

Polymetals Resources Ltd
ACN 644 736 247

SUPPLEMENTARY PROSPECTUS

1. Supplementary Prospectus

This Second Supplementary Prospectus (**Second Supplementary Prospectus**) is dated 10 June 2021 and is supplementary to the prospectus dated 21 April 2021 (**Prospectus**) issued by Polymetals Resources Ltd (ACN 644 736 247) (**Company**), as supplemented by a supplementary prospectus dated 28 May 2021 (**First Supplementary Prospectus**).

This Second Supplementary Prospectus is dated 10 June 2021, and was lodged with ASIC on that date. Neither ASIC, ASX nor any of their respective officers or employees take any responsibility for the content of this Second Supplementary Prospectus.

All references to “the Prospectus” in this Second Supplementary Prospectus are references to the Prospectus as supplemented by the First Supplementary Prospectus.

This Second Supplementary Prospectus should be read together with the Prospectus. If there is a conflict between the Prospectus and this Second Supplementary Prospectus, this Second Supplementary Prospectus prevails. Unless otherwise indicated, terms defined and used in the Prospectus have the same meaning in this Second Supplementary Prospectus.

This Second Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus, copies of which can be downloaded from the website of the Company at www.polymetals.com.

This Second Supplementary Prospectus and the Prospectus are important documents and should be read in their entirety. If you do not understand this Second Supplementary Prospectus and the Prospectus, you should consult your professional advisers without delay.

2. Mr David Sproule’s participation in the Offer

2.1 Background

Mr David Sproule, the non-executive Chairman of the Company, has notified the Company of his intention to participate in the Offer to the extent necessary to meet the \$5,000,000 (equivalent to 25,000,000 Shares at the Offer Price) minimum subscription under the Offer (**Minimum Subscription**).

As at the date of this Second Supplementary Prospectus, a balance of approximately \$1,500,000 is necessary to meet the Minimum Subscription of \$5,000,000.

Should the Minimum Subscription of \$5,000,000 not be reached under the Offer, Mr Sproule, though his associate, will subscribe for the remaining Shares required to meet the Minimum Subscription (**Chairman’s Subscription**). The decision by Mr Sproule to meet any shortfall reflects his confidence in the Company and its Project.

The updated information contained in this Second Supplementary Prospectus is prepared on the basis that a Chairman’s Subscription of \$1,500,000 will be required to meet the Minimum Subscription, though this may not be the case.

If the Company were to meet the Minimum Subscription before the Closing Date without the Chairman’s Subscription, there will be no change to Mr Sproule’s shareholding, or the free float outlined in the Prospectus.

2.2 Change to Mr Sproule's Interests

The information detailing Mr Sproule's interest in securities of the Company upon completion of the Offer contained in section 3.8 (Capital Structure) and section 8.4 (Disclosure of Interests) and otherwise throughout the Prospectus, is updated as follows:

Director	Shares	Options	% held before the Offer	% held after the Offer ²
David Sproule	41,497,379 ¹	Nil	63%	52.9% ³

Notes to the above table:

1. Comprising the following securities:
 - a. 19,997,431 Shares held by Meadowhead Investments Pty Ltd (a company controlled by David Sproule as at the date of this Prospectus);
 - b. 13,999,848 Shares held by Deering Nominees Pty Ltd (a company in which David Sproule is a director as at the date of this Prospectus);
 - c. In the event that a Chairman's Subscription of \$1,500,000 is required to meet the Minimum Subscription, 7,500,000 Shares will be held by Deering Nominees Pty Ltd (a company in which David Sproule is a director as at the date of this Second Supplementary Prospectus);
 - d. 50 Shares held by David Sproule; and
 - e. 50 Shares held by David Sproule's associate Jane Sproule.
2. Assuming that a Chairman's Subscription of \$1,500,000 is required to meet the Minimum Subscription.
3. Assuming only the Minimum Subscription is achieved. This figure in the Prospectus was 43% but with the Chairman's Subscription is now expected to be 52.9%.

(a) *Restricted securities of the Company and Free Float*

In the Prospectus, it was anticipated, subject to the ASX exercising its discretion under the Listing Rules,¹ that a total of 48,456,767 Shares would be subject to escrow from the date of quotation for a period of 24 months and a total of 1,233,309 Shares would be subject to escrow from the date of issue for a period of 12 months.

The ASX requires that the Shares the subject of the Chairman's Subscription will be subject to escrow for a period of 24 months. Therefore, subject to the ASX's final position in relation to total escrow of the Company's Shares, the Company anticipates that there will be a total of 55,956,767 Shares subject to escrow for a period of 24 months from the date of quotation.²

The increase in the number of securities subject to escrow will reduce the free float of the Company following completion of the Offer. The Company will have a minimum free float of 28.67% at Listing based on an anticipated total escrow of 55,956,767 Shares,³ this assumes the ASX confirms the Company's position that the Craton Loan Shares are not subject to escrow, which the Company expects to be the case. This still exceeds the minimum 20% free float requirement of the ASX Listing Rules.

While the Chairman's Subscription will have an impact on the liquidity of the Company's Shares following Completion of the Offer, given that the Company's anticipated free float of 28.67%,⁴ the Company considers this impact will not be material. Further, given the Shares the subject of the Chairman's Subscription will be subject to 24 months escrow, the Company considers that, in the event these Shares are traded in the future, they will be traded in line with the market's value of the Company's Shares at that time.

¹ As at the date of this Second Supplementary Prospectus, the ASX has not confirmed its position in relation to the escrow of Company Shares.

² On the assumption that a Chairman's Subscription of \$1,500,000 will be required to meet the Minimum Subscription.

³ On the assumption that a Chairman's Subscription of \$1,500,000 will be required to meet the Minimum Subscription.

⁴ On the assumption that a Chairman's Subscription of \$1,500,000 will be required to meet the Minimum Subscription.

(b) *Risks specific to an investment in the Group*

In section 7.1(a) of the Prospectus, the Company notes that Mr Sproule and his associates will own 43% of the Company upon completion of the Offer. Following the Chairman's Subscription, Mr Sproule and his associates will own approximately 52.9% of the Company upon completion of the Offer.⁵

In the Prospectus, the Company notes that there is a risk that Mr Sproule and his associates' control over the Company could impact upon the future decisions of the Company, either positively or negatively. While this fact has not changed, the increase of Mr Sproule and his associates' shareholding above 50% means that Mr Sproule and his associates will have sufficient votes to together pass ordinary resolutions of the Company, including resolutions for the appointment of directors.

However, with control of 43% of the Shares in the Company as anticipated with the Offer of 25,000,000 Shares under the Prospectus going to third party investors, Mr Sproule and his associates already effectively controlled the Company including in relation to resolutions for the appointment of directors, given the absence of any other substantial shareholders.

3. No investor action required

The Company does not consider that the content of this Second Supplementary Prospectus is materially adverse to investors and no action needs to be taken by investors who have already subscribed under the Prospectus to the date of this Second Supplementary Prospectus.

4. Indicative Timetable

The updated Key Indicative Dates outlined in the First Supplementary Prospectus, have been provided below:

Key Indicative Dates*

Lodgement of Prospectus with the ASIC	21 April 2021
Exposure Period begins	21 April 2021
Opening Date	29 April 2021
Closing Date	11 June 2021
Issue of Shares under the Offer	18 June 2021
Despatch of holding statements	21 June 2021
Expected date for quotation on ASX	29 June 2021**

* Other than the date of lodgement of the Prospectus with ASIC, the beginning of the exposure period and the opening date, the above dates are indicative only and subject to change. The Company reserves the right to vary the dates and times of the Offer, including, subject to the ASX Listing Rules and the Corporations Act, to further extend the Closing Date or to accept late Applications for New Shares (either generally or in particular cases), without notifying any recipient of the Prospectus or any Applicants. The Company also reserves the right to cancel or withdraw the Offer at any time before New Shares are issued to successful Applicants. If the Offer is cancelled or withdrawn before the issue of the New Shares, all Application Money received by or on behalf of the Company will be refunded to Applicants, without interest, within the time prescribed by or otherwise permitted in accordance with the Corporations Act.

⁵ On the assumption that a Chairman's Subscription of \$1,500,000 will be required to meet the Minimum Subscription.

****The quotation and commencement of trading of Shares is subject to confirmation by ASX.**

5. Approval of Second Supplementary Prospectus

The issue of this Second Supplementary Prospectus by the Company has been duly authorised by a resolution of the Directors.

Each Director has consented to the lodgement of this Second Supplementary Prospectus with ASIC in accordance with section 720 of the Corporations Act and has not withdrawn his consent prior to lodgement.

Dated: 10 June 2021

Signed for and on behalf of Polymetals Resources Ltd.

A handwritten signature in black ink, appearing to read 'D. Sproule', with a stylized flourish at the end.

Dave Sproule
Non-Executive Chairman
Polymetals Resources Ltd