



# Polymetals

## 2021 ANNUAL REPORT

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Polymetals Resources Ltd and Controlled Entities  
ABN: 73 644 736 247

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**Directors**

Mr David Sproule  
(Non-Executive Chairman)

Mr Christopher Schroor  
(Non-Executive Director)

Dr Christopher Johnston  
(Non-Executive Director)

**Company Secretary**

Mr Vincent Fayad

**ASX Code**

POL

**Share Registry (Australia)**

Link Market Services Limited  
Level 12  
680 George Street  
SYDNEY NSW 2000

**Home Exchange**

Australian Securities Exchange Limited  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

**Registered Office**

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**Auditor**

RSM Australia Partners  
Level 13, 60 Castlereagh Street  
SYDNEY NSW 2001

**Solicitors**

Addisons Lawyers  
Level 12, 60 Carrington Street  
SYDNEY NSW 2000

Dear Investor,

Welcome to the inaugural Annual Report for Polymetals Resources Ltd (ASX: POL) as a listed entity.

On 29 June 2021, Polymetals achieved the significant milestone when we listed on the Australian Securities Exchange, following the successful completion of our Initial Public Offering (IPO). The IPO raised \$5.2 million through the issue of 26 million new shares at \$0.20 per share, which the Company is using to fund its ongoing gold exploration activities within the Siguiri Basin in Northeast Guinea, West Africa. Its two key projects are the Alahiné and Mansala Gold Projects.

Following admission to the ASX we commenced a Phase 2 drilling program at Alahiné, designed to follow-up soil gold anomalies and mineralised drill intercepts defined by previous exploration. This program was completed in early August.

Pleasingly, whilst we initially planned Phase 2 to comprise 5,100 metres of drilling, soft ground conditions due to deeper than expected weathering resulted in an additional 2,220 metres of drilling, for a total of 7,320 metres of drilling.

Drill samples from the Alahiné drilling program have been delivered to the SGS analytical laboratory in Mali with all assays expected by end September. We are encouraged by what we have seen at Alahiné, and the assay results will enable us to plan the next steps in our exploration strategy within the Siguiri Basin.

On behalf of the Board, I thank all of our management team and employees for their hard work this year. We are particularly appreciative of the efforts our people have made to help us achieve our successful IPO and ASX listing, with the invaluable assistance of our Lead Manager Beer & Co.

We look forward to progressing our projects in the year ahead and keeping our shareholders updated on our progress.

Yours sincerely



**David Sproule**  
Non-Executive Chairman

Dated at Sydney this 15<sup>th</sup> day of September 2021.

## OPERATIONAL

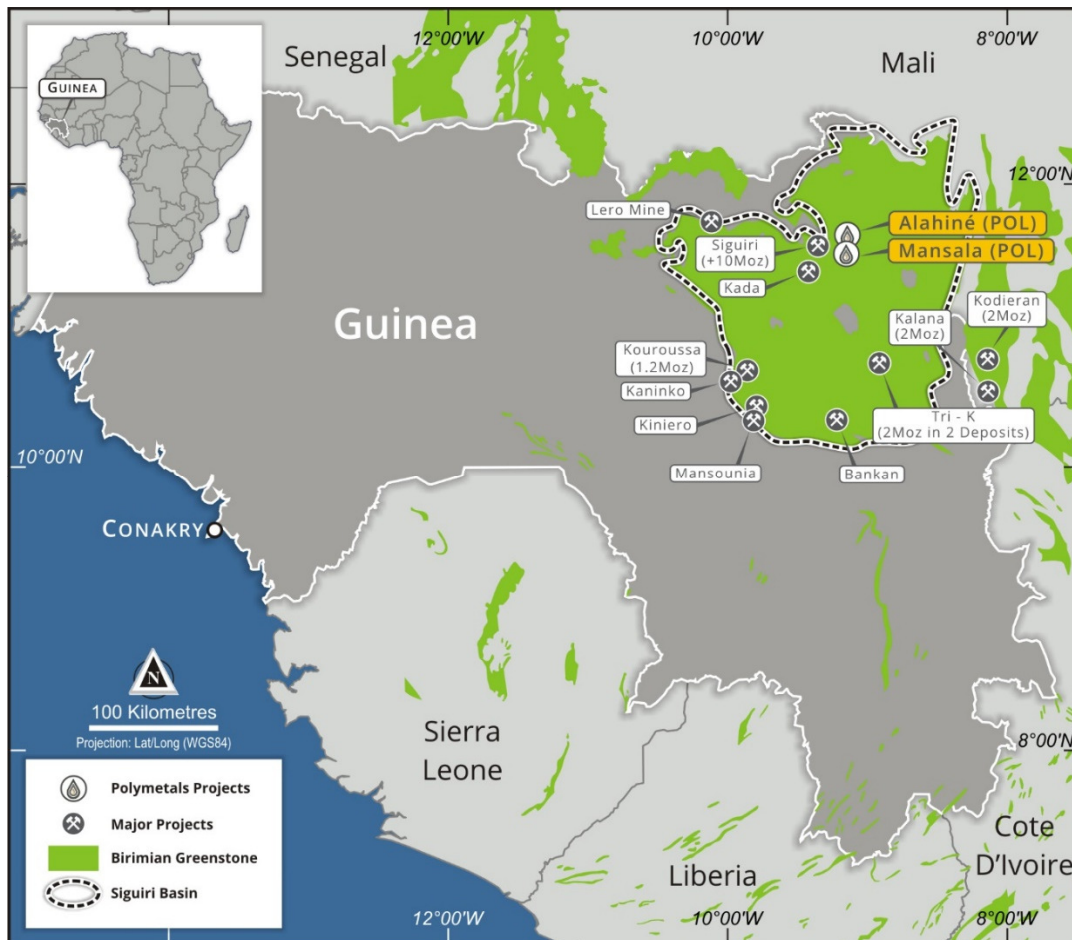
Polymetals has two exploration licences held by its wholly owned subsidiary – Golden Guinea Resources SARL (**Golden Guinea**). The projects are located within the Siguiri Basin, Northeast Guinea, West Africa.

The Golden Guinea project consists of two parts, being:

- Exploration Licence EL22123 which is otherwise referred to as the 'Alahiné' project; and
- Exploration Licence EL22694 which is otherwise referred to as the 'Mansala' project.

## Background

Polymetals' Exploration Licences, known as Alahiné (64.2km<sup>2</sup>) and Mansala (48.2km<sup>2</sup>), host extensive historic and current artisanal gold workings which reinforces exploration potential of the area. Figure 1 below sets out the location of the projects.



**Figure 1. Location Map - Polymetals' Exploration Licences.**

Prior to the commencement of this reporting period, the following activities had been undertaken on the projects:

- **Alahiné**

### Soil Sampling

A soil sampling program was successful in delineating broad zones of gold anomalism along the eastern side of the licence during 2018 and 2019.

The soil sampling program identified three areas with significant gold anomalism extending over approximately 8 km of strike length. Additionally, twelve single station anomalies with >1000 parts per billion (ppb) gold and 8 anomalies with 500 to 1000ppb gold elsewhere in the licence must be further progressed. Very high gold values (>1000ppb) are not the result of contamination from artisanal activities. Rather, artisanal mining has taken place

where they found gold. Soil samples collected from depths of 200 to 300mm beneath the ground surface are thus an accurate reflection of the natural abundance of gold in the soil at a given sample location.

There are also substantial areas of lateritic cover which may conceal zones of structurally hosted vein mineralisation and supergene enriched or basal laterite hosted gold, in which investigation works will follow.

#### **Reverse Circulation Drilling (Phase 1)**

Following the successful soil program, a reconnaissance program of 28 Reverse Circulation drill holes commenced on 12 December 2019 and was completed 24 February 2020. The program totalled 2406 metres to typical depths of 100-120 metres downhole. This was done to assess grade distribution, vein abundance, geology and weathering depth, and alteration of the bedrock on short traverses and at individual anomaly sites bearing in mind the vein target objective.

Drill hole AHRC014 was the most significant hole drilled in the program. The near surface section of the hole (1 to 41m) contains low grade gold mineralisation with assays ranging from 0.99g/t to 0.62g/t. A second more strongly mineralised intercept from 89m to end of hole in fresh rock contains several mineralized zones including 12m at 3.09g/t from 89m and 14m at 1.09g/t from 135m. The hole was terminated in mineralisation.

- **Mansala**

#### **Satellite Imagery Program**

Interpretation of satellite imagery has enabled numerous individual artisanal pits and shafts to be identified within clusters of workings spatially associated with areas of ferruginous colluvium and/or eluvium and soil cover. Cleared areas, where no pits or workings could be discerned have also been extensively prospected by artisanal miners. The presence of widespread artisanal mining activity within the Mansala Licence suggests the area is prospective for gold mineralisation.

#### **Reconnaissance Soil Geochemistry**

Systematic exploration of the Mansala Licence comprising an extensive programme of reconnaissance soil geochemistry was completed in late December 2020.

The programme included 8 lines of length 10km and 3 lines of length 8.8km, for a total of 106.4 line-kilometres of traversing. Sampling traverses were oriented (grid) east-west and were spaced 500m apart while B-horizon soils samples were collected at 50m intervals along the traverses. The layout of the sampling program was closely similar to that used for the nearby Alahiné Licence and compositing of adjacent samples was employed to minimise assay costs. However, the analytical method adopted for this survey was quite different to that used for the Alahiné geochemical program. Much smaller samples were collected (200g) and analysed for gold and a suite of 32 other elements by ICPMS following an Aqua Regia leach of a 25g subsample. A total of 1075 samples were submitted for assay to Intertek Minerals Ltd's Tarkwa facility in Ghana who prepared the samples for final analyses within their Perth, WA laboratory.

The results of the current survey have confirmed that in summary, 5.0km<sup>2</sup> or 10.4% of the area surveyed reported Au values in excess of 40ppb Au and 2.5km<sup>2</sup> or 5.0% of the area reported values greater than 130ppb Au. Additionally, 29 areas of multi-element anomalism (Au, Ag, As, Sb, Bi, Mo, Te and W) were flagged for follow-up.

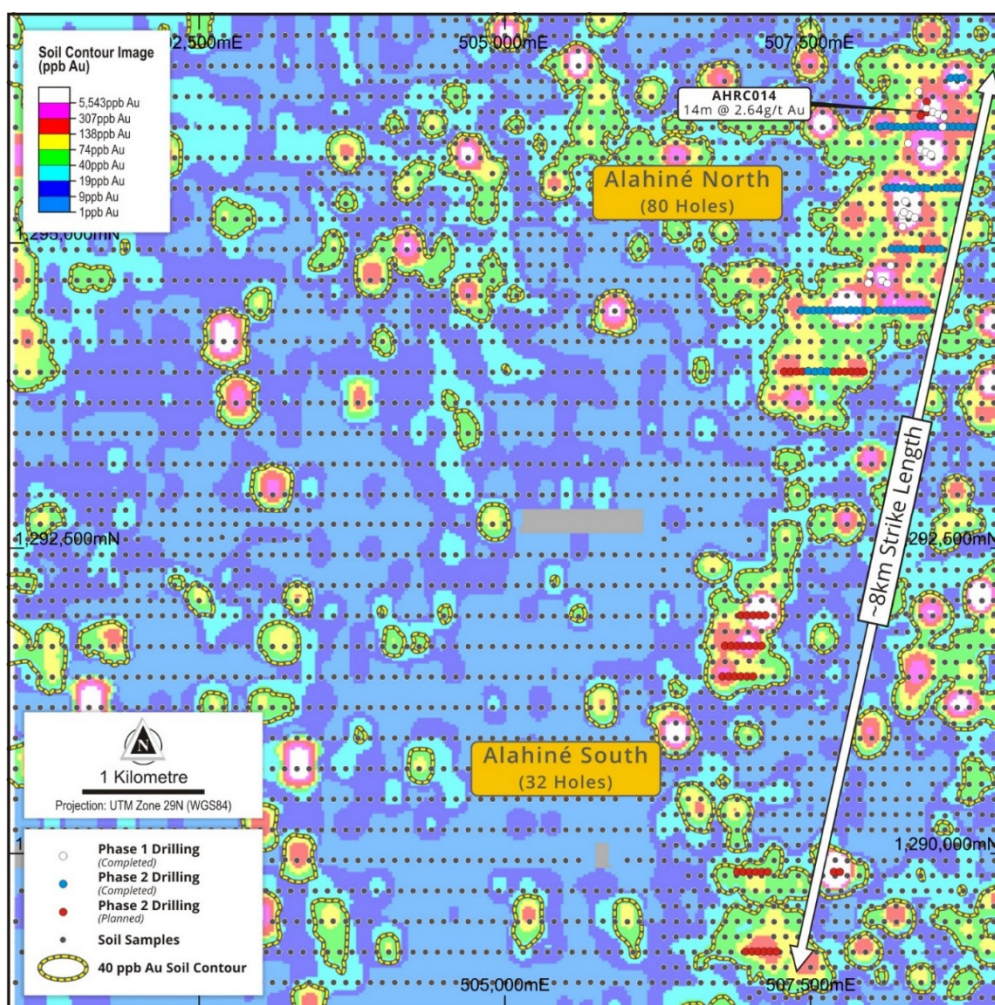
### **Work undertaken**

#### **Drilling**

The Company commenced a second phase of drilling at East Alahiné on 29 June 2021. The programme comprised 5,120 metres of Air-Core (**AC**) and Reverse Circulation (**RC**) drilling. This Phase 2 drill program was designed to test the lateral and vertical extent of gold mineralisation intersected in Hole 14 of the previous (Phase 1) drilling programme, and Siguiri-like shallow oxide gold potential across the Alahiné licence. Drilling services were provided by Target Drilling Pty Limited, an Australian-based West African drilling contractor.

A total of 112 holes along 14 drill fences are planned as shown in Figure 2 below.





**Figure 2:** Alahiné Licence. Phase 2 Drilling Program. Drill traverses superimposed on imaged soil-Au abundances. Note extensive 40 ppb Au-in-soil contours, Phase 1 drill holes also shown.

## Annual Report of Mineral Resources and Exploration Results

The Statement of Mineral Resources and Exploration Results presented in this Report has been prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 Edition (the JORC Code 2012). Polymetals is not aware of any new information or data that materially affects the information included in this Report and confirms that all of the material assumptions and technical parameters underpinning the Exploration Results in the relevant market announcement(s) continue to apply and have not materially changed.

## MINERAL RESOURCES AND ORE RESERVES - CORPORATE GOVERNANCE STATEMENT

Set out below is the following in relation to the Company's Mineral Resources and Ore Reserves:

### Summary of tenements and interests:

Lease	Project	Interest	Expiry
EL22123	Alahiné	100%	April 2022
EL22694	Mansala	100%	October 2022

**Summary of the results of the annual review of Mineral Resource and Ore Reserves**

Exploration of the Company's projects is at an early stage and the Company has:

- no Ore Reserves; and
- Mineral Resources.

**Competent Persons****Guinea**

The information in this report as it relates to Mineral Resources and Exploration Targets for the Alahiné and Mansala projects are based on information compiled by Dr Christopher Johnston, who is a member of the Australasian Institute of Geoscientists. Dr Johnston is a Director of Polymetals Resources Ltd and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Johnston consents to the inclusion in these financial statements of the information in the form and context in which it appears.

**CORPORATE ACTIVITIES****Capital raising – cash****a. Seed Capital**

The Company raised \$749,985 through the issue of 4.990 million new shares at \$0.15 per share – before transaction costs (**Seed Capital**).

The funds raised from the Seed Capital placement were used to commence the Phase 2 drilling program at the Company's Alahiné project and also to meet the Company's working capital requirements related to its Initial Public Offering (IPO) (discussed below). Further details concerning the works conducted on the Company's projects can be found under the Review of Operations and Tenements section of this report.

**b. Capital raising – Initial Public Offering**

On 29 June 2021, the Company announced that it had successfully raised \$5,200,000 through the issue of 26 million new shares at \$0.20 per share in its Initial Public Offering (**IPO**) – before transaction costs.

The funds raised from the IPO are being used to :

- undertake the Phase 2 Air Core (**AC**) and Reverse Circulation (**RC**) drilling exercise at the Company's Alahiné project. This was completed in August 2021 and the Company now intends progressing the project in order to more fully define the extent of gold mineralisation within the tenement;
- follow up the Mansala soil geochemical exploration program completed in December 2020 and to commence a baseline environmental survey over the Mansala project; and
- meet the Company's working capital requirements, particularly those costs related to the IPO.

Further details concerning the works conducted on the Company's projects can be found under the Review of Operations and Tenements section of this report.

**Share Sale and Purchase ("SPA") – Craton Resources Limited ("Craton")**

On 14 January 2021, the Company acquired 100% of the share capital in Golden Guinea Resources SARL. The acquisition was funded by way of the issuance of 34,282,353 ordinary shares at a deemed price of \$0.15 per share in Polymetals to the former Golden Guinea Resources SARL (**Golden Guinea**) shareholders.

Further, as at the date of completion of the SPA, Craton had loaned Golden Guinea an amount in A\$ equal to \$2,223,647 (calculated from US\$1,587,417 using a three-year average A\$:US\$ exchange rate = 0.71388) (**Seller's Existing Loan**).



# POLYMETALS RESOURCES LTD AND ITS CONTROLLED ENTITIES

A.B.N. 73 644 736 247

## Review of Operations and Tenements

Under the SPA, the Seller's Existing Loan was effectively being taken over by the Company in consideration for:

- a payment to Craton of \$100,000 in immediately available funds, which constituted a reimbursement of some of Golden Guinea's exploration costs which had been funded by Craton; and
- the issue of 14,157,647 Shares at an issue price of \$0.15 per Share to Craton (**Craton Loan Shares**).

### Borrowings

In June 2021, a sum of \$250,000.00 was advanced to the Company by Polymetals Group Pty Ltd, a company related to David Sproule.

Subsequent to the end of the reporting period this loan was repaid in full, leaving the Company debt free.

The terms of the loan have been provided as follows:

Purpose of funding	Amount drawn to 30 June 2021, including capitalised interest	Due date
The purpose of the funding is as follows:  a) Working capital of the Company; b) Commence Phase 2 of the drilling campaign at the Company's Alahiné project.	\$250,000	See below.
<b>Total amount owing prior to repayment</b>	<b>\$250,000</b>	

### Key terms of the consolidated facility

Security	Unsecured
Interest Rate	nil% per annum
Repayment	Two business days after the directors of Polymetals Resources Ltd, with David Sproule being excluded from voting on the resolution, resolve that Polymetals Resources Ltd has adequate funds to repay the loan

### Board Changes

The following board changes were announced by the Company during the reporting period.

#### a) Appointments

The following appointments were made during the reporting period:

- Mr David Sproule was appointed as the Non-Executive Director on 30 September 2021;
- Mrs Jane Sproule was appointed as a Non-Executive Director on 30 September 2021;
- Dr Christopher Johnston was appointed as a Non-Executive Director on 30 September 2021; and
- Mr Christopher Schroor was appointed as a Non-Executive Director on 5 January 2021.

#### b) Resignations

On 5 January 2021, Mrs Jane Sproule resigned as a Non-Executive Director of the Company.

More information concerning the directors can be found under the Directors' Report below.

With the exception of the above, there were no other changes made to the Board's composition during the period.

## Management Changes

### a) Alexander Hanly - CEO

Alex Hanly was appointed as the Chief Executive Officer on 30 September 2020 and held the position at the end of the reporting period.

Alex has a Bachelor of Mechanical Engineering and Master of Business Administration. Alex is experienced in capital delivery and operational management for publicly-listed companies within the mining, oil & gas and manufacturing industries throughout Australia. Alex has also led schedule-dependent delivery of sustenance and growth capital spend through a process-orientated management approach.

### b) Vincent Fayad – Company Secretary

On 15 January 2021, the Company appointed Vince Fayad as the Company Secretary.

Vince has over 35 years' experience in corporate finance, international M&A, accounting and other advisory related services in Sydney-based mid-tier accounting firms. Mr Fayad is the principal of Vince Fayad & Associates, providing accounting and advisory services to the Company.

Currently, Vince is an Executive Director and Interim CEO for Astro Resources NL (ASX:ARO). One of ARO's projects is a gold project in Nevada, USA.

## Risks

Polymetals is subject to a number of risks, including but not limited to the following:

Risk	Description
<b>Control</b>	David Sproule and his family own approximately 52% of the Company. Accordingly, there is a risk that Mr Sproule and his associated entities could impact upon future decisions of the Company, either positively or negatively.
<b>Limited operating history</b>	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.
<b>Access to future funding</b>	There is no assurance that the funding required by the Company from time to time to meet its business requirements and objectives will be available to it on favourable terms, or at all.
<b>Regulation changes</b>	Unforeseen changes to the mining laws, regulations, standards and practices applicable may significantly affect the Exploration Licences and ability of the Company to operate in Guinea.
<b>Business in Guinea</b>	Political and legal uncertainty, institutional weakness and known civil turbulence are prevalent in Guinea. Such circumstances could have an impact on progress and development of the Exploration Licences.
<b>Exploration and development risk</b>	Exploration programmes may or may not be successful, could cause harm to employees or contractors, and may incur cost overruns if not carefully managed. The Company is exposed to a significant risk that the proposed exploration activity will be unsuccessful and will not result in the discovery of a viable mineral resource.



### David Sproule

Non-Executive Chairman

Dated at Sydney this 15<sup>th</sup> day of September 2021.

Polymetals Resources Ltd is committed to implementing the highest standards of Corporate Governance, in a manner in which is practical and efficient given the Company's size and operations.

This Corporate Governance Statement of the Company has been prepared in accordance with the 4<sup>th</sup> Edition of the Australian Securities Exchange's ('**ASX**') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('**ASX Principles and Recommendations**').

This statement has been approved by the Company's Board of Directors and is current as at 15<sup>th</sup> September 2021. Where the Company's Corporate Governance practices do not correlate with the practices recommended by the Council, the Company will provide an explanation as to why it does not consider that the practices are appropriate for the Company.

The Company's Corporate Governance statement for the reporting period ended 30 June 2021 is available for members to download and access from <https://www.polymetals.com/site/company-overview/corporate-governance>

The directors present their report, together with the financial statements of Polymetals Resources Ltd (**the Company**) and its controlled entities (**the Group**), for the period 30 September 2020 to 30 June 2021.

## DIRECTORS

The names of the directors in office at any time during, or since the end of the period 30 September 2020 to 30 June 2021 are as follows:

Mr David Sproule (Non-Executive Chairman) – appointed 30 September 2020

Dr Christopher Johnston (Non-Executive Director) – appointed 30 September 2020

Mr Christopher Schroor (Non-Executive Director) – appointed 5 January 2021

Mrs Jane Sproule – appointed 30 September 2020, resigned 5 January 2021

## COMPANY SECRETARY

David Sproule held the position as the Group's Company Secretary at the end of the reporting period and resigned from this role on 15 January 2021. He was appointed as the Company Secretary on 30 September 2020.

Upon David Sproule's resignation, Vincent Fayad was appointed as the Company Secretary on 15 January 2021.

## CHIEF EXECUTIVE OFFICER

Alex Hanly held the position as the Group's Chief Executive Officer at the end of the reporting period. He was appointed as the Chief Executive Officer on 30 September 2020.

## PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

The principal activities of the Group during the reporting period were the exploration and development of mineral resources – in particular gold.

There were no significant changes in the nature of the Group's principal activities during the reporting period.

## RESULTS AND REVIEW OF OPERATIONS

The consolidated loss of the Group for the reporting period after providing for income tax amounted to \$506,932.

The consolidated loss for the period has been impacted by the following:

- exploration costs which have been written off \$114,377; and
- foreign exchange losses and interest expenses incurred on operating foreign bank accounts and loans of \$80,663;

The residual of the operating loss of \$311,892 is made of general overheads incurred in relation to the day to day running of the Company and directors remuneration.

The net assets of the Group were \$6,309,763 as at 30 June 2021. This was primarily due to the proceeds received from the Company's Initial Public Offering of \$5,200,000 (before costs) – which was completed on 29 June 2021.

A full report in relation to the review of the operations has been set out on pages 5 to 10.

## DIVIDENDS PAID OR RECOMMENDED

The Directors recommend that no dividend be paid for the period ended 30 June 2021.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs of entities in the Group during the period, except as disclosed throughout this report.

## FUTURE DEVELOPMENTS AND RESULTS

The Group intends to further explore and develop its gold projects within the Siguiri Basin, Guinea, West Africa. The Company also is actively seeking out new exploration and mining opportunities both in Guinea and outside of Guinea.

## ENVIRONMENTAL ISSUES

The exploration activities of the Group are conducted in accordance with and controlled principally by the Republic of Guinea government legislation.

The Group employs a system for reporting environmental incidents, establishing and communicating accountability, and rating environmental performance. During the year, data on environmental performance was reported as part of the monthly exploration-reporting regime. In addition, as required under various state and territory legislation, procedures are in place to ensure that the relevant authorities are notified prior to the commencement of ground disturbing exploration activities.

The Group is committed to minimising the impact of its activities on the surrounding environment at the same time aiming to maximise the social, environmental and economic returns for the local community. To this end, the environment is a key consideration in the Company's exploration activities and during the rehabilitation of disturbed areas. Generally, rehabilitation occurs immediately following the completion of a particular phase of exploration. In addition, the Group continued to develop and maintain mutually beneficial relationships with the local communities affected by its activities. Rehabilitation initiatives include the extraction of all pegs and restoration of peg lines, plugging of all drill holes and the removal of plastic bags of drill cuttings bags from site.

## EVENTS AFTER THE END OF THE REPORTING PERIOD

Since the end of the reporting period, the following matters have arisen which have significantly affected or could significantly affect the operations of the Group in future financial years:

- (a) the Company announced on 26 July 2021 that due to favourable drilling conditions, it had extended its Phase 2 drilling program at Alahiné.

Under the initial drill program announced on 29 June 2021, a total of 5,100 meters was to be drilled using a combination of Air Core (**AC**) and Reverse Circulation (**RC**) drilling. Under the extended program, an additional 2,200 meters using AC drilling was undertaken and completed on 5 August 2021. The additional drilling targets were based on geological observations and site geologist recommendations.

As a result of the extension to the drilling program, a total of 7,320 meters was drilled. Partial results from the drilling program were received in August 2021 (see below), with the remainder expected to be received by the end of September 2021.

- (b) the appointment of Mr Clive Hastings as the supervising geologist for both the Alahiné and Mansala projects. Mr Hastings has a wealth of experience in both AC and RC drill management and is supervising the Phase 2 drilling program at Alahiné (mentioned in (a) above);
- (c) on 31 August 2021, the first batch of assay test results from the Alahiné Phase 2 drilling program were received from SGS Laboratory in Bamako, Mali. The first batch represented 27% of the total assays to be received from the Company's Phase 2 drilling program. More information concerning the results from the assay testing can be found under the Operation section of this report;
- (d) the military removal of the sitting Guinea president and government. The Company's operations in Guinea have been unaffected.

## INFORMATION ON DIRECTORS &amp; COMPANY SECRETARY

**Mr David Sproule**

Non-Executive Director and Chairman

Mr Sproule has specialised in value creation within the minerals industry, founding and managing the private Polymetals Group which developed 8 Australian gold projects over 25 years. An "owner build" model was applied to all operations significantly reducing typical mine development costs. The projects collectively returned +2,000% in fully franked dividends on initial shareholder investment.

Mr Sproule previously served as a Chairman of Polymetals Mining Limited from its listing on ASX in 2011 until the company merged with Southern Cross Goldfields (ASX: SXG).

**Dr Christopher Johnston**

Non-Executive Director

Dr Johnston has over 40 years' experience in the Australian mining industry and has explored in most states of Australia for gold, silver and base metals for companies including Burdekin Resources NL, St Francis Mining Limited, Triton Resources Limited and more recently as NSW Exploration Manager for Black Oak Minerals Limited (previously Polymetals Mining Limited).

Dr Johnston holds a First Class Honours degree in Geology from Auckland University and also a Doctor of Philosophy (Geology) from James Cook University.

**Mr Christopher Schroor**

Non-Executive Director

Mr Schroor is a founding director of the Azure Development Group ("Azure"), a multifaceted Property Development and Investment Company which has delivered over \$AUD 500 million of projects since its inception in 2014. Mr Schroor is responsible for all capital raising and financing aspects of Azure.

Mr Schroor was previously Executive Director – Commercial Development for the Springfield Land Corporation and during his 10 years in that role he spearheaded all development associated with the \$8bn, 2830ha master planned city.

In 2014 Mr Schroor established a Joint Venture in Thailand with Siam Commercial Bank, Kasikorn Bank, True Telecommunications, Super NAP International and the Thai Royal Family office, to design and deliver Super NAP Thailand, Asia's first Tier IV Data Centre.

**Mrs Jane Sproule (resigned 5 January 2021)**

Non-Executive Director

Mrs Sproule had 10 years nursing at Princess Margaret hospital, Perth followed by Midwife training and hospital practice, Ipswich, UK. In addition, Mrs Sproule had three years as a Kalgoorlie-based Child Health nurse. Mrs Sproule had been closely involved with the previous Polymetals Mining business for its 25 years of operation until listing on ASX in 2011.

**Mr Vince Fayad (appointed 15 January 2021)**

Company Secretary

Mr Fayad is currently a Director of Vince Fayad and Associates Pty Limited and has had approximately 35 years of experience in Corporate Finance, Accounting and other advisory related services. He is a registered company auditor and tax agent.

Mr Fayad currently serves the Company Secretary and Executive Director of Astro Resources NL (ASX: ARO).

He has also previously served on other listed entities boards.



**MEETINGS OF DIRECTORS**

During the reporting period, five meetings of directors (including committees of directors) were held. Attendances by each director during the period were as follows:

	Directors' Meetings		Audit Committee <sup>1</sup>	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr David Sproule	5	5	-	-
Dr Christopher Johnston	5	5	-	-
Mr Christopher Schroor	2	2	-	-
Mrs Jane Sproule	3	3	-	-

<sup>1</sup>Refer to Principle 4.1 of the Governance Statement which explains why the Company has not established an Audit Committee.

**CORPORATE GOVERNANCE**

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of the Group support and have adhered to the principles of Corporate Governance. The Group's corporate governance statement can be downloaded and accessed from <https://www.polymetals.com/site/company-overview/corporate-governance>

**DIRECTORS' INTERESTS**

The relevant interest of each director in the shares of the Company as notified by the Directors to the Australian Securities Exchange in accordance with s.205G(1) of the *Corporations Act 2001* at the date of this report is as follows:

	Ordinary Shares – Fully Paid
	2021
Mr David Sproule	41,499,848 <sup>1</sup>
Dr Christopher Johnston	66,667
Mr Christopher Schroor	75,000
Mrs Jane Sproule (resigned 5 January 2021)	41,499,848 <sup>1</sup>

<sup>1</sup> Shares are held between various entities controlled by Mrs Jane Sproule and Mr David Sproule. Such amounts included in the above table reflect Mrs and Mr Sproule's collective interest within the Company.

**INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS**

During the reporting period, the Group paid a premium in respect of a contract insuring the directors of the Group, the Company Secretary, all executive officers of the Group and of any related body corporate against a liability incurred as a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The Group has not otherwise, during or since the reporting period, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Group or of any related body corporate against a liability incurred as such an officer or auditor.

The contract of insurance prohibits the disclosure of the nature of the liabilities and the amount of the premium.

**OPTIONS**

There were no other options held or exercised in the Company during the reporting period.

**PROCEEDINGS ON BEHALF OF COMPANY**

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company or the Group was not a party to any such proceedings during the period.

**NON-AUDIT SERVICES**

RSM Australia Partners is the appointed auditors of the Company.

During the reporting period, RSM Australia Partners were engaged to prepare an Investigative Accountants Report (IAR) as part of the Company's Initial Public Offering (IPO). The total fees paid in relation to this service was \$24,500.

With the exception of the above, RSM Australia Partners has not performed any other services in addition to their statutory duties as the auditors. Fees paid or payable for these services in relation to the audit and review of the Group's financial report for the financial years 2018, 2019, 2020 and 31 January 2021 were \$48,750.

The Directors are satisfied that the provision of services is compatible with the general standard of independence for the auditor as imposed by the *Corporations Act 2001*.

**AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the period ended 30 June 2021 has been received and can be found on page 45 of the financial report.

**OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF RSM AUSTRALIA PARTNERS**

There are no officers of the company who are former partners of RSM Australia Partners.

**ROUNDING OF AMOUNTS**

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

**REMUNERATION REPORT (AUDITED)**

This report details the nature and amount of remuneration for each key management staff member (KMP) of Polymetals Resources Ltd (the Company).

**1. Remuneration policy**

The remuneration policy of Polymetals Resources Ltd and its Controlled Entities (the Group) has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of Polymetals Resources Ltd and its Controlled Entities believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Group is as follows:

- the remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed and approved by the board;
- non-executive directors received fees for their services as approved by shareholders; and
- executive directors can be employed by the Group on a consultancy basis, on board approval, with remuneration and terms stipulated in individual consultancy agreements.

**1. Remuneration policy (continued)**

The board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries. In addition, external consultants may be used to provide analysis and advice to ensure the directors and senior executives remuneration is competitive in the market place.

The board exercises its discretion in determining remuneration performance of executives. Given the size and nature of the entity the board does not deem it to be realistic to measure performance against defined criteria. As such remuneration and performance are not linked.

All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviewed their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for non-executive directors are not linked to the performance of the Group. The directors are not required to hold any shares in the company under the Constitution of the Company; however, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Group.

The board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

*i. Remuneration Committee*

During the period ended 30 June 2021, the Company did not have a separately established nomination or remuneration committee. Considering the size of the Group, the number of directors and the Group's early stages of its development, the directors are of the view that these functions could be efficiently performed with full board participation.

*ii. Group Performance, Shareholder Wealth and Directors and Executives Remuneration*

No relationship exists between shareholder wealth, director and executive remuneration and Group performance except for options issued.

**Key Management Personnel**

<b>Name</b>	<b>Position Held</b>
Mr David Sproule – appointed 30 September 2020	Non-Executive Chairman
Dr Christopher Johnston – appointed 30 September 2020	Non-Executive Director
Mr Christopher Schroor – appointed 5 January 2021	Non-Executive Director
Mrs Jane Sproule – appointed 30 September 2020, resigned 5 January 2021	Non-Executive Director
Mr Vincent Fayad – appointed 15 January 2021	Company Secretary
Mr Alexander Hanly – appointed 30 September 2020	Chief Executive Officer

**3. Key person remuneration entitlement**

The Company did not hold an Annual General Meeting (**AGM**), as it was incorporated on 30 September 2020. Item 8.4 of the Company's Prospectus details the directors' remuneration upon completion of the IPO.

The remuneration entitlement of the Company is as follows:

POLYMETALS RESOURCES LTD AND ITS CONTROLLED ENTITIES

A.B.N. 73 644 736 247

Directors' Report

3. Key person remuneration entitlement (continued)

Key Management Personnel	Position Held as at 30 June 2021	Contract Details	Remuneration	Incentives
Mr David Sproule	Non Executive Chairman	-	\$48,000 per annum.	n/a
Dr Christopher Johnston	Non-Executive Director	-	\$36,000 per annum.	n/a
Mr Christopher Schroor	Non-Executive Director	-	\$36,000 per annum.	n/a
Mrs Jane Sproule	Non-Executive Director	-	-	n/a
Mr Vince Fayad	Company Secretary	Contract is ongoing.	\$84,000 per annum, for the accounting and services of company secretary.	n/a
Mr Alexander Hanly	Chief Executive Officer	Contract is ongoing.	\$666 per day on presentation of an invoice for work undertaken by Acumen Management Group	n/a

4. Remuneration details for the period ended 30 June 2021

The following table of benefits and payment details, in respect to the reporting period, the components of remuneration for each member of the KMP of the Group and, to the extent different, the three Group executives and three Company executives receiving the highest remuneration:

2021	Cash salary/fees \$	Termination Payments \$	Share based payments \$	Total \$
<b>Executive Directors</b>				
<b>Non-Executive Directors</b>				
Mr David Sproule	36,000	-	-	36,000
Dr Christopher Johnston	27,000	-	-	27,000
Mr Christopher Schroor	18,000	-	-	18,000
Mrs Jane Sproule	-	-	-	-
<b>KMP</b>				
Mr Alexander Hanly <sup>2</sup>	45,915	-	-	45,915
Mr Vincent Fayad <sup>1</sup>	49,924	-	-	49,924
	176,839	-	-	176,839

1 Payments to Vince Fayad were made in his capacity as company secretary of the Company. The services rendered related to the Company's IPO – including the preparation of the 2018, 2019, 2020 and 31 January 2021 statutory accounts, as well as preparation of the prospectus; and

2 Payments to Alexander Hanly were made in his capacity as Chief Executive Officer (CEO) of the Company.

There was no remuneration payments made to the directors or executive during the prior year, as the Company was incorporated on 30 September 2020.

i. Short-term non-monetary benefits:

During the reporting period, the Group paid a premium of \$15,962, being \$3,192 per person in respect of a contract ensuring the directors, company secretary and all executive officers of the Group and of any related body corporate against liabilities incurred as a director, secretary or executive officer.

**4. Remuneration details for the period ended 30 June 2021** (continued)*iii. Options issued as part of remuneration for the period:*

There were no options issued as part of remuneration package for the period ended 30 June 2021. No options have been granted since the end of the reporting period.

**5. Description of options granted as remuneration**

There were no options granted as remuneration to Directors and those key management personnel and executives during the period.

**6. Share Holdings of Key Management Personnel**

2021	Balance at start of period or date of appointment	Granted as compensation	On exercise of options	Other	Balance at end of period or date of resignation
<b>Non-Executive Director</b>					
Mr David Sproule <sup>1</sup>	-	-	-	41,497,379	41,497,379
Dr Christopher Johnston <sup>2</sup>	-	-	-	66,667	66,667
Mr Christopher Schroor <sup>3</sup>	-	-	-	75,000	75,000
<b>KMP</b>					
Mr Alexander Hanly <sup>4</sup>	-	-	-	100,000	100,000
Mr Vincent Fayad <sup>5</sup>	-	-	-	16,385	16,385
	-	-	-	41,680,431	41,680,431

<sup>1</sup>Mr David Sproule's shareholding is comprised of shares that he holds personally, along with shares that are held by entities he controls. Further information concerning the composition of Mr David Sproule's shareholding can be found within his Notice of initial substantial shareholder form lodged on the ASX on 29 June 2021.

<sup>2</sup>Dr Christopher Johnston's shareholding in the Company was acquired pre IPO.

<sup>3</sup>Mr Christopher Schroor's shareholding in the Company is held through a controlled entity 'Schroor Superannuation Fund Pty Ltd' and was acquired during the IPO.

<sup>4</sup>Mr Alexander Hanly's shareholding in the Company was acquired pre IPO.

<sup>5</sup>Mr Vince Fayad's shareholding in the Company is held through a controlled entity 'KAFTA Enterprises Pty Limited' and was acquired during the IPO.

**7. Service Agreements**

All directors and Key Management Personnel invoice the Company under their personal name, except for the following:

Mr Vince Fayad provides his services as Company Secretary through Vince Fayad and Associates Pty Limited.

Mr Alexander Hanly provides his services to the Group through Acumen Management Group Pty Limited.

This directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.



**David Sproule**  
Non-Executive Chairman

Dated at Sydney this 15<sup>th</sup> day of September 2021.

**RSM Australia Partners**

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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Polymetals Resources Limited and its controlled entities for the period 30 September 2020 to 30 June 2021, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink that reads "RSM".**RSM AUSTRALIA PARTNERS**A handwritten signature in blue ink that reads "C J Hume".

**C J HUME**  
Partner

Sydney, NSW  
Dated: 15 September 2021



POLYMETALS RESOURCES LTD AND ITS CONTROLLED ENTITIES

A.B.N. 73 644 736 247

Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the period ended 30 June 2021

	Note	30 September 2020 to 30 June 2021 \$
<b>Continuing Operations</b>		
Income	3	-
Exploration expenditure written off	4	(114,377)
Interest expense and realised foreign losses		(80,663)
Other expenses	4	(311,892)
<b>Loss before income tax</b>		(506,932)
Income tax benefit	5	-
<b>Loss from continuing operations</b>		(506,932)
Members of the parent entity		(489,140)
Non-controlling interest		(17,792)
		(506,932)
<b>Other comprehensive income ("OCI")</b>		
Items that may be reclassified subsequently to the profit or loss:		
<b>Other comprehensive loss for the period</b>		-
<b>Total comprehensive loss for the period</b>		(506,932)
Total comprehensive loss attributable to:		
Members of the parent entity		(489,140)
Non-controlling interest		(17,792)
		(506,932)
<b>Loss per share</b>		
From continuing operations:		
Basic loss per share (cents)	6	(1.70)
Diluted loss per share (cents)	6	(1.70)

The accompanying notes form part of these financial statements.

POLYMETALS RESOURCES LTD AND ITS CONTROLLED ENTITIES

A.B.N. 73 644 736 247

Consolidated Statement of Financial Position

As at 30 June 2021

	Note	2021 \$
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	7	5,013,992
Trade and other receivables	8	80,327
Other assets	9	18,202
TOTAL CURRENT ASSETS		5,112,521
NON-CURRENT ASSETS		
Property, plant and equipment	11	2,467
Exploration, evaluation and development assets	10	1,748,419
TOTAL NON-CURRENT ASSETS		1,750,886
TOTAL ASSETS		6,863,407
<b>LIABILITIES</b>		
CURRENT LIABILITIES		
Trade and other payables	12	303,644
Borrowings	13	250,000
TOTAL CURRENT LIABILITIES		553,644
NON-CURRENT LIABILITIES		
TOTAL NON-CURRENT LAIBILITIES		-
TOTAL LIABILITIES		553,644
NET ASSETS		6,309,763
<b>EQUITY</b>		
Issued capital	14	1,248
Non-controlling interest		7,451,442
Accumulated losses		(1,142,927)
TOTAL EQUITY		6,309,763

The accompanying notes form part of these financial statements.

POLYMETALS RESOURCES LTD AND ITS CONTROLLED ENTITIES

A.B.N. 73 644 736 247

Consolidated Statement of Cash Flows

As at 30 June 2021

	Note	2021 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Proceeds from other income		-
Payments to suppliers and employees		(201,525)
Net cash used in operating activities	16	(201,525)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payments for exploration expenditure		(464,193)
Net cash used in investing activities		(464,193)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from loan facility		250,000
Proceeds from share/options issue (gross of transaction costs)		5,950,085
Payments for share issue costs		(520,375)
Net cash provided by financing activities		5,679,710
Net increase in cash and cash equivalents held		5,013,992
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of financial period	7	5,013,992

*The accompanying notes form part of these financial statements.*

**POLYMETALS RESOURCES LTD AND ITS CONTROLLED ENTITIES**

**A.B.N. 73 644 736 247**

**Consolidated Statement of Changes in Equity  
For the period ended 30 June 2021**

	<b>Issued Capital</b>	<b>Accumulated Losses</b>	<b>Non-Controlling Interest</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 30 September 2020</b>	-	-	-	-
Issued capital (formation)	1,248	-	-	1,248
Minority interest Polymetals Resources Ltd subscription capital <sup>1</sup>	-	-	365,897	365,897
Minority interest	-	-	2,123,647	2,123,647
Introduction of the accumulated losses relating to Golden Guinea Resources SARL <sup>2</sup>	-	(653,787)	-	(653,787)
Seed capital raise	-	-	318,318	318,318
IPO capital raise	-	-	5,200,000	5,200,000
Share issue costs	-	-	(538,628)	(538,628)
Loss for period	-	(489,140)	(17,792)	(506,932)
<b>Balance at 30 June 2021</b>	<b>1,248</b>	<b>(1,142,927)</b>	<b>7,451,442</b>	<b>6,309,763</b>

<sup>1</sup> As set out in note 1(c) in the summary of the significant accounting policies, Polymetals wholly owned subsidiary, Golden Guinea Resources SARL is deemed to be the parent company for the purposes of this financial report and as such, any equity contribution made by shareholders of Polymetals are recognised as a contribution by minority shareholders.

<sup>2</sup> In addition to the comment made in (1) above, the consolidated financial statements incorporate Golden Guinea Resources SARL accumulated losses from prior periods.

*The accompanying notes form part of these financial statements.*

Polymetals Resources Ltd (**Polymetals**) is a company domiciled in New South Wales, Australia. The address of the Company's registered office is Suite 6, Level 5 189 Kent Street, Sydney NSW 2000. The consolidated financial statements of the Company are for the period 30 September 2020 (date of incorporation) to 30 June 2021 and comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities').

In January 2021, Polymetals acquired 100% of the share capital in Golden Guinea Resources SARL. The acquisition was funded by way of the issuance of 48,440,000 ordinary shares at a deemed price of \$0.15 per share in Polymetals to the former Golden Guinea Resources SARL (**Golden Guinea**) shareholders.

For the purpose of preparing these financial statements, it has been determined that the effect of such a transaction will not constitute a business combination and therefore AASB 3 Business Combinations does not apply. The separate financial statements and notes of the parent entity, Polymetals Resources Ltd, have not been presented within this financial report as permitted by amendments made to the *Corporations Act 2001*. A parent entity summary is included in note 24.

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

The financial report of Polymetals Resources Ltd for the period from 30 September 2020 to 30 June 2021 was authorised for issue by the Board of Directors on 15 September 2021.

## 1 Summary of Significant Accounting Policies

### (a) Basis of preparation

These general-purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

### (b) Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of \$506,932 and had net cash outflows from operating activities of \$201,525 for the period ended 30 June 2021. As at that date the consolidated entity had net current assets of \$4,558,877 and cash at bank of \$5,013,992.

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:

- having regard to the current level of planned expenditure;
- the ability to reduce discretionary spending;
- ability to raise equity capital; and
- ability to sell assets.

### (c) Comparative figures

For the purposes of this financial report, despite Golden Guinea being the deemed acquirer of Polymetals, there is no comparative financial information disclosed in this report. This is to take into account the formation of the Group effective, 29 January 2021, when Polymetals acquired all of the shares of Golden Guinea.

**(c) Comparative figures** (continued)

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement of items in the financial statements or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

**(d) Principles of consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Polymetals and its subsidiary ("the **Group**"). Subsidiaries are entities which the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 18.

As noted previously, these financial statements have been prepared on the basis that the wholly owned subsidiary Golden Guinea is the parent company. The basis for this is that the shareholders of Golden Guinea sold their shares to Polymetals in exchange for their shares in Polymetals. As a result, no business combination is considered to have occurred, resulting in Golden Guinea being deemed to be the acquirer of Polymetals.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control was obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

**(e) Operating segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

**(f) Functional and presentational currency**

The financial statements are presented in Australian dollars, which is Polymetals' functional and presentational currency.

**Foreign operations**

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

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

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

**Plant and equipment**

Plant and equipment are measured on the cost basis. Cost includes expenditure that is directly attributable to the asset.



**(g) Property, plant and equipment (continued)****Depreciation**

The depreciable amount of property, plant and equipment, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The depreciation rate used by the Group for property plant and equipment was 10%.

**(h) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

**(i) Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. When available-for-sale investments are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

**(j) Impairment of non-financial assets (excluding capitalised exploration costs)**

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information and dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Value in use is calculated by discounting the estimated future cash flows of the asset or cash-generating unit (CGU) at a pre-tax discount rate reflecting the specific risks in the asset / CGU.

Any excess of the asset's carrying value over its recoverable amount is expensed to the consolidated statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets (excluding exploration assets) with indefinite lives.

**(k) Goodwill**

Goodwill on acquisitions of subsidiaries on or after 1 January 2019 represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired.

Goodwill on subsidiaries and joint ventures is recognised separately as intangible assets and carried at cost less accumulated impairment losses. Goodwill on associated companies is included in the carrying amount of the investments.

**(l) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the consolidated statement of financial position.

**(m) Trade and other payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

**(n) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

**(o) Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

**(p) Earnings per share**

The Group presents basic and diluted earnings per share information for its ordinary shares.

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share adjusts the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

**(q) Income tax**

The income tax expense (income) for the period comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and liability balances during the period as well as unused tax losses. Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

**(q) Income tax (continued)**

Current and deferred income tax expense/(income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the Group in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where:

- i. a legally enforceable right of set-off exists; and
- ii. the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future years in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**(r) Revenue and other income**

All revenue is stated net of the amount of goods and services tax (GST).

**(s) Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

**(t) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**(u) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(v) Exploration and development expenditure**

Exploration and evaluation costs are capitalised as exploration and evaluation assets on a project-by-project basis pending determination of the technical feasibility and commercial viability of the project. The capitalised costs are presented as both tangible or intangible exploration and evaluation assets according to the nature of the assets acquired. When a licence is relinquished or a project abandoned, the related costs are recognised in the profit or loss immediately.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and/or (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units consistent with the determination of reportable segments.

Upon determination of proven reserves, intangible exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to a separate category within tangible assets.

Amortisation is not charged on exploration and evaluation assets until they are available for use.

Pre-licence costs are recognised in profit or loss as incurred. Expenditure deemed unsuccessful is recognised in profit or loss immediately.

**(w) Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 24.

**(x) New or amended Accounting Standards and Interpretations adopted**

The Group 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.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Group:

*Conceptual Framework for Financial Reporting (Conceptual Framework)*

The Group has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

**(y) New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2021. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

**(z) Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

*Key judgement - exploration and evaluation expenditure*

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

## 2 Operating Segments

### Segment information

#### Identification of reportable segments

Operating segments are reporting in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

An operating segment is a component of the Group that engage in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segment results are regularly reviewed by the Group's Board of Directors to make decisions about resources allocated to the segment and assess its performance and for which discrete financial information is available.

The operating segments are identified by the Board of Directors based on the type of exploration being conducted by the Group. Detailed financial information about each of these operating businesses is reported to the Board of Directors on at least a quarterly basis.

The Group operated in one operating segment during the reporting period - being gold exploration within Guinea, West Africa.

#### Types of products and services by reportable segment

##### *Gold exploration*

The Group is currently conducting exploration upon tenements considered prospective for gold. No income has been derived from the recovery of gold during the period ended 30 June 2021.

#### Accounting policies adopted

Unless stated below, all amounts reported to the Board of Directors, being the chief operating decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

##### *Assets*

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

##### *Liabilities*

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

##### *Unallocated items*

The following items of revenue, expense, 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;
- cash and cash equivalents; and
- trade debtors and creditors.

POLYMETALS RESOURCES LTD AND ITS CONTROLLED ENTITIES

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Notes to the Financial Statements

(a) Segment performance

	Gold	Unallocated	Total
	2021	2021	2021
	\$	\$	\$
<b>REVENUE</b>			
Interest revenue	-	-	-
<b>Total segmented revenue</b>	-	-	-
Segment result	(189,675)	(317,257)	(506,932)
Research & development grant	-	-	-
Loss for the period	(189,675)	(317,257)	(506,932)
<b>Other segment information</b>			
Depreciation and amortisation	-	-	-
<b>Segment assets and liabilities</b>			
<b>Segment assets</b>			
Exploration expenditure	1,748,419	-	1,748,419
Property, plant and equipment	2,467	-	2,467
Other assets	2,275	5,110,246	5,112,521
	1,753,161	5,110,246	6,863,407
<b>Segment liabilities</b>	3,792	549,852	553,644
<i>Other assets are made up of:</i>			
Cash and cash equivalents	402	5,013,590	5,013,992
Prepayments	-	18,202	18,202
Other receivables	1,873	78,454	80,327
	2,275	5,110,246	5,112,521



**3 Income**

	2021 \$
	-
	-

**4 Result for the Period**

	2021 \$
--	------------

**The result for the period includes the following specific expenses**

Exploration expenditure written off to the profit and loss	114,377
<b>Net impairment expense</b>	<b>114,377</b>
<b>Other expenses:</b>	
- Directors' and related entities consulting fees	132,904
- Administration expenses	130,238
- Auditors remuneration for audit services	48,750
	<b>311,892</b>

**5 Income Tax**

	2021 \$
--	------------

(a) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

Prima facie tax benefit on loss from ordinary activities before income tax at 27.5%	(139,406)
Add tax effect of:	
- deferred tax assets and liabilities not recognised	139,406
Income tax	-

(b) Net deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility occur:

Tax losses	64,943
Capital losses	-
Capitalised exploration expenditure	-
	<b>64,943</b>

The above deferred tax assets will only be obtained if:

- i. future assessable income is derived of a nature and an amount sufficient to enable utilize the benefit; and
- ii. the conditions for deductibility imposed by tax legislation continue to be complied with and no changes in the tax legislation adversely affect the company in realising the benefit.

Apart from the exploration development costs which has been netted off against the carried losses, there are no deferred tax liabilities at 30 June 2021.

**6 Earnings per Share**


---

**2021**  
**\$**
**Basic earnings per share**

(a) Reconciliation of earnings to loss from continuing operations

Loss from continuing operations	(506,932)
---------------------------------	-----------

(b) Earnings used to calculate overall earnings per share

Earnings used to calculate overall earnings per share	(506,932)
---	-----------

(c) Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS

**2021**  
**No.**

Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	29,778,540
--	------------

**Diluted earnings per share**

Share options are not considered dilutive as the conversion of options to ordinary shares will result in a decrease in the net loss per share.

**7 Cash and Cash Equivalents**


---

**2021**  
**\$**

Cash at bank and in hand	5,013,992
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**8 Trade and Other Receivables**


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**2021**  
**\$**

CURRENT	
GST recoverable	

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80,327

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80,327
*Credit risk*

There is no material credit risk or currency risk within the Trade and Other Receivables balance.

**9 Other Assets**


---

**2021**  
**\$**

CURRENT	
Prepayments	

---

18,202

**10 Exploration, Evaluation and Development Assets****2021**  
**\$****NON-CURRENT**

in exploration phase:

- At cost and net of impairment	1,748,419
---------------------------------	-----------

**(a) Composition of exploration assets**

Capitalised exploration – wholly owned	1,748,419
Impairment	-
Balance at end of the year	1,748,419

**(b) Movements****2021**  
**\$***(i) Exploration assets at cost*

Opening Balance (wholly owned)

-

Add:

- Expenditure capitalised

1,862,796

Less:

- Expenditure impaired to the profit and loss

(114,377)

Closing balance

1,748,419

*(ii) Impairment*

Opening Balance

-

Add/(Less):

- Current year impairment adjustment

-

Closing Balance

-

**(c) Discussion on impairment**

The Board has impaired all capitalised costs where necessary, including that part of the acquisition.

**11 Property, Plant and Equipment****2021**  
**\$**Plant and equipment<sup>1</sup>

At cost

2,691

Accumulated depreciation

(224)

2,467

<sup>1</sup>the plant and equipment was continued to be used in the activities in the period ended 30 June 2021. The depreciation rate applied on the plant is 10.00% per annum.

**11 Property Plant and Equipment (continued)****(a) Movement in Property, Plant and Equipment**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current reporting period:

	<b>2021</b>
	<b>\$</b>
Balance at the beginning of period	-
Additions	2,691
Depreciation expense	(224)
<b>Balance at end of the period</b>	<b>2,467</b>

**12 Trade and Other Payables**

	<b>2021</b>
	<b>\$</b>
<b>CURRENT</b>	
Unsecured liabilities	
Trade payables	218,851
Other payables <sup>1</sup>	84,793
<b>Total Trade and Other Payables</b>	<b>303,644</b>

(a) Other payables consists of amounts owing to directors. At balance date, such amounts were as follows:

David Sproule	36,000
Christopher Johnston	27,000
Christopher Schroor	18,000
<b>Balance at end of the period owing to directors</b>	<b>81,000</b>

**13 Borrowings**

	<b>2021</b>
	<b>\$</b>
<b>CURRENT</b>	
Unsecured borrowings	
Loan Facility – Polymetals Group Pty Limited <sup>1</sup>	250,000
	<b>250,000</b>

<sup>1</sup> The terms of the loan to Polymetals Group Pty Limited are as follows:

Purpose of funding	Amount drawn to 30 June 2021, including capitalised interest	Due date
The purpose of the funding is as follows:		
c) Working capital of the Company;	\$250,000	See below.
d) Commence Phase 2 of the drilling campaign at the Company's Alahiné project.		
<b>Total amount owing prior to repayment</b>	<b>\$250,000</b>	

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Notes to the Financial Statements

**13 Borrowings (continued)**

The terms of the loan are as follows:

**Key terms of the consolidated facility**

Security	Unsecured
Interest Rate	nil% per annum
Repayment	Two business days after the directors of Polymetals Resources Ltd, with David Sproule being excluded from voting on the resolution, resolve that Polymetals Resources Ltd has adequate funds to repay the loan

**14 Issued Capital**

<b>Movement Reconciliation – Issued and Fully Paid</b>	<b>2021 No.</b>
Balance at the end of the reporting period (No. of shares)	1,000
	1,000

**(a) Movement Reconciliation – Golden Guinea Resources SARL**

	<b>Date</b>	<b>2021 \$</b>	<b>2021 No.</b>
At the beginning and end of the reporting period	30/09/2020	-	-
1,000 Ordinary shares	30/09/2020	1,248	1,000
		1,248	1,000

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number and amount paid on the share held. On a show of hands at meetings of the Group, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote. The shares have no par value and there is no current on-market buy back.

**(b) Movement in ordinary shares – Polymetals Resources Ltd**

	<b>Date</b>	<b>2021 \$</b>	<b>2021 No.</b>
At the beginning of the reporting period		-	-
Share issue upon acquisition of Golden Guinea Resources SARL	31/01/2021	5,142,353	34,282,353
Share issue upon acquisition of Golden Guinea Resources SARL former shareholders loan securities	31/01/2021	2,123,647	14,157,647
Seed capital	31/01/2021	431,767	2,877,880
Seed capital	18/02/2021	318,318	2,122,120
Initial Public Offering (IPO)	24/06/2021	5,200,000	26,000,000
Share issue costs incurred in relation to IPO	24/06/2021	(604,499)	-
<b>At the end of the reporting period</b>		<b>12,611,586</b>	<b>79,440,000</b>

As provided under Note 1 above, *AASB 3 Business Combinations* has been considered not to apply to the Group on the basis that common control is present for both Polymetals and Golden Guinea Resources SARL. Accordingly, the share capital in Polymetals Resources Ltd has only been in part reflected within the Group's financial statements, until such time that common control is deemed to have ceased.

**(c) Options**

	<b>\$</b>	<b>No</b>
At the beginning of the reporting period	-	-
Options exercised/lapsed under Offer	-	-
<b>At the end of the reporting period<sup>1</sup></b>	<b>-</b>	<b>-</b>

**15 Financial Risk Management**

The Group's financial instruments consist mainly of deposits with banks, borrowings, accounts receivable and payable.

The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the entire year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The totals for each category of financial instruments, measured in accordance with AASB 9: Financial Instruments: Recognition and Measurement as detailed in the accounting policies to these financial statements, are as follows:

**(a) Categories of financial instruments**

	2021 \$
<b>Financial assets</b>	
Cash and cash equivalents	5,013,992
Trade and other receivables	80,327
	<u>5,094,319</u>
<b>Financial liabilities</b>	
Trade and other payables	303,644
Borrowings	250,000
	<u>553,644</u>

**(b) Capital risk management**

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits of other stockholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of cash and cash equivalents, deposits in respect of bank guarantee and equity attributable to equity holders of the company, comprising issued capital, reserves and accumulated losses.

There are no externally imposed capital requirements. None of the Group's entities are subject to externally imposed capital requirements.

The Group monitors capital through the gearing ratio, which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is defined as equity per the statement of financial position plus net debt.

The Board reviews the capital structure on an annual basis. As a part of this review the Board considers the cost of capital and the risks associated with each class of capital. High gearing ratio will be expected as the Group enters into its development stage and more debts are required to fund the operation and development activities.

There have been no changes in the strategy adopted by management during the period.

**(c) Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group and arises principally from the Group's receivables and investments.

**15 Financial Risk Management (continued)***Other receivables*

Receivables consist of GST recoverable. No credit terms apply to these debtors. No receivables are in a foreign currency receivables during the period. The ageing of the Group other receivables was not past due.

**(d) Liquidity risk**

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages liquidity risk by monitoring forecast cash flows for the possible need to obtain debt or equity finance.

Cash flows required to settle the Group's financial liabilities consist of:

- trade and other payables; and
- unpaid director fees.

All financial liabilities including the loan to the director's related entity are due within 12 months. The total value of cash flows required to settle the Group's financial liabilities as at 30 June 2021 is \$553,644.

**(e) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

*i. Interest rate risk*

The Group is exposed to interest rate risk in Australia. To minimise the effects of reducing interest income that the Group may receive, the Board plans to invest the excess cash position in the near future to avoid any adverse effects of future interest rates. There is no written internal policy on interest rate management.

Changes in market interest rates affect the interest income of non-derivative variable interest financial instruments and are based on both historical trends and the perceived market interest to 30 June 2021. The Group have determined that the effects of changes in these interest rates based upon forward looking rates would not have a material effect on the Group for 2021. Therefore, no Group interest rate sensitivity analysis is disclosed as interest rate risk is not considered to have a material impact on the result or equity of the Group for 2021.

*ii. Foreign exchange risk*

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group. Apart from the Alahiné and Mansala projects, in the Republic of Guinea, the Group has no significant exposure to foreign exchange risk as there are effectively no foreign currency deals outstanding. However, the likely impact of this risk is at this stage considered to be minimal due to the exploration nature of this asset.

*iii. Price risk*

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held being available-for-sale or fair value through profit and loss.

Management of the Group monitors the mix of debt and equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board. The primary goal of the Group's investment strategy is to maximise investment returns. The Group does not enter into commodity contracts.

**15 Financial Risk Management (continued)****Net fair values**

The Group's financial assets and liabilities that are recorded on the balance sheet are carried at amounts that approximate net fair values.

**Fair value estimation**

Net fair values of financial assets and liabilities are determined by the Group on the following basis:

*i. Cash and cash equivalents*

The carrying amount approximates fair value because of their short-term to maturity.

*ii. Receivables and payables*

The carrying amount approximates fair value because of their short-term to maturity.

**16 Cash Flow Information**

Reconciliation of net income to net cash provided by operating activities:

	<b>2021</b>
	<b>\$</b>
Loss for the period	(506,932)
Non-cash flows in loss:	
- tenement expenses written off	108,438
- interest	74,733
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:	
- increase in trade and other receivables	(98,529)
- increase in trade and other payables	220,766
Cash flow used in operating activities	(201,525)

**17 Capital and Leasing Commitments****Exploration expenditure commitments**

The Group is required to perform minimum exploration work and expend minimum amount of money on its tenements. The overall expenditure requirement tends to be limited in the normal course of the Group's tenement portfolio management through expenditure exemption approvals, and expenditure reductions through relinquishment of part or the whole of tenements deemed not prospective. Should the Group wish to preserve interest in its current tenements the amount which may be required to be expended is as follows:

	<b>2021</b>
	<b>\$</b>
Payable:	
- no later than 1 year	-
- between 1 year and 5 years	-
	-



**18 Controlled Entities**

	Country of Incorporation	Percentage Owned (%)* 2021
<b>Parent Entity:</b>		
Polymetals Resources Ltd	Australia	
<b>Subsidiaries of Polymetals Resources Ltd:</b>		
Golden Guinea Resources SARL	Guinea, Africa	100

As set out in note 1(a), whilst Polymetals Resources Ltd is the legal parent company, there was no business combination and as such, Golden Guinea Resources SARL is deemed to be the parent company for the purposes of the consolidated financial report.

**19 Contingent Liabilities and Contingent Assets**

The Directors are not aware of any contingent liabilities or assets as at the date of these financial statements.

**20 Related Party Transactions****(a) Head company**

There is no head company applicable to the Group.

**(b) Transactions with the parent entity**

The Group's main related parties are as follows:

**(i) Key management personnel**

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered KMP.

For details of remuneration disclosures relating to KMP, refer to the remuneration report in the Directors' Report.

Other transactions with KMP and their related entities are shown below.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

**(ii) Director related entities**

Refer to note 12 for amounts owing to Directors and their related entities in relation to outstanding Directors fees.

**(iii) Subsidiaries**

Refer to Note 18 for the subsidiaries included in the financial statements.

**(iv) Transactions with related parties**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

**21 Interests of Key Management Personnel**

The totals of remuneration paid to key management personnel of the Company and the Group during the period are as follows:

	<b>2021</b>
	<b>\$</b>
Short-term employee benefits	176,839
	<b>176,839</b>

**22 Events after the end of the Reporting Period**

Since the end of the reporting period, the following matters have arisen which have significantly affected or could significantly affect the operations of the Group in future financial years:

- (a) the Company announced on 26 July 2021 that due to favourable drilling conditions, it had extended its Phase 2 drilling program for the Alahiné project.

Under the initial drill program announced on 29 June 2021, a total of 5,100 meters was to be drilled using a combination of Air Core (**AC**) and Reverse Circulation (**RC**) drilling. Under the extended program, an additional 2,220 meters using AC drilling was undertaken and completed on 5 August 2021. The additional drilling targets were based on geological interpretations and site geologist recommendations.

As a result of the extension to the drilling program, a total of 7,320 meters was drilled. Partial results from the drilling program we received in August 2021 (see below), with the remainder expected to be received by September 2021.

- (b) appointed Mr Clive Hastings as the supervising geologist of both the Alahiné and Mansala projects. Mr Hastings has a wealth of experience in both AC and RC drill management and is supervising the Phase 2 drilling program at Alahiné (mentioned in (a) above);
- (c) on 31 August 2021, the first batch of assay test results from the Alahiné Phase 2 drilling program were received from SGS Laboratory in Bamako, Mali. The first batch represented 27% of the total assays to be received from the Company's Phase 2 drilling program. More information concerning the results from the assay testing can be found under the "Operations" section of this report;
- (d) announced that despite the military removal of the existing Guinea government, the Company's operations in Guinea had been largely unaffected.

**23 Auditor's Remuneration**

Remuneration of the auditor of the parent entity, RSM Australia Partners for:

	<b>2021</b>
	<b>\$</b>
- auditing or reviewing the financial statements	48,750
- other services	24,500
	<b>73,250</b>

**24 Parent entity**

The following information has been extracted from the books and records of the parent, Polymetals Resources Ltd and has been prepared in accordance with Accounting Standards. The financial information for the parent entity, Polymetals Resources Ltd has been prepared on the same basis as the consolidated financial statements:

**Statement of Financial Position**

	<b>2021</b>
	<b>\$</b>
Assets	
Current assets	5,110,245
Non-current assets	7,733,935
Total Assets	<u>12,844,180</u>
Liabilities	
Current liabilities	549,851
Non-current liabilities	-
Total Liabilities	<u>549,851</u>
Net Assets	12,294,329
Equity	
Issued capital	12,611,586
Accumulated losses	<u>(317,257)</u>
Total Equity	<u>12,294,329</u>

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

Total loss for the period	(317,257)
Other comprehensive income	-
Total comprehensive income	<u>(317,257)</u>

**Contingent liabilities**

Apart from the minimum expenditure requirements, as set out in Note 17 and the contingent liability set out in note 19 there are no other contingent liabilities.

**Contractual commitments**

The parent entity did not have any commitments as at 30 June 2021.

**Significant accounting policies**

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following: Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

**25 Company Details**

The registered office of and principal place of business of the company is:

Suite 6, Level 5, 189 Kent Street  
SYDNEY NSW 2000

The directors of the Group declare that:

1. the financial statements and notes, as set out on pages 21 to 43 are in accordance with the Corporations Act 2001 and:
  - a. comply with Accounting Standards, which, as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
  - b. give a true and fair view of the financial position as at 30 June 2021 and of the performance for the period ended on that date of the Company and consolidated group;
2. the Company Secretary has declared that:
  - a. the financial records of the Group for the reporting period have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
  - b. the financial statements and notes for the reporting period comply with the Accounting Standards; and
  - c. the financial statements and notes for the reporting period give a true and fair view.
3. based on the comments outlined in Note 1(b) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



**David Sproule**  
Non-Executive Chairman

Dated 15<sup>th</sup> September 2021

**RSM Australia Partners**

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**INDEPENDENT AUDITOR'S REPORT**

To the Members of Polymetals Resources Limited and its controlled subsidiaries

**Opinion**

We have audited the financial report of Polymetals Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period 30 September 2020 to 30 June 2021, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the period 30 September 2020 to 30 June 2021; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* (the Code) that are relevant to our audit of the 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 the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
<b>Acquisition accounting</b> Refer to Note 1 in the financial statements	
<p>During the period, the Company acquired 100% of the share capital in Golden Guinea Resources SARL (Golden Guinea). The acquisition was funded by way of the issuance of 48,440,000 ordinary shares at a deemed price of \$0.15 per share in the Group to the former Golden Guinea shareholders.</p> <p>We considered this transaction to be a key audit matter because of:</p> <ul style="list-style-type: none"> <li>- the judgments involved in determining whether the transaction is an asset acquisition rather than a Business Combination;</li> <li>- the material nature of the arising exploration, evaluation and development assets; and</li> <li>- the treatment of inter-group trading operations in the consolidation process</li> </ul>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Obtaining the share purchase agreements and other associated documents, and understanding the nature of the transaction to confirm that it met the definition of an asset acquisition rather than being a Business Combination under AASB 3;</li> <li>• Tracing the values for the consideration transferred to the signed purchase agreements; and</li> <li>• Reviewing the adequacy of the relevant disclosures in the financial statements.</li> </ul>
<b>Carrying value of capitalised exploration, evaluation and development assets</b> Refer to Note 10 in the financial statements	
<p>As disclosed in note 10, the Group held capitalised exploration, evaluation and development assets of \$1,748,419 as at 30 June 2021 which represents a significant asset of the Group.</p> <p>The carrying value of exploration, evaluation and development assets is subjective based on Group's ability, and intention, to continue to explore the asset. The carrying value may also be impacted by the mineral reserves and resources may not be commercially viable for extraction. This creates a risk that the amounts stated in the financial statements may not be recoverable.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Considering the Group's right to explore in the relevant exploration area which included obtaining and assessing supporting documentation such as obtaining independent searches of the company's tenement holdings;</li> <li>• Considering the Group's intention to carry out significant exploration and evaluation activity in the relevant exploration area which included an assessment of the Group's future cash flow forecasts and enquired of management and the Board of Directors as to the intentions and strategy of the Group;</li> <li>• Assessing recent exploration activity in a given exploration license area to determine if there are any negative indicators that would suggest a potential impairment of the capitalised exploration and evaluation expenditure;</li> <li>• Assessing the commercial viability of results relating to exploration and evaluation activities carried out in the relevant license area; and</li> <li>• Assessing the ability to finance any planned future exploration and evaluation activity.</li> </ul>

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the period 30 September 2020 to 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf). This description forms part of our auditor's report.

**Report on the Remuneration Report***Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 16 to 19 of the directors' report for the period 30 September 2020 to 30 June 2021.

In our opinion, the Remuneration Report of Polymetals Resources Limited for the period 30 September 2020 to 30 June 2021, complies with section 300A of the Corporations Act 2001.

*Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**RSM AUSTRALIA PARTNERS****C J HUME**

Partner

Sydney, NSW

15 September 2021

**POLYMETALS RESOURCES LTD AND ITS CONTROLLED ENTITIES****A.B.N. 73 644 736 247****Schedule of Tenements**

<b>Lease</b>	<b>Lease Status</b>	<b>Project</b>	<b>Holders</b>
EL22123	Granted	Alahiné	Golden Guinea Resources SARL
EL22694	Granted	Mansala	Golden Guinea Resources SARL



**POLYMETALS RESOURCES LTD AND ITS CONTROLLED ENTITIES**

**A.B.N. 73 644 736 247**

**ASX Additional Information**

As at 14<sup>th</sup> September 2021 the following information applied:

**1 Substantial Shareholders**

Substantial shareholders disclosed in substantial shareholder notices to the Company:

	<b>No. of Shares Held</b>	<b>% Held</b>
DEERING NOMINEES PTY LTD	21,499,848	27.06%
MEADOWHEAD INVESTMENTS PTY LTD	19,997,431	25.17%

**2 Securities**

**(a) Fully paid ordinary shares**

The number of holders of fully paid shares in the Company is 79,440,000. On a show of hands every holder of fully paid ordinary shares present or by proxy, shall have one vote. Upon a poll, each fully paid ordinary share shall have one vote. The distribution of holders of fully paid ordinary shares is as follows:

	<b>No. of Shares Held</b>	<b>% Held</b>
1 – 1,000	301	-
1,001 – 5,000	36,149	0.05
5,001 – 10,000	1,611,168	2.03
10,001 – 100,000	7,398,517	9.31
100,001 and over	70,393,865	88.61
	<b>79,440,000</b>	<b>100.00</b>

Number holder less than a marketable parcel

The Company's fully paid ordinary shares are quoted on the Australian Securities Exchange using the code POL.

**Top 20 Shareholders**

	<b>No. of Shares Held</b>	<b>% Held</b>
DEERING NOMINEES PTY LTD	21,499,848	27.06
MEADOWHEAD INVESTMENTS PTY LTD	19,997,431	25.17
AGUIBOU BAH	3,781,358	4.76
NABLA GLOBAL LIMITED	2,354,908	2.96
KWAN PEK LOY	1,708,140	2.15
SHARON LIM	1,512,641	1.90
TOMANOVIC MULTIOWN PTY LTD	1,360,000	1.71
DAVID WONG FUT JOON	1,313,150	1.65
BRUCE STAINFORTH	1,224,553	1.54
KUAN PEK WOON	1,198,203	1.51
YONG POH WAI	1,178,286	1.48
MR PHILLIP RICHARD PERRY	1,025,000	1.29
P & J BUTTIGIEG NOMINEES PTY	1,000,000	1.26
FGI HOLDINGS PTY LTD	666,667	0.84
CHONG MEE FAH	650,154	0.82
MR DAVID ARITI	650,000	0.82
MR BART RENSEN &	649,000	0.82
PAYZONE PTY LTD	625,000	0.79
CERTANE CT PTY LTD	545,225	0.69
FAIRGROUND PTY LTD	500,000	0.63
	<b>63,439,564</b>	<b>79.85</b>

## ASX Additional Information

### **(b) Escrow**

Upon being admitted to the Official List upon completion of the Initial Public Offering (**IPO**), ordinary shares were classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these Shares are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

The ASX has confirmed the following securities will be subject to escrow:

- a. 39,383,434 Shares for up to 24 months from the date of quotation, which are the original 100 Shares issued in the Company, Christopher Johnston's Shares to be escrowed after the application of the cash formula under the ASX Listing Rules and the Craton Consideration Shares held by the shareholders of Craton which were distributed to them by Craton following the sale of Golden Guinea to Polymetals Resources Ltd; and
- b. 1,233,309 Shares for up to 12 months from the date of issue of these shares to the Pre-IPO investors in Polymetals Resources Ltd.