(a) Authorisation of financial statements

The Group financial statements of Polo Resources Limited for the year ended 30 June 2016 were authorised for issue by the Board on 19 December 2016 and the balance sheets signed on the Board's behalf by Michael Tang and Kian Meng Cheah. The Company is registered in the British Virgin Islands under the BVI Business Companies Act 2004 with registered number 1406187. The Company's Ordinary Shares are traded on the AIM, the market of that name operated by the London Stock Exchange.

(b) Statement of compliance with IFRS

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Company's and Subsidiaries' financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB).

Future changes in accounting policies

IASB (International Accounting Standards Board) and IFRIC (International Financial Reporting Interpretations Committee) have issued the following standards and interpretations with an effective date after the date of these financial statements. Their adoption is not expected to have a material effect on the financial statements.

New/Revised International Financial Reporting Standards (IAS/IFRS)	**Effective date** (accounting periods commencing on or after)
IFRS 11 Joint Arrangements	1 January 2016
IFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to IAS 1, 16, 27, 28, 38, 41	1 January 2016
Amendments to IFRS9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2017
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016

(c) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for the measurement to fair value of assets and financial instruments as described in the accounting policies below.

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

The financial statements have been prepared on a going concern basis, notwithstanding the loss for the year ended 30 June 2016. This basis assumes that the Group will have sufficient funding to enable it to continue to operate for the foreseeable future and the Directors have taken steps to ensure that they believe that the going concern basis of preparation remains appropriate.

The Group made a loss for the year of $31,157,000 after taxation. The Group had net assets of $52,516,000 and cash balances of $9,615,000 at 30 June 2016. The Directors have prepared financial forecasts which cover a period of at least 12 months from date that these financial statements are approved. These forecasts show that the Group expects to have sufficient financial resources to continue to operate as a going concern.

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

(d) Basis of consolidation

The consolidated financial information incorporates the results of the Company and its subsidiaries (the "Group") using the purchase method. In the consolidated statement of financial position, the acquiree's identifiable assets and liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained. Inter-company transactions and balances between Group companies are eliminated in full.

(e) Business combinations

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are taken into consideration when assessing whether the group controls another entity. The Group also assesses existence of control where it does not have more than 50 per cent of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, for example the reappointment of directors in general meeting etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(f) Interest in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associates, less any impairment in the value of individual investments. Losses of the associates in excess of the Group's interest in those associates are not recognised unless the Group has an obligation to fund such losses.

Where a Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

(g) Goodwill and intangible assets

Intangible assets are recorded at cost less eventual amortisation and provision for impairment in value. Goodwill on consolidation is capitalised and shown within fixed assets. Positive goodwill is subject to an annual impairment review, and negative goodwill is immediately written-off to the income statement when it arises.

(h) Revenue

The Groups' principal income was derived from investment activities during the year ending 30 June 2016.

(i) Foreign currencies

The Company's functional currency is US Dollar ($). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. As at the reporting date the assets and liabilities of these subsidiaries are translated into the presentation currency of Polo Resources Limited, which is US Dollar ($), at the rate of exchange ruling at the balance sheet date and their income statements are translated at the average exchange rate for the year. The exchange differences arising on the translation are taken directly to a separate component of equity.

All other differences are taken to the income statement with the exception of differences on foreign currency borrowings, which, to the extent that they are used to finance or provide a hedge against foreign equity investments, are taken directly to reserves to the extent of the exchange difference arising on the net investment in these enterprises. Tax charges or credits that are directly and solely attributable to such exchange differences are also taken to reserves.

(j) Significant accounting judgments, estimates and assumptions

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Impairment of goodwill and intangibles with indefinite useful lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated.

(ii) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model.

(k) Finance costs/revenue

Borrowing costs are recognised as an expense when incurred.

Finance revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(l) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in-hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(m) Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(n) Available for sale Investments

Equity investments other than subsidiaries, associates and joint ventures are classified as available-for-sale investments. They are carried at fair value, where this can be reliably measured, with movements in fair value recognised directly in the available-for-sale reserve. Where the fair value cannot be reliably measured, the investment is carried at cost.

Any impairment losses in equity investments classified as available-for-sale investments are recognised in the income statement and are not reversible through the income statement, and are determined with reference to the closing market share price at the balance sheet date. Any subsequent increase in the fair value of the available-for-sale investment above the impaired value will be recognised within the available-for-sale reserve.

Available-for-sale investments are included within non-current assets unless the carrying value is expected to be recovered principally through sale rather than continuing use, in which case they are included within current assets. On disposal, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had previously been recognised directly in reserves is recognised in the income statement.

Income from available-for-sale investments is accounted for in the income statement on an accruals basis.

(o) Financial instruments

The Group's financial instruments, other than its investments, comprise cash and items arising directly from its operation such as trade debtors and trade creditors. The Group has held active overseas subsidiaries in BVI, Guernsey and Sierra Leone whose expenses are denominated in US Dollars, and Leone. Market price risk is inherent in the Group's activities and is accepted as such.

There is no material difference between the book value and fair value of the Group's cash.

(p) Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the tax computations, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case it is also dealt with in equity.

(q) Equity contribution

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

(r) Available for sale investment reserve

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

(s) Share based payments reserve

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

(t) Foreign currency translation reserve

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

(u) Property, plant and equipment

General

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Land is measured at fair value less any impairment losses recognised after the date of revaluation.

Depreciation is provided on all tangible assets to write off the cost less estimated residual value of each asset over its expected useful economic life on a straight-line basis at the following annual rates:

- Land (including option costs) – Nil
- Plant and Equipment – between 5 per cent and 25 per cent

All assets are subject to annual impairment reviews.

Exploration and evaluation

Once a licence to explore an area has been secured, expenditures on exploration and evaluation activities are capitalised within property, plant and equipment.

The Company records its capitalised exploration and evaluation at cost. The capitalised cost is based on cash paid, the value of share consideration and exploration costs incurred. The recoverable values are not always readily determinable and are dependent on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

All costs related to the acquisition, exploration and evaluation of these interests are capitalised on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are moved into development or production, sold or management has determined there to be an impairment of the value.

Management reviews the carrying value of capitalised exploration and evaluation costs at least annually. In the case of undeveloped projects, there may be only inferred resources to form a basis for the impairment review. The review is based on a status report regarding the Company's intentions for development of the undeveloped property. In some cases, the undeveloped properties are regarded as successors to ore bodies currently in production. Where this is the case, it is intended that these will be developed and go into production when the current source of ore is exhausted or to replace the reduced output.

Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to mining interests within property, plant and equipment.

Mining interests

Mining interests represent capitalised expenditures related to the development of mining properties, acquisition costs, capitalised borrowing costs, expenditures related to exploration and evaluation transferred in and estimated site closure and reclamation costs.

Capitalised costs are depleted using the unit of production method over the estimated economic life of the mine to which they relate.

(u) Property, plant and equipment (continued)

Plant and equipment

Plant and equipment are recorded at cost less accumulated depreciation, depletion and impairment charges.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment.

Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalised. Any remaining book value associated with the component being replaced is derecognised upon its replacement. Directly attributable expenses incurred for major capital projects and site preparation are capitalised until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognised as a provision.

Depreciation

Mining interests are depreciated to estimated residual value using the unit-of-production method based on the estimated total recoverable ounces contained in proven and probable reserves at the related mine when the production level intended by management has been reached ("commencement of commercial production").

The production level intended by management is considered to be reached when operational commissioning of major mine and plant components is completed, operating results are being achieved consistently for a period of time and there are indicators that these operating results will be sustained. Other factors include one or more of the following:

- A significant utilisation rate of plant capacity has been achieved;
- A significant portion of available funding is directed towards operating activities;
- A pre-determined, reasonable period of time of stable operation has passed; and
- A development project significant to the primary business objective of the Company has been completed and significant milestones have been achieved.

Management reviews the estimated useful lives, residual values and depreciation methods of the Company's property, plant and equipment at the end of each reporting period and when events and circumstances indicate that such a review should be made. Changes to estimated useful lives, residual values or depreciation methods resulting from such review are accounted for prospectively.

Plant and equipment cost is depreciated, using the straight-line method over their estimated useful lives, if shorter than the mine life, otherwise they are depreciated on the unit-of-production basis.

Plant and equipment includes building, plant and equipment, vehicles, furniture and fixtures and computer equipment and their estimated useful lives ranges from 2.5 years to 10 years.

Assets under construction are depreciated when they are complete and available for their intended use, over their estimated useful lives.

(v) Impairment of assets

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

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2016

(v) Impairment of assets (continued)

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Income Statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(w) Trade and other payables

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

(x) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.The expense relating to any provision is presented in the income statement net of any reimbursement.

(y) Share-based payment transactions

(i) Equity settled transactions:

The Group provides benefits to employees (including senior executives) and consultants of the Group in the form of share-based payments, whereby employees and consultants render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Polo Resources Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees and consultants become fully entitled to the award (the vesting period).

The Income Statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 11).

(z) Earnings per share

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

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

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential Ordinary Shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential Ordinary Shares; divided by the weighted average number of Ordinary Shares and dilutive potential of Ordinary Shares, adjusted for any bonus element.

2 Segmental analysis - Group

Segment information is presented in respect of the Group's management and internal reporting structure. As currently the Group is not in production, there is no revenue being generated, and the main business segment is that of an investment group and corporate administrative entity.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

By geographical area

2016	**BVI/Parent**	**Americas**	**Oceania & Australasia**	**Africa**	**Europe**	**Total**
	$ 000's	**$ 000's**	**$ 000's**	**$ 000's**	**$ 000's**	**$ 000's**
Result						
Operating (loss)	(18,341)	-	-	(14,338)	-	**(32,679)**
Share of associates results	-	-	120	(511)	(431)	**(822)**
Negative goodwill writte-off	-	-	1,615	-	-	**1,615**
Other income	37	-	-	-	-	**37**
Finance revenue	692	-	-	-	-	**692**
Profit/(loss) before taxation	(17,612)	-	1,735	(14,849)	(431)	**(31,157)**
Other information						
Depreciation and amortisation	-	-	-	33	-	**33**
Assets						
Segment assets	10,002	5,358	11,137	6,195	7,408	**40,100**
Financial assets	5,104	-	928	20	-	**6,052**
Cash	9,588	-	-	27	-	**9,615**
Consolidated total assets	24,694	5,358	12,065	6,242	7,408	**55,767**
Liabilities						
Segment liabilities	-	-	-	-	-	**-**
Financial liabilities	188	-	8	3,055	-	**3,251**
Consolidated total liabilities	188	-	8	3,055	-	**3,251**

Notes to the Financial Statements (continued)

For the year ended 30 June 2016

2 Segmental analysis – Group (continued)

By geographical area

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

3 Operating (loss)	**2016**	**2016**	2015	2015
	Group	**Company**	Group	Company
Operating (loss) is arrived at after charging:	**$ 000's**	**$ 000's**	$ 000's	$ 000's
Auditors' remuneration – audit of Group and Company financial statements	**47**	**47**	71	71
Auditors' remuneration – audit of the Subsidiary financial statements	**63**	**-**	72	-
Directors' emoluments – fees and salaries	**826**	**826**	649	649
Directors' emoluments – share based payments	**727**	**727**	290	290
Currency exchange loss/(gain)	**(5)**	**(13)**	1	1
Loss on sale of PPE	**-**	**-**	30	-
Depreciation	**33**	**-**	16	-

Strategic Report

Corporate Govenanace

Financial Statements

4	**Employee information – Group**	**2016**	2015
	Staff Costs comprised:	**$ 000's**	$ 000's
	Wages and salaries (#)	**298**	383

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

Average Number of employees (excluding Directors)	**Number**	Number
Exploration	**23**	27
Administration	**2**	2
	25	29

5	**Investment income**	**2016 Group**	**2016 Company**	2015 Group	2015 Company
		$ 000's	**$ 000's**	$ 000's	$ 000's
	Dividend income on investments	**900**	**-**	134	-
		900	**-**	134	-

6	**Other income**	**2016 Group**	**2016 Company**	2015 Group	2015 Company
		$ 000's	**$ 000's**	$ 000's	$ 000's
	Consultancy fees	**37**	**-**	156	9
	Management fees	**-**	**-**	-	175
		37	**-**	156	184

7	**Finance revenue**	**2016 Group**	**2016 Company**	2015 Group	2015 Company
		$ 000's	**$ 000's**	$ 000's	$ 000's
	Loan interest receivable	**687**	**133**	134	134
	Bank interest receivable	**5**	**5**	6	6
		692	**138**	140	140

8 Directors' emoluments

Group

	2016	2015
	$ 000's	$ 000's
Directors' remuneration	**1,553**	939

2016	**Directors Fees $ 000's**	**Consultancy Fees $ 000's**	**Share Options Issued $ 000's**	**Total $ 000's**
Executive Directors				
Michael Tang (*)	9	582	727	**1,318**
Non-Executive Directors				
Cheah Kian Meng	9	-	-	**9**
Gary Lye	9	217	-	**226**
	27	**799**	**727**	**1,553**

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

(*) The amount for consultancy services was paid to a company in which Michael Tang has an interest.

No pension benefits are provided for any Director.

9 Taxation – Group	**2016**	2015
Analysis of charge in year	**$ 000's**	$ 000's
Tax on ordinary activities	**-**	-

As an International Business Group, the British Virgin Islands imposes no corporate taxes or capital gains tax. However the Group may be liable for taxes in the jurisdictions of the underlying investments.

No deferred tax asset, or any deferred tax liability has currently been recognised during the year under review. In Sierra Leone there are tax losses accrued to date. However, the tax losses can be carried forward for a maximum period of ten years after the commencement of commercial production; and the related deferred tax asset can be recognized if the Company generates sufficient taxable profits within the stipulated period.

10 Dividends

No dividends were paid in the year to 30 June 2016. (2015: US$: Nil).

11 Earnings per share

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

	2016	2015
(Loss) after taxation ($000's)	**(31,157)**	(61,181)
Weighted average number of Ordinary Shares used in calculating basic earnings per share (millions)	**292.93**	276.94
Basic (loss) earnings per share (expressed in US cents)	**(10.64)**	(22.09)
Weighted average number of Ordinary Shares used in calculating fully diluted earnings per share (millions)	**296.93**	298.44
Diluted (loss) earnings per share (expressed in US cents)	**(10.49)**	(20.50)

Strategic Report

Corporate Govenanace

Financial Statements

12 Tangible assets – Property, Plant & Equipment

	Group		
	Mining exploration & evaluation costs	**Property, plant & equipment**	**Total**
	$ 000's	**$ 000's**	**$ 000's**
Cost			
As at 1 July 2014	46,840	336	47,184
Additions	175	1	176
Disposals	-	(168)	(168)
As at 30 June 2015	**47,015**	**169**	**47,184**
As at 1 July 2015	47,015	169	47,184
Additions/re-classification	1,062	-	1,062
Disposals	-	-	-
As at 30 June 2016	**48,077**	**169**	**48,246**
Depreciation & Impairment			
As at 1 July 2014	27,255	119	27,374
Depreciation charge	-	16	16
Eliminated on disposal	-	(50)	(50)
Impairment provision	2,000	-	2,000
As at 30 June 2015	**29,255**	**85**	**29,340**
As at 1 July 2015	29,255	85	29,340
Depreciation charge	-	33	33
Exploration costs expensed	1,275	-	1,275
Impairment provision	13,000	-	13,000
As at 30 June 2016	**43,530**	**118**	**43,648**
Net Book Value			
As at 30 June 2016	**4,547**	**51**	**4,598**
As at 30 June 2015	17,760	84	17,844

12 **Tangible assets – Property, Plant & Equipment (continued)**

Impairment Reviews

As at 30 June 2016, a further impairment amounting to US$14.3m has been recognized against the Nimini ("Komahun") evaluation and exploration assets. The directors of Nimini Holdings Limited have instructed the Boards of their subsidiary companies in Sierra Leone to commence an orderly withdrawal from Sierra Leone and to transfer ownership, right and title to the technical database of the Project to Nimini Holdings Limited. The orderly withdrawal includes firstly the sale of vehicles and other movable assets and secondly envisages the termination of employment of all employees and staff with effect from 1 December 2016. Furthermore as detailed in Note 22, none of the licence renewal request have been paid by Nimini. The directors of Nimini believe they have recoverable assets in the form of technical data, and as such have written the value of costs relating to the exploration areas down accordingly.

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

13 Investment in subsidiaries

Shares in Group undertakings	2016	2015
Company	**$ 000's**	$ 000's
Cost		
At beginning of the year	-	-
Additions (see note 24)	-	-
As at 30 June	-	-

As at 30 June 2016, the Directors are of the opinion that the carrying value of the subsidiaries, represents at least their fair and recoverable values.

The parent company of the Group holds more than 50 per cent of the share capital of the following companies as at 30th June 2016:

Company	Country of Registration	Proportion held	Functional Currency	Nature of business
Direct				
Polo Investments Limited	Guernsey	100%	US$	Investment Company
Polo Gold Limited	BVI	100%	US$	Holding Company
Polo Direction Limited	BVI	100%	US$	Holding Company
Andina Gold Corporation	BVI	62%	US$	Holding Company
Indirect				
Via Polo Gold Limited:				
Nimini Holdings Limited	BVI	90%	US$	Holding Company
Via Nimini Holdings Limited:				
Nimini Mining Limited	Sierra Leone	90%	US$	Mining Company
Matatoka Mining Limited	Sierra Leone	90%	US$	Mining Company
Via Polo Investments Limited:				
Perfectus Management Limited	RMI	98%	US$	Investment Company

Andina Gold Corporation

The Joint Venture in Colombian gold explorer Andina Gold Corporation was terminated in the year ending 30 June 2012, following unacceptable delays in the registration of licences, resulting in a loss of US$2.2 million. There still remains a secured recoverable value of approximately US$800,000, whereby the Company had expected to receive 50 per cent within 12 months, and the remainder in the following year. The Company now holds 62 per cent of Andina resulting from a settlement agreement with its former joint venture partner. The amount of US$800,000 remains outstanding as at 30 June 2016, and the Company previously commenced action to recover the outstanding balance due through legal channels and as at the date of this report, there has been a Court Judgement in the Companies favour, and the Company now expects to receive full settlement within 12 months.

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

14 Interest in associates

	2016	2015
Group	**$ 000's**	$ 000's
At beginning of the year	**14,591**	59,462
Investments in associates – equity purchases	**2,166**	-
Capital distribution from associate	**(6,962)**	-
Re-classification to subsidiary (see note 24)	**(4,090)**	-
Re-classification from AFS investments	**-**	2,526
Share of associates' (loss)/profit for the year	**(822)**	(1,902)
Impairment charge (see below)	**-**	(45,495)
As at 30 June	**4,883**	14,591

The breakdown of the carrying values and fair values at 30 June 2016 of the Group's interest in listed and unlisted associates is as follows:

	Carrying Value	Fair Value
Non-current assets	**$ 000's**	**$ 000's**
GCM Resources Plc (listed)	**3,386**	**3,386**
Celamin Holdings NL (listed)	**1,497**	**1,497**
Signet Petroleum Limited (unlisted)	**-**	**-**
	4,883	**4,883**

Subsequent to the reporting date the market value of the investment in associates had increased significantly to US$10,267,000 as at 9 December 2016.

Impairment charge

The Directors have as at 30 June 2016 reviewed the carrying value of the Groups Associate Investments, and consequently on a review of available Market and/or Fair value's through the information available, assessed that there is no requirement to write down the carrying value of the Associate Companies in the current year:

	2016 Impairment Charge	2015 Impairment Charge
	$ 000's	$ 000's
GCM Resources Plc	-	24,877
Signet Petroleum Ltd	-	20,618
Total impairment charge	-	45,495

14 Interest in associates (continued)

Details of the Group associates at 30 June 2016 are as follows:

Name	Place of Incorporation	Proportion held	Date associate interest acquired	Reporting Date of associate	Principal activities
GCM Resources Plc	UK	27.83%	01/02/08	30/06/16	Coal exploration
Celamin Holdings NL	Australia	33.23%	18/12/14	30/06/16	Phosphate exploration
Signet NewCo Limited	BVI	50.00%	23/11/15	30/06/16	Holding Company
Signet Petroleum Namibia Limited	BVI	42.00%	27/02/14	30/06/16	Oil & Gas exploration
Signet Petroleum Nigeria Limited	BVI	42.00%	27/02/14	30/06/16	Oil & Gas exploration

Summarised financial information for the Group's associates, where made publicly available, as at 30 June 2016 is given below:

	For the year ended 30 June 2016			As at 30 June 2016	
	Revenue £ 000's	(Loss) £ 000's	Total comprehensive income £ 000's	Assets £ 000's	Liabilities £ 000's
GCM Resources Plc	-	(1,043)	-	38,746	(1,748)

The Company acquired a further 49% shareholding in Perfectus Management Ltd during the year, and accordingly this investment is now treated as a subsidiary undertaking, and has been transferred from associates, See note 24 in relation to the business combination effects of this acquisition.

15 Available-for-sale investments	2016		2015	
	Group	**Company**	Group	Company
Listed & Unlisted Investments	**$ 000's**	**$ 000's**	$ 000's	$ 000's
At beginning of the year	**21,834**	**797**	34,027	797
Acquired during the year	**17,425**	**-**	5,122	-
Disposals during the year	**(253)**	**-**	(602)	-
Realised gains on disposals	**25**	**-**	484	-
Re-classification to associate	**-**	**-**	(2,526)	-
Acquired on business combination (see note 24)	**4,984**	**-**	-	-
Impairment of unlisted investment (see below)	**(15,685)**	**-**	(9,127)	-
Movement in market value	**2,289**	**-**	(5,544)	-
At 30 June	**30,619**	**797**	21,834	797
The available-for-sale investments splits are as below;				
Non-current assets – listed	**14,792**	**-**	1,463	-
Non-current assets – unlisted	**10,660**	**-**	15,616	-
Current assets – listed	**4,370**	**-**	3,958	-
Current assets – unlisted	**797**	**797**	797	797
	30,619	**797**	21,834	797

Available-for-sale investments comprise investments in unlisted and listed securities which are traded on stock markets throughout the world, and are held by the Group as a mix of strategic and short term investments. Subsequent to the reporting date the market value of the available-for-sale investments has increased to US$32,310,000 as at 9 December 2016.

Impairment of unlisted investments

The Directors have as at 30 June 2016 reviewed the carrying value of the Groups Unlisted Investments, and consequently on a review of available Fair value's through the information available, written down the carrying value of the following Unlisted Company Investments:

	2016 Impairment Charge $ 000's	2015 Impairment Charge $ 000's
Regalis Petroleum Ltd	**14,738**	-
Verolube Inc.	**450**	-
Equus Petroleum Ltd	**497**	2,495
Ironstone Resources Ltd	**-**	6,632
Total impairment charge	**15,685**	9,127

16	Trade and other receivables	2016		2015	
		Group **$ 000's**	**Company** **$ 000's**	Group $ 000's	Company $ 000's
	Current trade and other receivables				
	Other debtors	**2,082**	**1,060**	811	206
	Loan due from Associate	**134**	**134**	-	-
	Prepayments	**233**	**217**	196	125
	Accrued income	**-**	**-**	-	525
	Total	**2,449**	**1,411**	1,007	856
	Non-Current trade and other receivables				
	Loans due from subsidiaries	**-**	**162,865**	-	151,146
	Provision in respect of subsidiaries loans	**-**	**(95,931)**	-	(51,000)
	Net due from subsidiaries	**-**	**66,934**	-	100,146
	Other loans	**3,603**	**3,603**	3,472	3,472
		3,603	**70,537**	3,472	103,618

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

Subsidiary Loan Provisions

As at 30 June 2016, the Directors again assessed the carrying values of the Parent Company loans to its subsidiaries. As a result of the decision to cease activities in Sierra Leone as detailed in the Strategic Review, the Directors have determined a provision of US$44.9 million is required against the loans to Polo Gold Limited and Nimini Holdings Ltd. This provision writes the loans down to an estimated recoverable value of US$5million.

As at 30 June 2015, the Directors assessed the carrying value of the Parent Company loans to its subsidiaries. As a result of the fall in market values and impairment charges of Polo Investment Ltd's portfolio of investments, the Directors considered it necessary to provide against the loan to this subsidiary on the basis of a significant doubt of recovering the full amount of the loan at this time. The directors considered an approximate 50 per cent provision of US$51million against the loan was deemed appropriate and necessary, this was further considered in the current year and the Directors no further provision was required in respect of the loan to Polo Investments Ltd.

17	Trade and other payables	2016		2015	
		Group	**Company**	Group	Company
		$ 000's	**$ 000's**	$ 000's	$ 000's
	Current trade and other payables:				
	Trade creditors	**82**	**42**	208	137
	Other loan	**2,905**	**-**	2,793	-
	Accruals	**264**	**146**	249	156
		3,251	**188**	3,250	293

18 Share capital

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

Called up, allotted, issued and fully paid	Number of shares	Nominal value $000's
As at 1 July 2014	**276,940,309**	**-**
No shares issued during the year.	-	-
As at 30 June 2015	**276,940,309**	**-**
On 18 November 2015, shares issued for non-cash consideration, on acquisition of Blackham Resources Ltd from Perfectus Management Limited, issued at a price of 3.9pence per share.	25,016,484	-
On 9 June 2016, shares issued for non-cash consideration on acquisition of 49% shareholding in Perfectus Management Ltd, issued at a price of 15pence per share	9,832,358	-
As at 30 June 2016	**311,789,151**	**-**

There were 34,848,842 shares issued during the year ended 30 June 2016 (2015: nil shares issued). There were no shares cancelled during the year ended 30 June 2016 (2015: no shares cancelled).

Total share options in issue

During the year ended 30 June 2016, the Company granted no further options over Ordinary Shares. (2015: Nil options issued)

As at 30 June 2016 the unexercised options in issue were;

Exercise Price	Expiry Date	Options in Issue 30 June 2016
25p	13 May 2018	4,000,000
		4,000,000

17,500,000 options lapsed and no options were exercised during the year to 30 June 2016 (2015: no options cancelled nor exercised). No options were cancelled during the year ended 30 June 2016 (2015: no options).

Total warrants in issue

During the year ended 30 June 2016, the Company granted no warrants to subscribe for Ordinary Shares. (2015: Nil). No warrants were exercised during the year to 30 June 2016 (2015: Nil), and no warrants lapsed during the year ended 30 June 2016. (2015: Nil).

As at 30 June 2016 no warrants were in issue (2015: Nil).

19 Share Based Payments

Under IFRS 2 'Share Based Payments', the Company determines the fair value of options issued to Directors and Employees as remuneration and Consultants as consideration and recognises the amount as an expense in the income statement with a corresponding increase in equity.

The following options were in issue and charged during the year ended 30 June 2016 according to their vesting period, all other options in issue, had been charged in previous years:

Name	Date Granted	Date Vested	Number	Exercise Price (pence)	Expiry Date	Fair Value at Grant Date (cents)
Michael Tang	14/05/2013	**See 1 below**	6,000,000	25p	13/05/2018	14.50
Expired options		**See 1 below**	(2,000,000)			
Totals			**4,000,000**			

1. The above share options shall vest in equal instalments annually on the anniversary of the grant date over a 3 year period, these options are now fully vested. The options are exercisable at any time after vesting during the grantees' period as an eligible option holder, and must be exercised no later than 24 months after the date on which each tranche of options respectively vested, after which the relevant tranche of options will lapse. Under certain performance conditions, any unvested options will vest immediately on the performance conditions being met.

The fair value of the options granted and vested during the year ended 30 June 2016 amounted to US$0.727 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. As a result of the expiry of 17.5million options during the year, the amount of US$2.232million was transferred to retained earnings by way of a reserve transfer from the share option reserve.

The following table lists the inputs to the models used for the year ended 30 June 2016:

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

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

20 Analysis of changes in net funds

	2016		2015	
	Group	**Company**	Group	Company
	$ 000's	**$ 000's**	$ 000's	$ 000's
Balance at beginning of year	**21,550**	**21,451**	30,583	30,452
Net change during the year	**(11,935)**	**(11,862)**	(9,033)	(9,001)
Balance at the end of the year	**9,615**	**9,589**	21,550	21,451

21 Financial instruments

The Group uses financial instruments comprising cash, liquid resources and debtors/creditors that arise from its operations. The Group holds cash as a liquid resource to fund the obligations of the Group. The Group's cash balances are held in Sterling, US Dollars, Canadian Dollars and in Australian Dollars. The Group's strategy for managing cash is to maintain a mix of currencies and maximise interest income whilst ensuring its availability to match the profile of the Group's expenditure. This is achieved by regular monitoring of interest rates and monthly review of expenditure forecasts.

The Group has a policy of not hedging and therefore takes market rates in respect of foreign exchange risk; however it does review its currency exposures on an ad hoc basis. Currency exposures relating to monetary assets held by foreign operations are included within the foreign exchange reserve in the Group Balance Sheet.

The Group carefully considers on an ongoing basis the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk.

To date the Group has relied upon equity funding to finance operations. The Directors are confident that adequate cash resources exist to finance operations to commercial exploitation but controls over expenditure are carefully managed.

The net fair value of financial assets and liabilities approximates the carrying values disclosed in the financial statements. The currency and interest rate profile of the financial assets is as follows:

Cash and short term deposits	**2016**		2015	
	Group	**Company**	Group	Company
	$ 000's	**$ 000's**	$ 000's	$ 000's
Sterling	**606**	**606**	359	359
US Dollars	**6,879**	**6,853**	19,165	19,066
Australian Dollars	**433**	**433**	138	138
Canadian Dollars	**1,697**	**1,697**	1,888	1,888
At 30 June	**9,615**	**9,589**	21,550	21,451

The financial assets comprise cash balances in current and interest earning bank accounts at call and three month deposit. The financial assets earn a range of interest rates throughout the period depending on rates available and ongoing cash commitments at any one point in time.

Notes to the Financial Statements (continued)

For the year ended 30 June 2016

21 Financial instruments (continued)

Currency risk

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

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

	As at 30 June 2016	Average for the year to 30 June 2016	As at 30 June 2015	Average for the year to 30 June 2015
Australian Dollar (A$)	0.74173	N/A	0.76554	0.8369
Canadian Dollar (CA$)	0.76881	N/A	0.80925	0.8553
Pound Sterling (GB£)	1.33949	N/A	1.57174	1.5755
Singapore Dollar(SGD)	0.74056	N/A	0.74032	0.7633

Equity price risk

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

Changes in market index %	Effect on profit after tax $ 000's	Effect on equity $ 000's
10%	-	2,255
(10%)	-	(2,255)

22 Commitments & Contingent Liabilities

As at 30 June 2016, the Company had entered into the following material commitments:

Exploration commitments

As at 30 June 2016, Nimini Holdings Limited or its directly related subsidiary companies had entered into the following material commitments:

- Under the terms of the mining license granted on 8th November, 2012, Nimini Mining Limited is required to pay an annual mining license fee of US$500,000. The Directors of Nimini Mining Limited were instructed by the shareholders of Nimini Holdings Limited to defer payment of the Mining Licence annual renewal fee of US$500,000 due in November 2015 until such time as a Mine Development Agreement (MDA), acceptable to the shareholders, has been executed, ratified by parliament and duly registered.
- Nimini Mining Limited is required to pay an annual EPA license fee to an order of approximately US$ 36,000 under the terms of Environmental Impact Assessment License which fee may vary every year depending on the activities planned to be carried out during the year.
- Nimini Mining Limited is required to pay surface rental fees of an order of approximately US$45,000 every year to Nimikoro and Nimiyama chiefdoms. The Surface Rental payments due in January 2016 and contributions to the Community Development Action Plans (other than certain committed education funds for 2016) have been deferred until such time as a Mine Development Agreement (MDA), acceptable to the shareholders, has been executed, ratified by parliament and duly registered.
- Under the terms of the mining license granted on 8th November, 2012 Nimini Mining Limited is required to pay approximately US$100,000 every year in accordance with the Community Development Action Programme.

23 Related party transactions

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

During the year ended 30 June 2016, Nimini Holdings Limited received a loan from Plinian Guernsey Limited (Plinian), who own 10 per cent of the ordinary share capital of Nimini. The loan is non-interest bearing and was advanced over the course of the year in respect of Plinian's contribution to all project expenditure during the period. The outstanding balance due at 30 June 2016 from Nimini to Plinian was US$2,905,000 (2015: US$2,793,000).

Remuneration of Key Management Personnel

The remuneration of the Directors, and other key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS24 Related Party Disclosures.

	2016	2015
	$ 000's	$ 000's
Short-term employee benefits	**826**	649
Share-based payments	**727**	290
	1,553	939

24 Business Combination

Acquisition of Perfectus Management Limited ("Perfectus")

On 9 June 2016, Polo Investments Limited acquired a further 49% of Perfectus, a company based in the Republic of the Marshall Islands with investments in listed companies for a total US$2,165,000 and gained control thereof by way of adding to its existing 49% shareholding previously acquired for US$2,777,000. The resultant negative goodwill of the acquisition is US$1.615million, has been credited to the income statement in the current year. The fair value of identifiable assets and liabilities of Perfectus as at the date of acquisition are:

	Book value	Fair value adjustment	Fair value
	$'000	$'000	$'000
Cash and cash equivalents	-	-	-
Trade & other receivables	928	-	928
Investments	4,984	-	4,984
	5,912	-	5,912
Other creditors	(91)	-	(91)
	(91)	-	(91)
Fair value of net assets			5,821
Non-controlling interest			(116)
Negative Goodwill			(1,615)
			4,090
Total Consideration:			
Shares issued in the current year			2,165
Carrying value of existing shareholding at acquisition date			1,925
			4,090
The cash outflow on acquisition was as follows;			
Net cash acquired with subsidiary			-
Cash paid			-
Net cash outflow			-

The Group held an existing 49% interest in Perfectus which was up to the date of the acquisition been equity accounted for as an associate company investment. At the date of the acquisition of the second 49% shareholding Perfectus had an equity accounted carrying value of $4,090,000. The Company had the right to purchase a further 49 per cent of Perfectus within the next two years for AUD 3 million to be satisfied by the issue or transfer to the vendor of ordinary shares in Polo at an agreed price of 15 pence per share, as a result of the previously agreed price, on exercising of the option and acquiring the further 49%, the resultant negative goodwill arose on the fair valued assets at the acquisition date.

25 Events after the end of the reporting period

On 12 July 2016, the Company announced an increase in its interest in Hibiscus Petroleum Berhad to 10.2% via the subscription for 48.9 million shares at an issue price of MYR0.18 per share.

On 15 July 2016, the Company announced it had accepted an offer for its entire 1.95% shareholding in Equus Petroleum plc, for CAD$1.37million, resulting in an estimated net loss on its carrying value of US$500,000.

Polo Resources

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