

# QUARTERLY ACTIVITIES REPORT

## PERIOD ENDED 31 MARCH 2022

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Australian-based gold exploration and mining company Polymetals Resources Ltd (**ASX: POL**, **Polymetals** or the **Company**) is pleased to provide its Quarterly Activities Report for the quarter ended 31<sup>st</sup> March 2022 (**Quarter**).

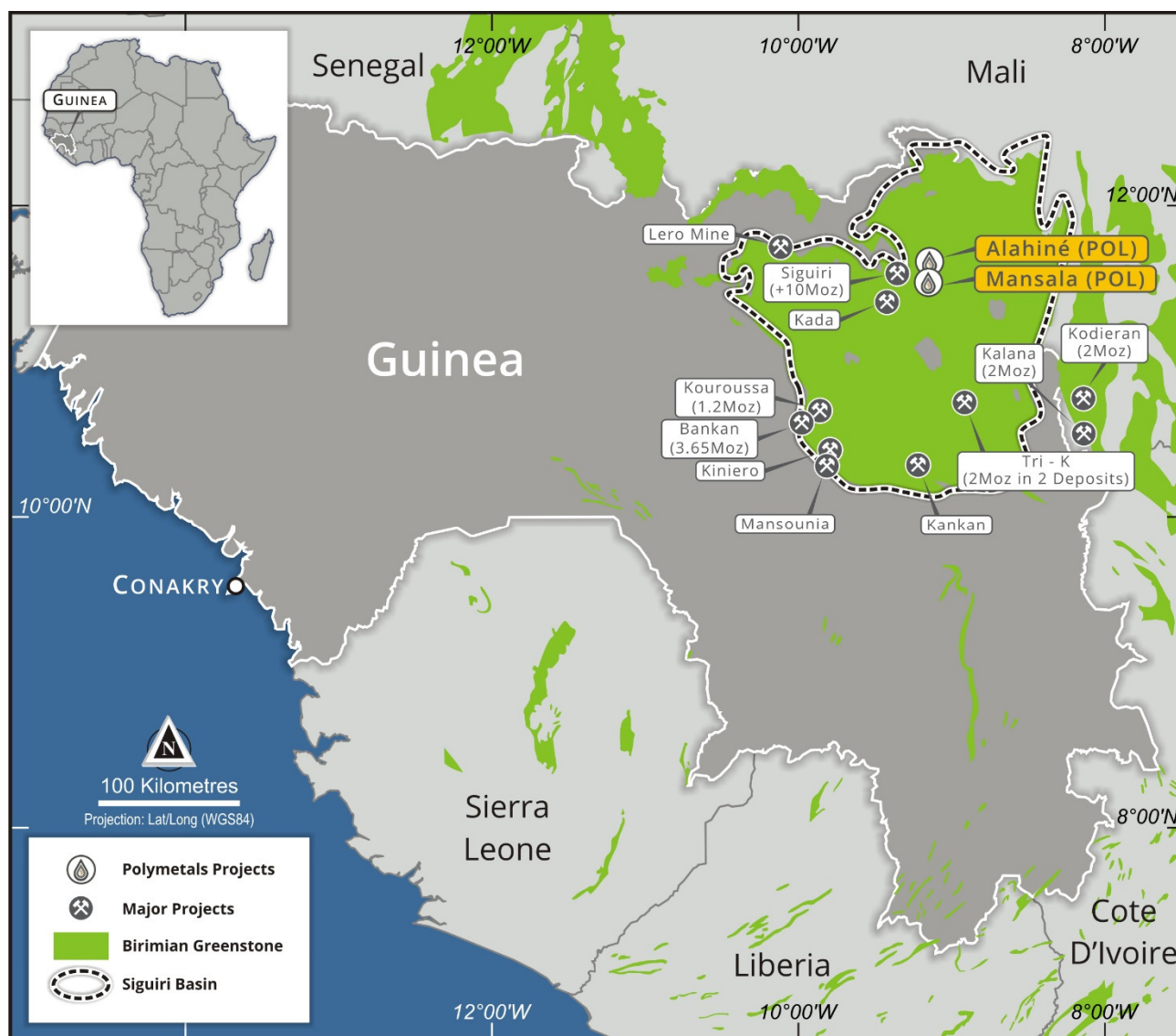
### KEY HIGHLIGHTS

- Continuation of the Auger drilling program at Alahiné gold project in gold-rich Siguiri Basin, Guinea with 751 holes totalling 8,619m completed by end of quarter.
- Auger results to date outline three (3) new mineralised trends within the Alahiné Gold Project.
- Auger drilling program commenced at the Company's Mansala Gold Project.
- Mansala drilling program comprises 805 holes totalling 5,000m.
- An airborne magnetic survey over the Alahiné and Mansala projects is expected to occur next quarter.
- Six key drill targets identified at Mansala through previous multi-element soil geochemistry will be targeted.
- Key appointments of senior geologists to strengthen exploration programs at gold portfolio in Guinea.

### GUINEA EXPLORATION

Polymetals is focussed on exploring two licences within Guinea's Siguiri Basin which hosts several large active gold mining operations and is notable for its significant and widespread gold anomalism.

The Exploration Licences, known as Alahiné (64.2km<sup>2</sup>) and Mansala (48.2km<sup>2</sup>), host prolific historic and current small scale gold production conducted by artisanal miners confirming the extensive gold endowment of the area.



## ALAHINÉ AUGER PROGRAM

### Work program

Since the commencement of the Alahiné auger drilling on 22 November 2021<sup>1</sup>, Polymetals has drilled a total of 8,619m comprising 751 holes. The Alahiné program was focussed on testing mineralised saprolite beneath areas that display >100ppb gold in soil anomalies.

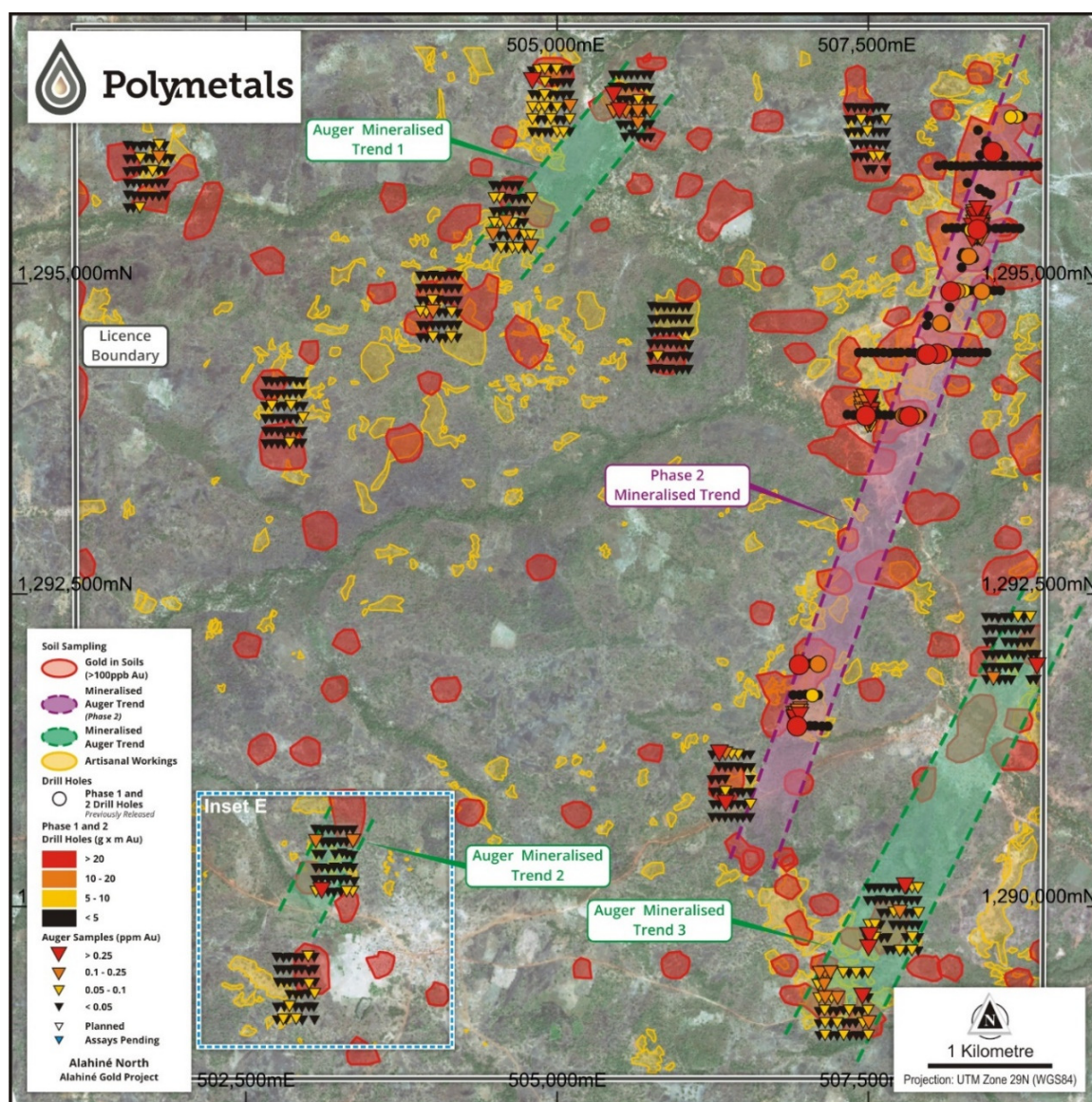
<sup>1</sup> Refer to ASX release dated 22 November 2021 "Auger Drilling Commences at Alahiné in Siguiri Basin, Guinea"

Mineralisation is associated with steeply dipping quartz veins striking approximately 080°M. The three new NNE trends identified provide justification for further testing and will be prioritised alongside existing targets in the planning of the upcoming Phase 3 drilling program.<sup>2</sup>

Polymetals' auger drilling program was carried out by Sahara Natural Resources with all assays completed by the SGS laboratory in Bamako, Mali.

A plan view of the reported holes are provided in Figure 2.

Details of all the holes including significant assay results are provided in Table 1.



**Figure 2:** Alahiné auger program illustrating the three interpreted mineralised trends.

<sup>2</sup> Refer to ASX release dated 18 March 2022 "New Targets Identified at Alahiné Gold Project"

Figure 2 displays the results received within the period and illustrates the interpreted mineralised trends present within the Alahiné licence. The results will continue to be analysed and mapped in the field to provide a greater understanding of the three interpreted trends.

On 11 February 2022, Polymetals reported of the 604 auger holes drilled to that point, 406 were completed on a 50 x 100m grid to test previously undrilled anomalies. Assays had been received for 276 holes of these holes with 143 auger holes still to be drilled at Alahiné.

Saprolite composite samples (typically 4m) collected beneath the lateritic cover have peak grades of 3.58 g/t Au and 0.93 g/t Au. This provides significant encouragement for bedrock gold potential. The results successfully identified new gold anomalies below the transported cover and highlight the potential for a parallel trend within the SE quadrant of the Alahiné Licence, see Figure 2.

**Table 1:** Alahiné Gold Project auger program significant mineralised intercepts.

Hole ID	From (m)	To (m)	Significant Gold Intersections (Interval (m) @ g/t gold)
AH21AU005	0	2	2m @ 0.47 g/t Au
AH21AU007	2	4	2m @ 4.33 g/t Au
AH21AU028	4	8	4m @ 0.34 g/t Au
AH21AU043	2	4	2m @ 0.47 g/t Au
AH21AU057	0	2	2m @ 0.90 g/t Au
AH21AU075	0	2	2m @ 1.02 g/t Au
AH21AU097	0	2	2m @ 0.32 g/t Au
AH21AU099	0	2	2m @ 0.45 g/t Au
AH21AU101	12	18	6m @ 0.71 g/t Au
AH21AU103	0	2	2m @ 10.95 g/t Au
	16	20	4m @ 0.28 g/t Au
AH21AU111	2	8	6m @ 0.36 g/t Au
AH21AU120	0	2	2m @ 0.33 g/t Au
AH21AU127	0	2	2m @ 2.66 g/t Au
AH21AU132	0	2	2m @ 0.50 g/t Au
AH21AU137	0	2	2m @ 0.55 g/t Au
AH21AU145	0	2	2m @ 0.31 g/t Au
AH21AU149	8	12	4m @ 0.36 g/t Au
AH21AU171	4	8	4m @ 0.31 g/t Au
AH21AU227	8	12	4m @ 0.93 g/t Au
AH21AU258	0	2	2m @ 0.30 g/t Au
AH21AU259	2	4	2m @ 14.10 g/t Au
AH21AU302	4	8	4m @ 3.58 g/t Au
AH21AU465	0	2	2m @ 0.45 g/t Au
AH21AU559	8	12	4m @ 0.35 g/t Au
AH21AU564	4	8	4m @ 0.64 g/t Au
AH21AU624	3	6	3m @ 0.26 g/t Au
AH21AU712	9	10	1m @ 0.32 g/t Au

Notes:

- Intercept cut-off grade is 0.25 g/t gold.

**Licence renewal**

During the quarter, the Company continued to advance renewal of the Alahiné licence which is expected to be finalised in the current quarter.

**NEXT STEPS AT ALAHINÉ**

The Company is accelerating the exploration within the Alahiné licence with a suite of geological testing over the coming months.

**Airborne Magnetic Survey**

Plans were put in place during the quarter to undertake an airborne magnetic survey. This survey is scheduled to commence in April 2022 at both the Alahiné and Mansala Gold Projects. Results will be used to refine existing drill targets in addition to generating new drill targets.

**Alahiné Phase 3 RC drill program**

A Phase 3 RC drill program at the Alahiné Gold Project is planned to commence during May 2022. The program will focus both on the numerous targets generated at depth during the 7,300m Phase 2 drilling program and the anomalous zones identified by the recent auger program.

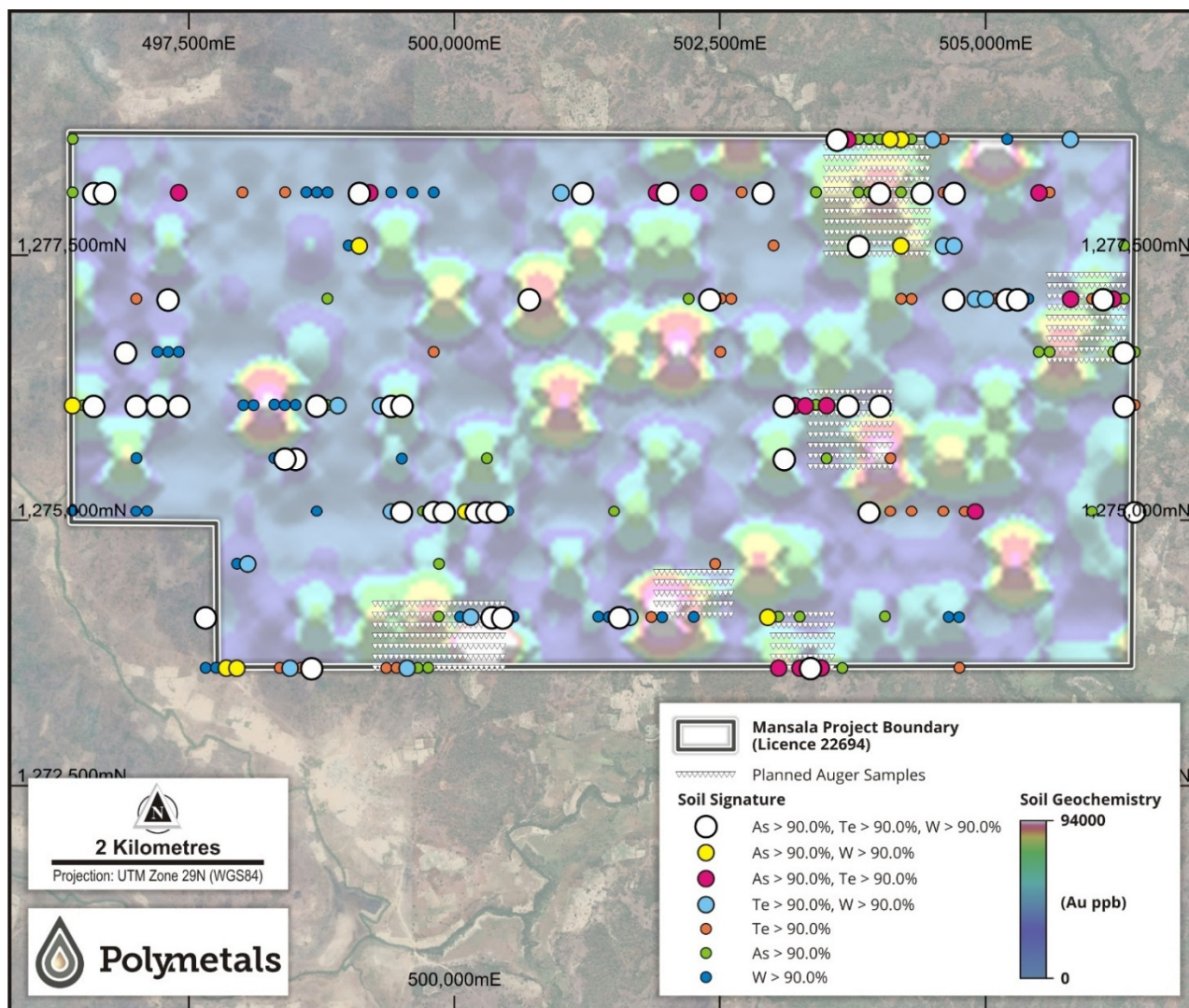
**DRILLING COMMENCES AT MANSALA GOLD PROJECT**

Polymetals advised that a 5,000m auger drilling program commenced at the Company's Mansala Gold Project during February.

The Mansala auger drilling program comprises 805 holes totalling 5,000m on a 100m x 50m drill pattern over six delineated zones, as illustrated within Figure 3. The objective of the auger program is to test six mineralised Au in soil anomalies and associated pathfinder elements present (As, Ag, Bi, Mo, Sb, W and Te). The significance of these responses is not known but may be indicative of mineralisation at depth. Numerous artisanal workings in this area lend credence to this possibility.<sup>3</sup> The program aims to provide the Company with Air-Core and Reverse Circulation drill targets within the previously undrilled licence, with first results expected May 2022.

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<sup>3</sup> Refer to ASX release dated 22 February 2022 "Drilling Commences at Mansala"

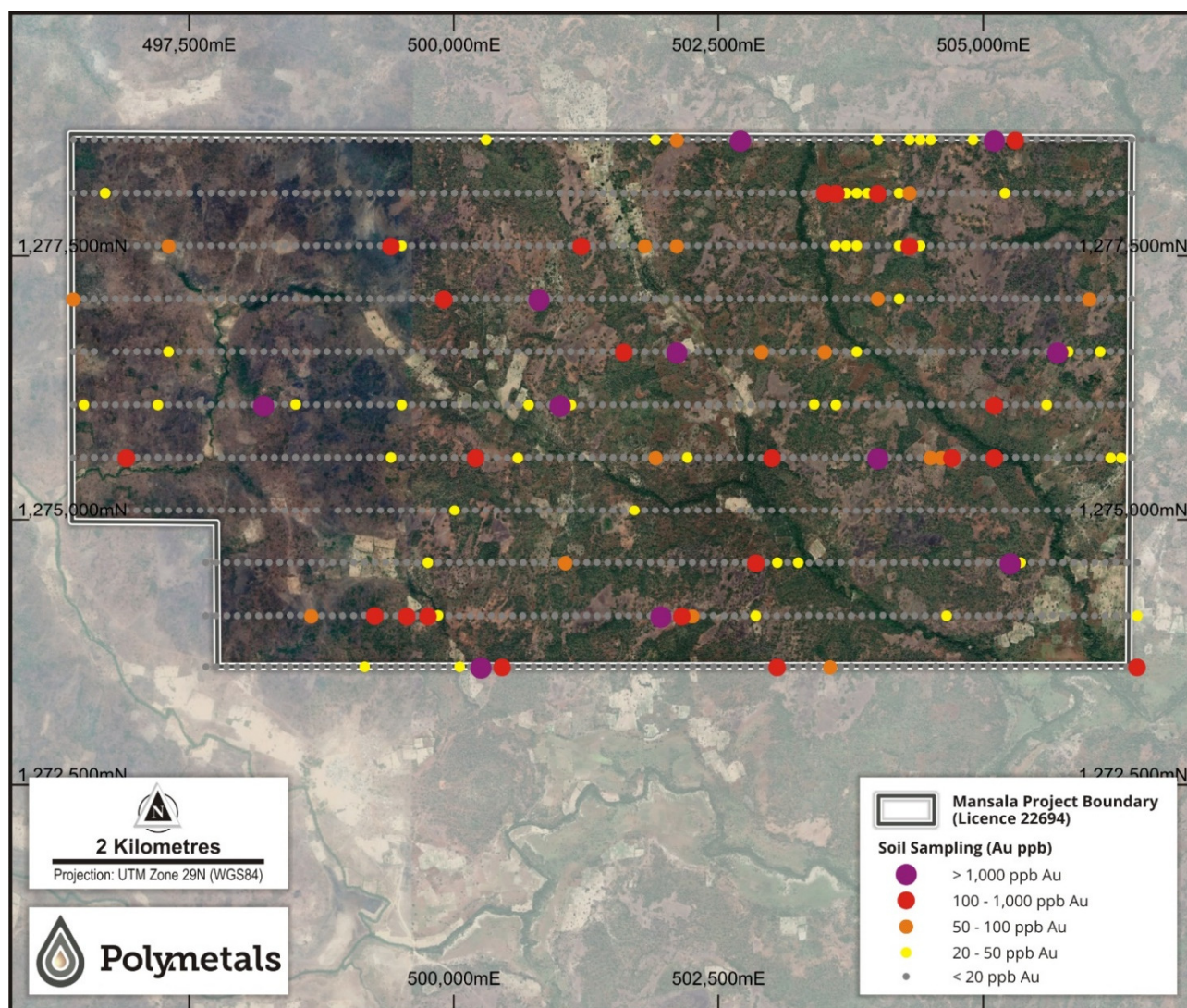


**Figure 3:** Mansala Auger Program. Imaged soil gold values and thematically mapped arsenic (As), tungsten (W) and tellurium (Te).

## Mansala previous field works

Systematic exploration of the Mansala Licence commenced in December 2020 in which an extensive program of reconnaissance soil geochemistry was completed. The previous works and subsequent results of the Mansala soil sampling campaign were reported within the Company's Initial Public Offering Prospectus, dated 21 April 2021.

The results of the Mansala Soil Sampling have confirmed that in summary, 5.0km<sup>2</sup> or 10.4% of the area surveyed reported Au values in excess of 40ppb. Of particular interest are gold abundances which are illustrated in Figure 4. A total of eleven (11) samples returned Au assays in excess of 1,000ppb (1g/t) Au, and include values of 93.98g/t, 6.03g/t, 5.85g/t, 2.91g/t, 2.38g/t and 1.10g/t which are plotted in Figure 4.



*Figure 4: Mansala Soil Program. Gold (Au) assays superimposed on satellite imagery.*

## STRENGTHENING OF TEAM IN GUINEA

Polymetals made two key appointments in Guinea during the quarter. Mr. William Pountney was appointed Project Manager for the Company's portfolio of gold exploration assets in Guinea.

Mr Pountney has more than 20 years' experience in both greenfield and brownfield exploration in West Africa, most recently, as Exploration Manager with Owere Mines Limited at the Konongo Gold Project in Ghana, West Africa. During his three-year tenure as Exploration Manager at the Tri K project in Guinea, Mr Pountney managed the growth of gold resources from 1.80 million ounces (Moz) to 3.22Moz.<sup>4</sup>

<sup>4</sup> Refer to ASX release dated 23 March 2022 "Appointment of Experienced Project Manager"

Polymetals also appointed Mr. Nana Yaw Asante as Lead Exploration Geologist in January. Mr Asante has more than 13 years' experience in both greenfield and brownfield exploration in West Africa. Most recently, Mr Asante spent four-and-a-half years as Senior Exploration Geologist with Golden Star Resources (NYSE: GSS, TSX: GSC) in Ghana, where he managed multiple drilling programs at the Wassa and HBB projects which increased both the Inferred and Indicated Mineral Resources.<sup>5</sup>

In Guinea, both Mr Pountney and Mr Asante had previously worked together on the Tri K Gold Project to the south of Polymetals' Alahiné and Mansala licences.

The Board views the appointment of the well experienced and credentialled geologists in Mr Asante and Mr Pountney as an excellent step forward for the Company and a solid endorsement of the potential of its Guinea exploration projects.

## BUSINESS DEVELOPMENT

The Company is currently reviewing and investigating various new business opportunities within the Siguiri Basin in addition to potential opportunities in Australia.

## CORPORATE

### Cash

At 31<sup>st</sup> March 2022 Polymetals had cash at bank of \$2,383,510.

### ASX Additional Information

The Company provides the following information pursuant to ASX Listing Rule requirements:

1. **ASX Listing Rule 5.3.1:** Exploration and Evaluation Expenditure spend during the quarter was \$535,893.

Full details of exploration activity during the June 2021 quarter are set out in this report.

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<sup>5</sup> Refer to ASX release dated 31 January 2022 "Appointment of Lead Exploration Geologist"

Below is the breakdown of the expenditure incurred:

*Table 2: Breakdown of the expenditure incurred*

Property	Nature of expenses	Amount (\$)
<b>Mansala</b>	Wage for people onsite, security and storage	1,401
<b>Mansala</b>	Geology and Geophysics	36,505
<b>Alahiné</b>	Wages, security and storage	195,017
<b>Alahiné</b>	Drilling	177,204
<b>Alahiné</b>	Geology and Geophysics	125,766
<b>Total Exploration costs</b>		<b>535,893</b>

2. **ASX Listing Rule 5.3.2:**

The Company confirms that there was no mine production and development activities for the quarter.

3. **ASX Listing Rule 5.3.4:**

The Company provides the following update between its actual expenditure incurred during the quarter to that of the Use of Funds (refer to ASX release dated 25 June 2021 "Updated Use of Funds Table").

*Table 3: Updated Use of Funds Table*

Use of Funds	Estimate of the first 2 years after ASX admission (\$)	Actual to March 2022 Quarter (\$)	Balance Remaining (\$)
Expenditure at Alahiné and Mansala	2,350,000	1,790,630	559,370
Environmental surveys and consultants	150,000	-	150,000
Guinea operations and logistics	500,000	124,115	375,885
Expenses of the Offer	637,000	486,848	150,152
Administrative Costs	1,845,815	724,939	1,120,876
<b>Total</b>	<b>5,491,815</b>	<b>3,126,532</b>	<b>2,365,283</b>

<sup>1</sup> Polymetals Use of Funds – ASX Prospectus 25 June 2021 Item 5.6 ‘Proposed Exploration Program and Expenditure’

<sup>2</sup> The variance between the Company’s cash balance contained within its quarterly Appendix 5B compared to the ‘Balance Remaining’ in Table 3 above, reflects the Company’s bank balance prior to its listing on the Australian Securities Exchange (ASX).

4. **ASX Listing Rule 5.3.5:** Payment to related parties of the Company and their associates during the quarter was \$12,000 (GST exclusive) in cash.

The Company advises that this relates to remuneration of Directors only. Please see the Remuneration Report in the Company’s Prospectus for further details on Directors’ Remuneration. Set out below is the following additional information in relation to the cash flow statement:

**Table 4:** Director’s remuneration

Name of Director	Nature of Payment	Amount (\$)
David Sproule	Ongoing Director fees	-
Christopher Johnston	Ongoing Director fees	12,000
Christopher Schroor	Ongoing Director fees	-
<b>Total</b>		<b>12,000</b>

## Tenements

In accordance with Listing Rule 5.3.3, Polymetals provides the following Information concerning its mining tenements.

No applications were made during the quarter by the Company to acquire or surrender its existing licences.

The following table lists the Company’s mining tenements held at the end of the quarter, and their location:

**Table 5:** Polymetals exploration licences

Project	Exploration Licence	Location	Status	Ownership
Alahiné	EL22123	Republic of Guinea	Granted	100%
Mansala	EL22694	Republic of Guinea	Granted	100%

## COMPETENT PERSONS STATEMENTS

The information in this ASX Announcement that relates to Exploration Results is based on information compiled by Dr Christopher Johnston, a Competent Person who is a Member of the Australian 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 this ASX Announcement of the matters based on his information in the form and context in which it appears.

## FORWARD LOOKING STATEMENT

Certain statements in this document are or maybe "forward-looking statements" and represent Polymetals' intentions, projections, expectations or beliefs concerning among other things, future exploration activities. The projections, estimates and beliefs contained in such forward-looking statements necessarily involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Polymetals, and which may cause Polymetals' actual performance in future periods to differ materially from any express or implied estimates or projections. Nothing in this document is a promise or representation as to the future. Statements or assumptions in this document as to future matters may prove to be incorrect and differences may be material. Polymetals does not make any representation or warranty as to the accuracy of such statements or assumptions.

## Authorisation by the Board

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

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## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Name of entity

POLYMETALS RESOURCES LTD

ABN

73 644 736 247

Quarter ended ("current quarter")

March 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(113)	(328)
	(e) administration and corporate costs	(43)	(265)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(156)</b>	<b>(593)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(30)	(123)
	(d) exploration & evaluation	(535)	(1,568)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(565)</b>	<b>(1,691)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(97)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(250)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>(347)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	3,105	5,015
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(156)	(593)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(565)	(1,691)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(347)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>2,384</b>	<b>2,384</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	784	105
5.2	Call deposits	1,600	3,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,384</b>	<b>3,105</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1 (Director Fees)	12
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

**Note :** The above payments to directors reflect fees for services rendered during the current quarter. More information concerning the breakdown of the relevant director payments can be found within the accompanying Quarterly Announcement.

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at current quarter end \$A'000</b>	<b>Amount drawn amount at previous quarter \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>	-	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
Not applicable.			

8.	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (Item 1.9)	(156)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(535)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(691)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	2,384
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	2,384
8.7	<b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	3.45

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A as item 8.7 is greater than 2.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A as item 8.7 is greater than 2.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A as item 8.7 is greater than 2.

## **Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 21 April 2022

Authorised by: By the Board

## **Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.