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Polymetals Resources Ltd

ABN 73 644 736 247

Interim Financial Report - 31 December 2023

Polymetals Resources Ltd
Corporate directory
31 December 2023

Directors	David Sproule - Executive Chairman Alistair Barton - Non-Executive Director Matthew Gill - Non-Executive Director Jess Oram - Non-Executive Director
Company secretary	John Haley
Registered office and principal place of business	Unit 1, 101 Main Street Alstonville NSW 2477
Share register	Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000 Phone: 1300 554 474
Auditor	RSM Australia Partners Level 13, 60 Castlereagh Street Sydney NSW 2000
Lawyers	K&L Gates LLP Level 31, 1 O'Connell St Sydney NSW 2000
Bankers	Commonwealth Bank of Australia 86 Woodlark Street Lismore NSW 2480
Stock exchange listing	Polymetals Resources Ltd shares are listed on the Australian Securities Exchange (ASX code: POL)
Website	www.polymetals.com
Corporate Governance Statement	www.polymetals.com/company/corporate-governance/

Polymetals Resources Ltd
Directors' report
31 December 2023

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or the 'group') consisting of Polymetals Resources Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors

The following persons were directors of Polymetals Resources Ltd during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

David Sproule - Executive Chairman
Alistair Barton - Non-Executive Director
Matthew Gill - Non-Executive Director
Jess Oram - Non-Executive Director

Company secretary

John Haley

Principal activities

The principal activities of the consolidated entity during the reporting period were the exploration and development of mineral resources - in particular gold and silver-lead-zinc. During the half-year, the consolidated entity also completed mine-restart studies on the Endeavor silver-lead-zinc mine in the Cobar Basin, NSW. During the half-year, the Company also funded the care and maintenance of the Endeavor silver-lead-zinc mine and contributed to the management thereof.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$1,603,062 (31 December 2022: \$355,506).

Endeavor Mine Restart Study (MRS)

The MRS was formally commenced in June 2023, completed in early October and outcomes announced on 16 October 2023.

The MRS was completed by Polymetals Resources Ltd's technical staff with external assistance from specialist consultants engaged to complete Ore Reserve and mine scheduling, metallurgical testwork and recommended metallurgical recoveries.

The MRS extends to all known mineralised areas of the Endeavor Mine with processing via the existing 1.2 MTPA lead / zinc flotation circuit.

Australian Mining Consultants (AMC) were engaged to conduct an independent review of the MRS. The comprehensive AMC review completed on 20 December 2023 found no fatal flaws in the Endeavor MRS.

Receipt of the AMC report has allowed the Company to advance its financing options toward redevelopment of the Endeavor Mine.

Below is a summary of the financial outcomes of the Endeavor MRS for the first 10 years of its redeveloped operational life:

Project Highlight

Study Outcome

Life of Mine Revenue	A\$1,412 million
Life of Mine OPEX	A\$934 million
Life of Mine EBITDA	A\$400 million
Average Operating Margin	28.5% p.a.
Free Cashflow	A\$323 million
Pre-Production CAPEX	A\$23.7 million
Pre-Tax NPV	A\$201 million
Pre-Tax IRR	91%
Payback	2.3 years

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December Rights Issue

On the 30 November 2023 the Company provided an opportunity for its shareholders to participate in a Rights Issue. The Entitlement Offer closed on 22 December 2023 raising \$1,743,867 via the issue of 5,449,585 fully paid ordinary shares at a price of \$0.32 per share. The \$0.32 per share issue price was at a 5% premium to the 30-day trading VWAP.

The Rights Issue shares rank equally with existing shares on issue.

At the discretion of the Board, an amount of the Rights Issue shortfall shares may be placed to new investors by 22 March 2024 to further support the Company's ongoing activities.

Proceeds from the Rights Issue will be used to progress the Endeavor Mine Restart Strategy including:

- Mine restart planning
- Near mine exploration
- Endeavor care and maintenance costs
- General working capital



Figure 1: Endeavor Mine Processing Plant

Near Mine Exploration

The Company commenced its first near mine (Phase 1) exploration drilling during November, the results of which were first reported on 12 December 2023.

This first near mine drilling programme within the existing Endeavor Mining Leases has provided sound technical reasons to be very encouraged about ongoing exploration. The first follow up Phase 2 drilling will be completed during the January 2024 quarter. First priority is the "Carpark" silver-lead-zinc target, located immediately to the south of the Endeavor Mine workings.

Corporate

The Endeavor Mine acquisition approved by shareholders at an EGM on 12 May 2023 has proven pivotal for the Company.

The Board and Management remain sharply focussed on the advancement of the Endeavor Mine toward redevelopment and cashflow whilst advancing the very compelling exploration targets initially noted from the Company's first investigations of the exploration data base during its 2022 due diligence investigations.

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The exercise of all outstanding options was completed during the half-year ended 31 December 2023 (1,167,000 shares at 25 cents for \$291,750) which left a POL register with 152,168,223 fully paid shares on issue at 31 December 2023.

An entity controlled by the Company's Chairman and major shareholder, Mr David Sproule, provided an unsecured loan facility to the Company in October 2022. The loan facility remains drawn to \$1.15 million as of 31 December 2023.

Significant changes in the state of affairs

On 6 July 2023 and 7 July 2023, the Company issued 11,777,057 and 325,040 ordinary shares respectively at \$0.31 per share. The issue price per share represented a 6% discount to the 30-day VWAP. The funds raised were applied to the Endeavor Mine Restart Study.

On 31 August 2023 and 7 November 2023, 1,185,000 and 1,167,000 options respectively were converted to ordinary shares.

On 14 August 2023, the Company announced the signing of a non-binding Memorandum of Understanding for the replacement of the Endeavor mine Environmental Bonds by Ocean Partners UK Limited totalling \$27,996,000. Ocean Partners UK Limited have proposed to facilitate the bond replacement by providing a surety to the Company for up to 4 years. Once the Environmental Bonds have been replaced, the purchase of the Endeavor mine can be completed.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

On 8 January 2024, the Company issued 5,449,585 ordinary shares through the 1 for 6 non-renounceable rights issue offered to existing shareholders on 5 December 2023. The rights issue has raised \$1,743,867 at \$0.32 per share, and these funds are to be used to advance the exploration at and development of the Endeavor project. An entity controlled by David Sproule, the Executive Chairman, subscribed for \$1,000,000 worth of shares.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Material business risks

Limited operating history	The Company was incorporated on 30 September 2020 and therefore has limited operating history. Given the short operational life of the Company, there is limited historic performance to provide a sound measure to evaluate its prospects.
Access to future funding	There is no assurance that the funding required by the consolidated entity from time to time to meet its business requirements and objectives will be available to it on favourable terms, or at all.
Regulation changes	Unforeseen changes to the mining laws, regulations, standards and practices applicable may significantly affect the Exploration Licences in Guinea and the Endeavor Mine tenements in Australia and therefore the ability of the Company to operate in Guinea and Australia.
Business in Guinea	Political and legal uncertainty, institutional weakness and known civil turbulence are prevalent in Guinea. Such circumstances could have an impact on the progress and development of the resource potential of the Exploration Licences.
Exploration and development risk	Exploration programmes may or may not be successful and may incur cost overruns if not carefully managed. The Company is exposed to a significant risk that any proposed exploration activity will be unsuccessful and will not result in the discovery of a viable mineral resource.

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Endeavor mine The proposed acquisition of the Endeavor Mine requires replacement of Rehabilitation Bonds of approximately A\$28 million. The Company has signed a non-binding Memorandum of Understanding for the replacement of the Rehabilitation Bonds by Ocean Partners UK Limited. Ocean Partners UK Limited have proposed to facilitate the bond replacement by providing a surety to the Company for up to 4 years.

Occupational health and safety risk Exploration, operations and care and maintenance programs carry occupational health and safety risks.

Environmental regulation

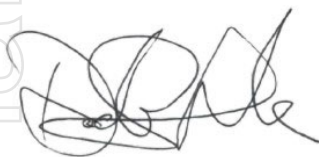
The mineral tenements granted, but under renewal at present, to the consolidated entity pursuant to the Guinea Mining Act 1992, are granted subject to various conditions which include standard environmental requirements. The Company adheres to these conditions and the directors are not aware of any non-compliance with environmental laws.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



David Sproule
Executive Chairman

14 March 2024

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Polymetals Resources Ltd for the half year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



C J HUME
Partner

Sydney, NSW

Dated: 14 March 2024

Polymetals Resources Ltd

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General information

The financial statements cover Polymetals Resources Ltd as a consolidated entity consisting of Polymetals Resources Ltd and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Polymetals Resources Ltd's functional and presentation currency.

Polymetals Resources Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Unit 1, 101 Main Street
Alstonville
NSW 2477

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 14 March 2024.

Polymetals Resources Ltd
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

		Consolidated	
	Note	31 Dec 2023	31 Dec 2022
		\$	Restated
			\$
Interest revenue		-	1,133
Government grants		250,000	-
Expenses			
Professional, registry and listing related expenses		(87,591)	(29,646)
Employee benefits expense		(801,006)	(154,199)
Exploration expenses		(627,731)	-
Depreciation and amortisation expense		(2,330)	(390)
Impairment of assets		(86,859)	-
Short term lease expense		(12,854)	-
Legal costs		(2,997)	(81,186)
Other expenses		(200,444)	(91,218)
Finance costs		(31,250)	-
Loss before income tax expense		(1,603,062)	(355,506)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Polymetals Resources Ltd		(1,603,062)	(355,506)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Polymetals Resources Ltd		<u>(1,603,062)</u>	<u>(355,506)</u>
		Cents	Cents
Basic earnings per share	14	(1.1)	(0.4)
Diluted earnings per share	14	(1.1)	(0.4)

Refer to note 2 for detailed information on Restatement of comparatives.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Polymetals Resources Ltd
Consolidated statement of financial position
As at 31 December 2023

		Consolidated	
	Note	31 Dec 2023	30 June 2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		1,215,443	2,624,195
Trade and other receivables		111,578	257,470
Total current assets		<u>1,327,021</u>	<u>2,881,665</u>
Non-current assets			
Property, plant and equipment		14,931	21,187
Mine properties	4	21,109,142	18,636,657
Other assets		1,900	1,900
Total non-current assets		<u>21,125,973</u>	<u>18,659,744</u>
Total assets		<u>22,452,994</u>	<u>21,541,409</u>
Liabilities			
Current liabilities			
Trade and other payables	6	1,507,174	1,769,818
Borrowings	7	1,150,000	1,350,000
Total current liabilities		<u>2,657,174</u>	<u>3,119,818</u>
Total liabilities		<u>2,657,174</u>	<u>3,119,818</u>
Net assets		<u>19,795,820</u>	<u>18,421,591</u>
Equity			
Issued capital	8	29,715,471	25,488,064
Prepaid capital	9	1,349,369	2,599,485
Reserves		-	451,145
Accumulated losses		(11,269,020)	(10,117,103)
Total equity		<u>19,795,820</u>	<u>18,421,591</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Polymetals Resources Ltd
Consolidated statement of changes in equity
For the half-year ended 31 December 2023

Consolidated	Issued capital \$	Prepaid capital \$	Reserves \$	Accumulated losses \$	Non- controlling interest \$	Total equity \$
Balance at 1 July 2022	1,248	-	451,145	(1,957,654)	7,101,160	5,595,899
Adjustment for reclassification (note 2)	<u>7,461,212</u>	<u>-</u>	<u>-</u>	<u>(360,052)</u>	<u>(7,101,160)</u>	<u>-</u>
Balance at 1 July 2022 - restated	7,462,460	-	451,145	(2,317,706)	-	5,595,899
Loss after income tax expense for the half-year	-	-	-	(355,506)	-	(355,506)
Other comprehensive income for the half-year, net of tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the half-year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(355,506)</u>	<u>-</u>	<u>(355,506)</u>
Balance at 31 December 2022	<u><u>7,462,460</u></u>	<u><u>-</u></u>	<u><u>451,145</u></u>	<u><u>(2,673,212)</u></u>	<u><u>-</u></u>	<u><u>5,240,393</u></u>

* Refer to note 2 for detailed information on Restatement of comparatives.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Polymetals Resources Ltd
Consolidated statement of changes in equity
For the half-year ended 31 December 2023

Consolidated	Issued capital \$	Prepaid capital \$	Reserves \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2023	25,488,064	2,599,485	451,145	(10,117,103)	-	18,421,591
Loss after income tax expense for the half-year	-	-	-	(1,603,062)	-	(1,603,062)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(1,603,062)	-	(1,603,062)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 8)	1,627,922	-	-	-	-	1,627,922
Transfer from reserves to accumulated losses upon expiry of options	-	-	(451,145)	451,145	-	-
Transfer from prepaid capital to issued capital upon issue of shares (note 9)	2,599,485	(2,599,485)	-	-	-	-
Contributions of prepaid capital (note 9)	-	1,349,369	-	-	-	1,349,369
Balance at 31 December 2023	<u>29,715,471</u>	<u>1,349,369</u>	<u>-</u>	<u>(11,269,020)</u>	<u>-</u>	<u>19,795,820</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Polymetals Resources Ltd
Consolidated statement of cash flows
For the half-year ended 31 December 2023

	Consolidated	
Note	31 Dec 2023	31 Dec 2022
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(2,171,405)	(345,267)
Interest received	-	1,133
Government grants received	<u>250,000</u>	<u>-</u>
Net cash used in operating activities	<u>(1,921,405)</u>	<u>(344,134)</u>
Cash flows from investing activities		
Payments for exploration expenditure	(86,859)	(1,199,044)
Payments for mine properties	<u>(2,170,279)</u>	<u>-</u>
Net cash used in investing activities	<u>(2,257,138)</u>	<u>(1,199,044)</u>
Cash flows from financing activities		
Proceeds from issue of shares	1,657,665	1,000,000
Share issue transaction costs	(37,243)	(6,274)
Proceeds received in advance for issue of shares	9 1,349,369	-
Repayment of borrowings	<u>(200,000)</u>	<u>-</u>
Net cash from financing activities	<u>2,769,791</u>	<u>993,726</u>
Net decrease in cash and cash equivalents	(1,408,752)	(549,452)
Cash and cash equivalents at the beginning of the financial half-year	<u>2,624,195</u>	<u>1,503,426</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>1,215,443</u></u>	<u><u>953,974</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Polymetals Resources Ltd
Notes to the consolidated financial statements
31 December 2023

Note 1. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Comparative information

Some comparative information has been reclassified for presentation purposes.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these new or amended Accounting Standards and Interpretations did not have a material impact on the financial statements.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the consolidated entity. These standards are not expected to have a material impact on the consolidated entity in the current or future reporting periods and on foreseeable future transactions.

Going concern

As disclosed in the financial statements, the consolidated entity incurred a loss after tax of \$1,603,062 and net cash outflows from operating and investing activities of \$1,921,405 and \$2,257,138 respectively for the period ended 31 December 2023. At 31 December 2023, the consolidated entity had net current liabilities of \$1,330,153 and a commitment to pay \$27,996,000 in Environmental Bonds in order to acquire the Endeavor Project (refer to note 11).

The ability of the consolidated entity to continue as a going concern is principally dependent upon raising additional capital or securing other forms of financing, as and when necessary to meet the levels of expenditure required for the consolidated entity to continue to progress the exploration of the tenements in which it has an interest and to meet the consolidated entity's working capital requirements.

These factors indicate significant uncertainty as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Polymetals Resources Ltd
Notes to the consolidated financial statements
31 December 2023

Note 1. Material accounting policy information (continued)

The Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- As at the date of this report, the consolidated entity had cash on hand of \$1,215,443.
- Proven ability of the consolidated entity to raise the necessary funding or settle debts via the issuance of shares, as evidenced by the raising of \$1,287,000 in cash (before share issue transaction costs) from shares issued during the year ended 30 June 2023, and \$4,339,650 in cash (before share issue transaction costs) from shares issued during the half-year ended 31 December 2023
- On 8 January 2024, the Company also raised \$1,743,867 through the issue of shares under the rights issue offered to existing shareholders on 5 December 2023. \$1,349,369 was paid prior to 31 December 2023 in advance of the rights issue.
- The consolidated entity has two financing facilities. One is from entities controlled by the Executive Chairman, David Sproule, for \$1,150,000 (working capital which was fully drawn down at 31 December 2023), but with a further \$750,000 subsequently advanced on the same terms after 31 December 2023. The other facility is subject to satisfaction of several conditions precedent and is for US\$10,000,000 (to be used to fund the recommencement of mining and processing operation at the mine in Cobar, NSW) (refer to note 7).
- On 14 August 2023, the Company announced the signing of a non-binding Memorandum of Understanding for the replacement of the Endeavor mine Environmental Bonds by Ocean Partners UK Limited totalling \$27,996,000. Ocean Partners UK Limited have proposed to facilitate the bond replacement by providing a surety to the Company for up to 4 years. Once the Environmental Bonds have been replaced, the purchase of the Endeavor mine can be completed (refer to note 11).
- Subsequent to the period-end, the Company has been advised that it has met the conditions for a further grant of \$175,000 (plus GST) under the NSW Governments Critical Activation Fund. As at the date of this report these funds had not yet been received.
- The consolidated entity has the ability to reduce exploration activities and other discretionary spending, subject to meeting the expenditure commitments.

Based on the above, the Directors are of the opinion that at the date of signature of the financial report there are reasonable and supportable grounds to believe that the consolidated entity will be able to meet its liabilities from its assets in the ordinary course of business, for a period of not less than 12 months from the date of this financial report and has accordingly prepared the financial report on a going concern basis.

Should the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amount and classification of liabilities that might be required should the consolidated entity not be able to continue as a going concern.

Note 2. Restatement of comparatives

Reclassification

In January 2021, Polymetals Resources Ltd ("Polymetals") acquired 100% of the share capital in Golden Guinea Resources SARL ("Golden Guinea") through a reverse acquisition. Post acquisition, Golden Guinea is treated as the accounting parent and Polymetals is the legal parent. Therefore, the loss for the half-year ended 31 December 2022 would be 100% attributable to the owners of Polymetals and there are no non-controlling interests. Consequently, in order to more accurately reflect this transaction, the consolidated entity has restated the comparatives to reclassify results previously presented as non-controlling interests by reducing the *non-controlling interest reserve* and increasing the *accumulated losses* by the same amount. The previously reported loss attributable to non-controlling interests for the half-year ended 31 December 2022 was \$118,213 therefore *accumulated losses* and the *non-controlling interest reserve* have been restated by these amounts.

In a reverse acquisition, the issued capital is retroactively adjusted to reflect the issued capital of the legal acquirer (Polymetals). Therefore, to more accurately reflect this, the consolidated entity has restated the comparatives to reclassify issued capital that was previously presented as relating to non-controlling interests, by increasing *issued capital* and reducing the *non-controlling interest reserve* at 30 June 2022 by \$7,461,212.

Polymetals Resources Ltd
Notes to the consolidated financial statements
31 December 2023

Note 2. Restatement of comparatives (continued)

Some comparative expenses have been reclassified for presentation purposes.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into two operating segments: gold exploration within Guinea, West Africa and a silver-zinc-lead mine located in Cobar, NSW. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The consolidated entity is currently conducting exploration of tenements considered prospective for gold and silver-lead-zinc. No income has been derived from the recovery of gold or silver-lead-zinc during the half-year ended 31 December 2023 (2022: nil).

The consolidated entity entered into a share sale agreement to purchase the shares in a company (Cobar Metals Pty Ltd) that currently owns a right to acquire a silver-lead-and zinc mine in Cobar, NSW. The agreement will not complete until the consolidated entity pays the Environmental Bonds. Until the completion of the agreement, care and maintenance costs are payable by the consolidated entity.

The information reported to the CODM is on at least a quarterly basis.

Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- interest revenue;
- income tax benefit;
- corporate costs;
- cash at bank of Polymetals Resources Ltd; and
- receivables and payables associated with corporate costs.

Operating segment information

Consolidated - 31 Dec 2023	Silver-Zinc- Lead \$	Gold \$	Unallocated \$	Total \$
Operating loss	(409,732)	(86,859)	(1,104,141)	(1,600,732)
Depreciation and amortisation	(218)	-	(2,112)	(2,330)
Loss before income tax expense	<u>(409,950)</u>	<u>(86,859)</u>	<u>(1,106,253)</u>	<u>(1,603,062)</u>
Income tax expense				-
Loss after income tax expense				<u>(1,603,062)</u>
Assets				
Segment assets	21,257,739	403	1,194,852	22,452,994
Total assets				<u>22,452,994</u>
<i>Total assets includes:</i>				
Acquisition of non-current assets	2,472,485	86,859	-	2,559,344
Liabilities				
Segment liabilities	2,059,048	-	598,126	2,657,174
Total liabilities				<u>2,657,174</u>

Polymetals Resources Ltd
Notes to the consolidated financial statements
31 December 2023

Note 3. Operating segments (continued)

	Silver-Zinc- Lead \$	Gold \$	Unallocated \$	Total \$
Consolidated - 31 Dec 2022				
Operating loss	-	(6,286)	(349,963)	(356,249)
Depreciation and amortisation	-	-	(390)	(390)
Interest revenue	-	-	1,133	1,133
Loss before income tax expense	-	(6,286)	(349,220)	(355,506)
Income tax expense				-
Loss after income tax expense				(355,506)

Consolidated - 30 June 2023

Assets				
Segment assets	18,898,598	403	2,642,408	21,541,409
Total assets				21,541,409
<i>Total assets includes:</i>				
Acquisition of non-current assets	18,636,658	1,549,803	15,369	20,201,830
Liabilities				
Segment liabilities	1,344,538	-	1,775,280	3,119,818
Total liabilities				3,119,818

Geographical information

	Geographical non-current assets	
	31 Dec 2023	30 June 2023
	\$	\$
Australia	21,125,973	18,659,744

The geographical non-current assets above are exclusive of, where applicable, financial instruments and deferred tax assets.

Note 4. Non-current assets - mine properties

	Consolidated	
	31 Dec 2023	30 June 2023
	\$	\$
Right to acquire the Endeavor Mine	21,109,142	18,636,657

Polymetals Resources Ltd
Notes to the consolidated financial statements
31 December 2023

Note 4. Non-current assets - mine properties (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Right to acquire Endeavor mine \$
Balance at 1 July 2023	18,636,657
Additions	<u>2,472,485</u>
Balance at 31 December 2023	<u><u>21,109,142</u></u>

Right to acquire the Endeavor Mine

On 12 May 2023, the Company acquired the right to purchase the shares in three companies holding the Endeavor lead/zinc/silver mine in Cobar, NSW (the Mine). The purchase of the Mine will not complete until the consolidated entity has paid or transferred the Environmental Bonds from the current holder of \$27,996,000, which is required to be completed by 30 April 2024 (refer to note 11).

Since the purchase of the right to acquire the Mine, as part of the agreement, the consolidated entity has been paying for the care and maintenance of the Mine. The costs have been capitalised to the mine properties asset. Any other costs incurred on the Mine that are not required in the agreement have been expensed.

Note 5. Non-current assets - exploration and evaluation

	Consolidated	
	31 Dec 2023	30 June 2023
	\$	\$
Exploration and evaluation - at cost	5,785,978	5,699,119
Less: Impairment	<u>(5,785,978)</u>	<u>(5,699,119)</u>
	<u><u>-</u></u>	<u><u>-</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	\$
Balance at 1 July 2023	-
Additions	86,859
Impairment of assets*	<u>(86,859)</u>
Balance at 31 December 2023	<u><u>-</u></u>

* This represents a full impairment of the carrying value of the Company's Guinea tenements, which are under renewal at present. Having exhausted all reasonable avenues to obtain the renewals, the Board has resolved to place Guinea tenements on care and maintenance until such time as the project can be joint ventured, farmed-out or sold.

Polymetals Resources Ltd
Notes to the consolidated financial statements
31 December 2023

Note 6. Current liabilities - trade and other payables

	Consolidated	30 June
	31 Dec 2023	2023
	\$	\$
Trade payables	1,184,113	1,109,473
Other payables	323,061	660,345
	<u>1,507,174</u>	<u>1,769,818</u>

Note 7. Current liabilities - borrowings

	Consolidated	30 June
	31 Dec 2023	2023
	\$	\$
Related party loan	<u>1,150,000</u>	<u>1,350,000</u>

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	30 June
	31 Dec 2023	2023
	\$	\$
Total facilities		
Related party loan	<u>1,150,000</u>	<u>1,350,000</u>
Used at the reporting date		
Related party loan	<u>1,150,000</u>	<u>1,350,000</u>
Unused at the reporting date		
Related party loan	<u>-</u>	<u>-</u>

Related party loan

During the half-year ended 31 December 2023, \$200,000 of the related party loan was repaid.

Other loan facilities (subject to conditions-see below)

As at 31 December 2023, but subject to conditions precedent (see below) the Company has access to a loan facility of US\$10,000,000.

The conditions precedent are as follows:

- (i) Signed Zinc & Silver-Lead Concentrate Offtake Contracts
- (ii) Executed Concentrate Prepayment Facility Agreement
- (iii) Third-party review of Mine Restart Study (MRS) confirming the economics of the Endeavor Mine restart

Condition (iii) listed above has been satisfied during the half-year ended 31 December 2023.

Polymetals Resources Ltd
Notes to the consolidated financial statements
31 December 2023

Note 8. Equity - issued capital

	Consolidated		30 June 2023
	31 Dec 2023 Shares	30 June 2023 Shares	
Ordinary shares - fully paid	<u>152,168,223</u>	<u>137,714,126</u>	<u>25,488,064</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2023	137,714,126		25,488,064
Placement (a)	6 July 2023	11,777,057	\$0.31	3,650,888
Placement (a)	7 July 2023	325,040	\$0.31	100,762
Options exercised (b)	31 August 2023	1,185,000	\$0.25	296,250
Options exercised (b)	7 November 2023	1,167,000	\$0.25	291,750
Share issue costs				(112,243)
Balance	31 December 2023	<u>152,168,223</u>		<u>29,715,471</u>

(a) Placement

On 6 July 2023 and 7 July 2023, the Company issued 11,777,057 and 325,040 ordinary shares respectively at \$0.31 per share. The issue price per share represented a 6% discount to the 30-day VWAP. The funds raised were applied to the Endeavor Mine Restart Study.

(b) Options exercised

On 31 August 2023 and 7 November 2023, 1,185,000 and 1,167,000 options respectively were converted to ordinary shares.

Note 9. Equity - prepaid capital

	Consolidated	
	31 Dec 2023 \$	30 June 2023 \$
Prepaid share capital	<u>1,349,369</u>	<u>2,599,485</u>

Prepaid capital at 31 December 2023 relates to proceeds received in advance for a 1 for 6 non-renounceable rights issue offered to raise funds to advance the exploration at and the development the Endeavor Mine. Upon the issue of the related shares on 8 January 2024, the proceeds converted to issued capital.

Prepaid capital at 30 June 2023 related to proceeds received in advance for the Endeavor Mine Restart Study share placement, which was completed on 6 July 2023. Upon the issue of the related shares on 6 July 2023, the proceeds converted to issued capital.

Note 10. Contingent liabilities and contingent assets

The consolidated entity is not aware of any contingent liabilities or contingent assets as at the date of this financial report.

Polymetals Resources Ltd
Notes to the consolidated financial statements
31 December 2023

Note 11. Commitments

	Consolidated	
	31 Dec 2023	30 June 2023
	\$	\$
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	<u>27,996,000</u>	<u>27,996,000</u>

The consolidated entity is required to pay \$27,996,000 of Environmental Bonds in favour of the Minister of the Government of New South Wales to meet the environmental obligations of the Endeavor Mine tenements. During the year ended 30 June 2023, the consolidated entity entered into a share sale agreement to purchase the shares in three companies that currently own the rights to the Endeavor Mine tenements and other assets. While the consolidated entity currently operates and maintains the Endeavour Mine, the agreement will not be complete until the consolidated entity pays the Environmental Bonds. This is currently required to be completed by 30 April 2024. The Company is also engaged in ongoing discussions with the vendor of the three companies to potentially vary the terms of the agreement to acquire the three companies. On 14 August 2023, the Company announced the signing of a non-binding Memorandum of Understanding for the replacement of the Endeavor Mine Environmental Bonds by Ocean Partners UK Limited.

Note 12. Related party transactions

Legal parent entity

Polymetals Resources Ltd is the legal parent entity.

Accounting parent entity

Golden Guinea Resources SARL is the accounting parent of the group.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
Payment for other expenses:		
Interest payable to other related party	31,250	-
Other expenses paid to key management personnel	115,967	163,183

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	31 Dec 2023	30 June 2023
	\$	\$
Current payables:		
Trade payables to key management personnel	3,000	105,242
Other payables to key management personnel	100,500	66,000
Interest payable to other related party	31,250	-

Loans to/from related parties

On 31 October 2022, Meadowhead Investments Pty Ltd, an entity controlled by David Sproule, agreed to provide the consolidated entity with a loan facility up to \$1,350,000. The facility is unsecured, can be drawn down at any time, and incurs interest at 5% per annum. \$1,350,000 was drawn down on this facility during the year ended 30 June 2023 and \$200,000 was repaid during the half-year ended 31 December 2023.

Polymetals Resources Ltd
Notes to the consolidated financial statements
31 December 2023

Note 12. Related party transactions (continued)

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	31 Dec 2023	30 June 2023
	\$	\$
Current borrowings:		
Loan from other related party	1,150,000	1,350,000

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 13. Events after the reporting period

On 8 January 2024, the Company issued 5,449,585 ordinary shares through the 1 for 6 non-renounceable rights issue offered to existing shareholders on 5 December 2023. The rights issue has raised \$1,743,867 at \$0.32 per share, and these funds are to be used to advance the exploration at and development of the Endeavor project. An entity controlled by David Sproule, the Executive Chairman, subscribed for \$1,000,000 worth of shares.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 14. Earnings per share

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
Loss after income tax attributable to the owners of Polymetals Resources Ltd	<u>(1,603,062)</u>	<u>(355,506)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>150,548,019</u>	<u>80,489,745</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>150,548,019</u>	<u>80,489,745</u>
	Cents	Cents
Basic earnings per share	(1.1)	(0.4)
Diluted earnings per share	(1.1)	(0.4)

Note 15. Shares under option

On 31 August 2023 and 7 November 2023, 1,185,000 and 1,167,000 options respectively were converted to ordinary shares. At 31 December 2023 there were no further share options on issue.

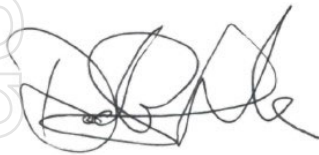
Polymetals Resources Ltd
Directors' declaration
31 December 2023

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



David Sproule
Executive Chairman

14 March 2024

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
POLYMETALS RESOURCES LTD

Report on the Half-Year Financial Report*Conclusion*

We have reviewed the accompanying half-year financial report of Polymetals Resources Ltd which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Polymetals Resources Ltd is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Polymetals Resources Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report, which indicates that the consolidated entity incurred a loss of \$1,603,062 and had net cash outflows from operating and investing activities of \$1,921,405 and \$2,257,138 respectively for the half year ended 31 December 2023. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Emphasis of Matter carrying value of mine properties

We draw attention to note 11 Commitments in the notes of the consolidated financial statements, which describe the uncertainty that may impact the impairment assessments of the mine properties as disclosed in note 4. The carrying value of the mine properties and the consolidated entity's control over the tenements may be significantly affected if the consolidated entity does not obtain title to the associated tenements as a result of the conditions precedent not being met. The most significant condition is the replacement of the Environmental Bond, which must be completed by 30 April 2024. The Company is engaged in ongoing discussions with the vendor of the three companies that own the tenements to potentially vary the terms of the agreement including the timing of the transfer of the Environmental Bond to acquire the three companies. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

The directors of Polymetals Resources Ltd are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



RSM AUSTRALIA PARTNERS



C J HUME
Partner

Sydney, NSW
Dated: 14 March 2024