Polymetals

7 October 2021

Proposed Loan Funded Share Plan for Non-Executive Directors and CEO

Polymetals Resources Ltd (ASX: POL, "**Polymetals"** or the "**Company**") has today approved, subject to ASX and shareholder approval, the establishment of a Loan Funded Share Plan (Plan) to attract, motivate and retain current and prospective directors, employees and certain contractors of the Company or any of its subsidiaries and provide them with an incentive to deliver growth and value to all shareholders.

Given the Company's cash resources are allocated to advancing the Company's exploration and development initiatives, the Plan will provide a way for the Company to remunerate persons who are able to assist the Company to achieve its objectives.
The purpose of the Plan is to:

- align the interests of participants with those of shareholders;
- retain participants and create stability for the Company and the Board (as applicable); and
- appropriately compensate participants for their work for the Company and its subsidiaries.

A summary of the Plan Rules will be included in the forthcoming notice of annual general meeting (**NOM**) for approval at the Company's 2021 annual general meeting (**AGM**).

If approved by shareholders at the AGM, the Plan will enable the Company to issue performance shares not exceeding 5% (by number) of the current issued ordinary share capital of the Company. The performance shares will not carry any voting, dividend or other participation rights (except as required by law) until all performance conditions attaching to them are satisfied, at which point they will convert into fully-paid ordinary shares in the Company at a conversion ratio of 1:1, subject to the terms of the Plan Rules.

At the upcoming AGM, in addition to seeking the approval of shareholders to the Plan and Plan Rules, shareholders will also be asked to approve the first issue under the Plan to 2 non-executives directors of the Company – Dr Christopher Johnston and Mr Christopher Schroor (**Participating Directors**). **Appendix 1** summarises the proposed terms of the proposed issue to the two Participating Directors.

If the proposed issues are approved, the Company will provide a limited-recourse loan to the Participating Directors to fund the price of this initial issue of performance shares under the Plan. The loan will be interest free.

Subject to approval of the Plan at the AGM, the Company will also be making an issue under the Plan to CEO Alex Hanley on substantially the same terms as applicable to the proposed issues to the Participating Directors.

Further details of the Plan, the limited-recourse loan and the proposed first issue under the Plan will be set out in the NOM.

The Board (excluding the Participating Directors) has formed the view that the Plan is required to compensate the Participating Directors for the extra work required to be undertaken by them to enable the Company to achieve its goals and objectives and to maximise value for all shareholders. The Company's Chairman David Sproule will not participate in this Plan on the basis of his substantial shareholding in the Company.

BOARD APPROVAL

This announcement was authorised for release by the Board of Polymetals Resources Ltd.

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ABOUT POLYMETALS

Polymetals aims to become a gold production company, initially focusing on its two 100% owned exploration licences within Guinea's Siguiri Basin, totalling 112km^2.

The Siguiri Basin hosts several large active gold mining operations and is notable for its significant and widespread gold anomalism.

Polymetals' Exploration Licences, known as Alahiné (64.2km^2) and Mansala (48.2km^2), host extensive historic and current artisanal gold production which reinforces exploration potential of the area.

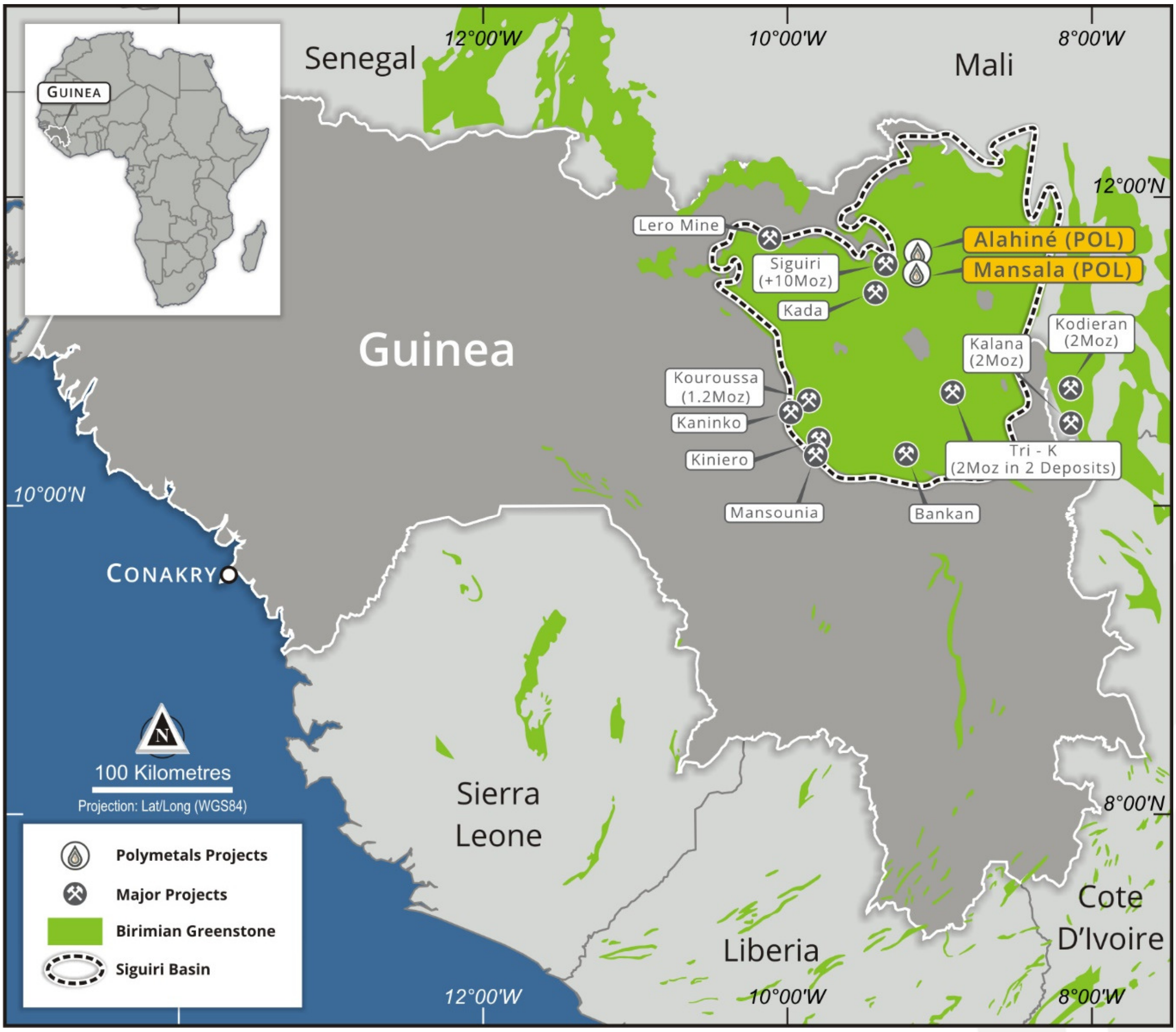

Figure: *Proximal gold deposits relative to Polymetals Exploration Licences.*

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Appendix 1

Proposed issue of performance shares to non-executive directors

Subject to ASX and shareholder approval, the key terms of the proposed issue of performance shares to the non-executive directors of the Company under the Plan will be as follows:

Dr Christopher Johnston

- number and type of shares: up to 800,000 performance shares, which are convertible into fully paid ordinary shares at a conversion ratio of 1:1 upon the satisfaction of the applicable performance condition(s);
- issue price of the shares: subject to shareholder approval, the performance shares will be issued at twenty five (25) cents per each share;
- loan: the issue price will be funded by a limited recourse loan from the Company to the participant under the terms of the Plan;
- issue date: as soon as practicable after the AGM;
- quotation: the performance shares will be unquoted until such time as they convert into ordinary shares in the Company in accordance with their terms of issue. On conversion, the Company apply to ASX for official quotation of the resulting ordinary shares in accordance with the Listing Rules;
- term and expiry: the performance shares have a term of 36 months from their date of issue (Term). If at the end of the Term, any applicable performance conditions, vesting conditions or disposal restrictions have not been satisfied or waived by the Board (including if the limited recourse loan remains outstanding), the shares will expire and will be bought back by the Company for $10.00 in total;
- performance conditions: achievement of the following milestones:

Nature of condition	No. of performance shares to convert into ordinary shares
Achievement by the Company of a share price of 50 cent or more for 30 or more consecutive trading days over a thirty six months period.	200,000
Achievement of a Minimum JORC Resource of 1,000,000 within 24 Months	200,000

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Achievement of a Minimum JORC Resource of 2,000,000 within 36 Months	200,000
Achievement of a minimum EBIT from production in the Alahiné Project, or the Mansala Project or any other potential project controlled by the Company of a minimum average of $500,000 per month over any 12 month period within 36 months of the date of issue of the Relevant Plan Shares	200,000

- vesting condition: Gregory Jones must hold office as a director of, or otherwise be employed or engaged by, the Company or one of its subsidiaries for 18 months after the issue date of the performance shares, and as at the date of vesting of the shares issued under the Plan; and

- disposal restrictions: until all performance and vesting conditions have been met and the amount outstanding under the loan to fund the purchase of the shares has been repaid in accordance with the loan agreement between the Company and Gregory Jones, the shares issued under the Plan will not be able to be traded, and the Company will be entitled to impose a holding lock on them.

Once the above conditions have been met and the loan repaid, and subject to ASX granting quotation, the shares issued under the Plan will be capable of being freely traded subject to the Constitution, the Company's share trading and other applicable policies, the Listing Rules and the Corporations Act.

Mr Christopher Schroor

- number and type of shares: up to 800,000 performance shares, which are convertible into fully paid ordinary shares at a conversion ratio of 1:1 upon the satisfaction of the applicable performance condition(s);

- issue price of the shares: subject to shareholder approval, the performance shares will be issued at twenty five (25) cents per each share;

- loan: the issue price will be funded by a limited recourse loan from the Company to the participant under the terms of the Plan;

- issue date: as soon as practicable after the AGM;

- quotation: the performance shares will be unquoted until such time as they convert into ordinary shares in the Company in accordance with their terms of issue. On conversion, the Company apply to ASX for official quotation of the resulting ordinary shares in accordance with the Listing Rules;

- term and expiry: the performance shares have a term of 36 months from their date of issue (Term). If at the end of the Term, any applicable performance conditions, vesting conditions or disposal restrictions have not been satisfied or waived by the Board (including if the limited recourse loan remains outstanding), the shares will expire and will be bought back by the Company for $10.00 in total;

- performance conditions: achievement of the following milestones:

Nature of condition	No. of performance shares to convert into ordinary shares
Achievement by the Company of a share price of 50 cent or more for 30 or more consecutive trading days over a thirty six months period.	200,000
Achievement of a Minimum JORC Resource of 1,000,000 within 24 Months	200,000
Achievement of a Minimum JORC Resource of 2,000,000 within 36 Months	200,000
Achievement of a minimum EBIT from production in the Alahiné Project, or the Mansala Project or any other potential project controlled by the Company of a minimum average of $500,000 per month over any 12 month period within 36 months of the date of issue of the Relevant Plan Shares	200,000

- vesting condition: Gregory Jones must hold office as a director of, or otherwise be employed or engaged by, the Company or one of its subsidiaries for 18 months after the issue date of the performance shares, and as at the date of vesting of the shares issued under the Plan; and

- disposal restrictions: until all performance and vesting conditions have been met and the amount outstanding under the loan to fund the purchase of the shares has been repaid in accordance with the loan agreement between the Company and Gregory Jones, the shares issued under the Plan will not be able to be traded, and the Company will be entitled to impose a holding lock on them.

Once the above conditions have been met and the loan repaid, and subject to ASX granting quotation, the shares issued under the Plan will be capable of being freely traded subject to the Constitution, the Company's share trading and other applicable policies, the Listing Rules and the Corporations Act.

Alexander Hanly

- number and type of shares: up to 1,500,000 performance shares, which are convertible into fully paid ordinary shares at a conversion ratio of 1:1 upon the satisfaction of the applicable performance condition(s);
- issue price of the shares: subject to shareholder approval, the performance shares will be issued at twenty five (25) cents per each share;
- loan: the issue price will be funded by a limited recourse loan from the Company to the participant under the terms of the Plan;
- issue date: as soon as practicable after the AGM;
- quotation: the performance shares will be unquoted until such time as they convert into ordinary shares in the Company in accordance with their terms of issue. On conversion, the Company apply to ASX for official quotation of the resulting ordinary shares in accordance with the Listing Rules;
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Achievement of a Minimum JORC Resource of 1,000,000 within 24 Months	200,000

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Achievement of a Minimum JORC Resource of 2,000,000 within 36 Months	300,000
Achievement of a minimum EBIT from production in the Alahiné Project, or the Mansala Project or any other potential project controlled by the Company of a minimum average of $500,000 per month over any 12 month period within 36 months of the date of issue of the Relevant Plan Shares	500,000

- vesting condition: Gregory Jones must hold office as a director of, or otherwise be employed or engaged by, the Company or one of its subsidiaries for 18 months after the issue date of the performance shares, and as at the date of vesting of the shares issued under the Plan; and
- disposal restrictions: until all performance and vesting conditions have been met and the amount outstanding under the loan to fund the purchase of the shares has been repaid in accordance with the loan agreement between the Company and Gregory Jones, the shares issued under the Plan will not be able to be traded, and the Company will be entitled to impose a holding lock on them.

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