

QUARTERLY ACTIVITIES REPORT

PERIOD ENDED 31 DECEMBER 2022

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 31st December 2022 (**Quarter**).

KEY HIGHLIGHTS

- Polymetals Chairman David Sproule appointed as Executive Chairman to drive Business Development. Polymetals is in advanced discussions for the potential acquisition of an Australian project.
- POL issued 4,000,000 fully paid ordinary shares to a strategic investor by way of a placement. The shares have been issued at **\$0.25** per Share, representing a 15.3% premium to the previous 30 day VWA, raising gross proceeds of \$1,000,000 with no costs.
- RC drilling assay results for the Alahiné Gold Project in Guinea, undertaken in previous quarters, indicate numerous higher grade zones intersected and a number of broad zones of strong, shallow gold mineralisation. Key gold intersections reported from the Alahiné tenement included:
 - AH22RC164:
 - **16m @ 3.01 g/t Au** from 62m, including:
 - **7m @ 5.78 g/t Au** from 71m
 - AH22RC165:
 - **4m @ 10.62 g/t Au from 8m**
- On the Mansala tenement a shallow auger drill program comprising 799 holes totalling 6,123m, completed in previous quarters, included best results of 3m @ 4.57 g/t Au, 3m @ 3.26 g/t Au and 1m @ 2.50 g/t Au.
- Portable X-ray Fluorescence (pXRF) testing of drill hole samples to assist with target generation was conducted plus additional geological mapping and drill program planning was undertaken during the quarter for the Alahiné Gold Project.
- Analysis of pathfinder elements including As, Ag, Sb, Mo, Cr, Te and W measured by pXRF is in progress to assist with target generation on the Mansala Gold Project.
- Company secures \$1.0 million unsecured loan from an entity related to Polymetals Chairman David Sproule.

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 (64.2km²) and Mansala (48.2km²), host prolific historic and current small scale gold production conducted by artisanal miners confirming the extensive gold endowment of the area.

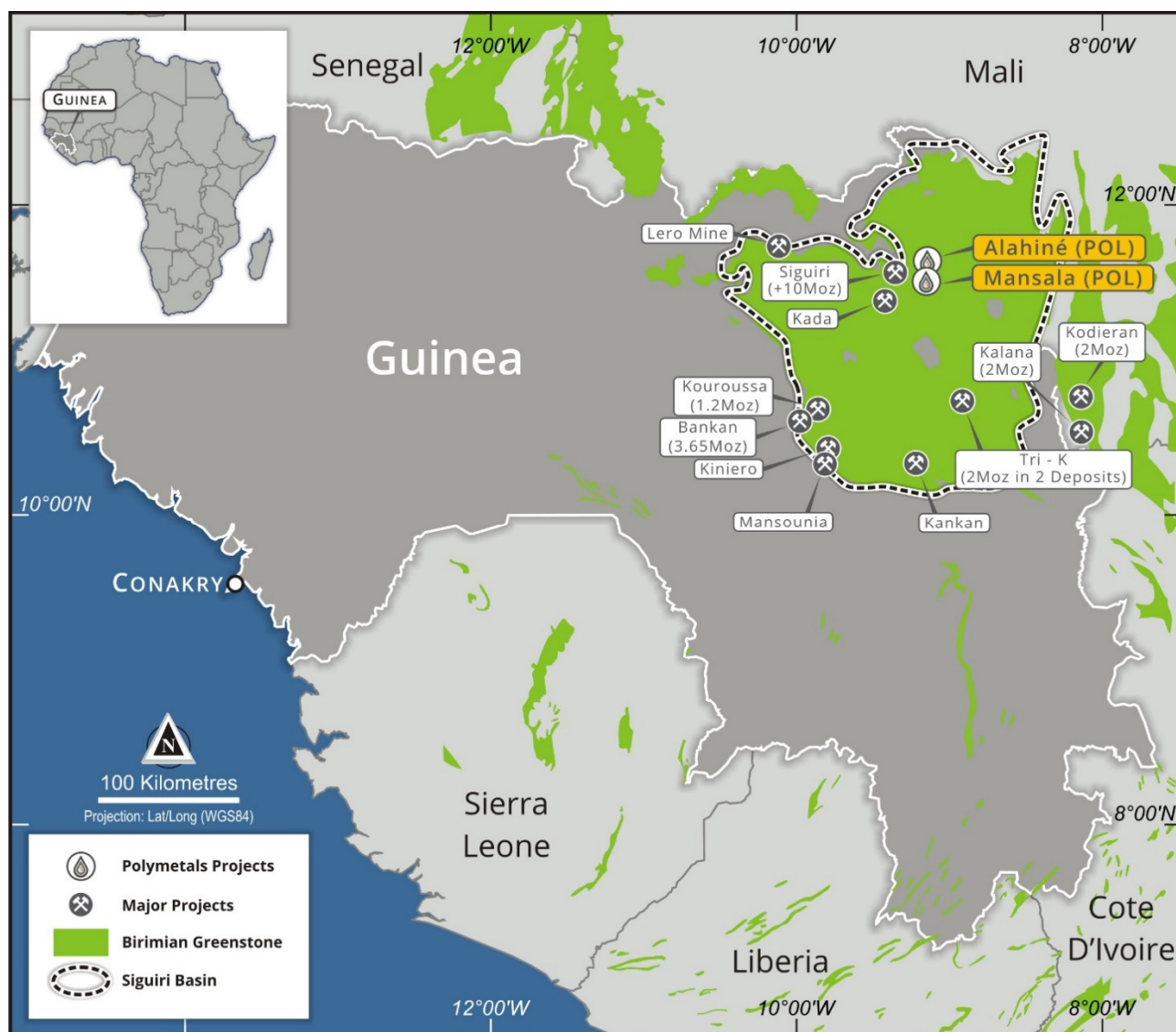


Figure 1: Regional West African gold deposits relative to the Company's Exploration Licences

ALAHINÉ GOLD PROJECT

Background

In CY2022, Polymetals Resources completed its Phase 3 drilling program at the Alahiné Gold Project, located in Guinea's Siguiri Basin, West Africa. The Company announced highly encouraging results received from the drilling program¹.

The objective of Polymetals' exploration at Alahiné is to discover "Siguiri style" mineralisation akin to the AngloGold Ashanti (ASX:AGG, NYSE:AU) >10Moz Siguiri Gold Mine, located 37km west of the Alahiné licence.

The Alahiné Phase 3 drilling program comprised 74 Reverse Circulation (RC) drill holes on 17 traverse lines for a total of 6,385m drilled. Drilling commenced on the 14th June 2022 and was completed on the 5th July 2022. The drilling program was conducted by OreSearch Drilling, with an average hole depth of 85m with the deepest hole being 150m. Samples were submitted for fire assay at the SGS laboratory in Bamako, Mali.

The Phase 3 drilling program at Alahiné focussed on confirming the strike continuity and down dip extent of mineralised intersections reported from previous drilling programs. In addition, the program aimed to extend mineralisation to the south, along strike of the known mineralised areas. The drilling intersected high grade zones and several broad zones of shallow "Siguiri style" gold mineralisation which included¹:

- AH22RC164:
16m @ 3.01 g/t Au from 62m, including:
7m @ 5.78 g/t Au from 71m
- AH22RC165:
4m @ 10.62 g/t Au from 8m

The drilling also intersected mineralisation on infill drill traverses along strike, down-dip and up-dip of follow-up previous drill holes, as shown in Figure 2, and demonstrating continuity of mineralisation over a strike length of 1700m.

Plan, cross-sectional views and further analysis are reported within the ASX release dated 15 August 2022 titled "Alahiné Gold Project delivers 16m @ 3.01 g/t Gold"

¹ Refer to ASX release dated 15 August 2022 "Alahiné Gold Project delivers 16m @ 3.01 g/t Gold"

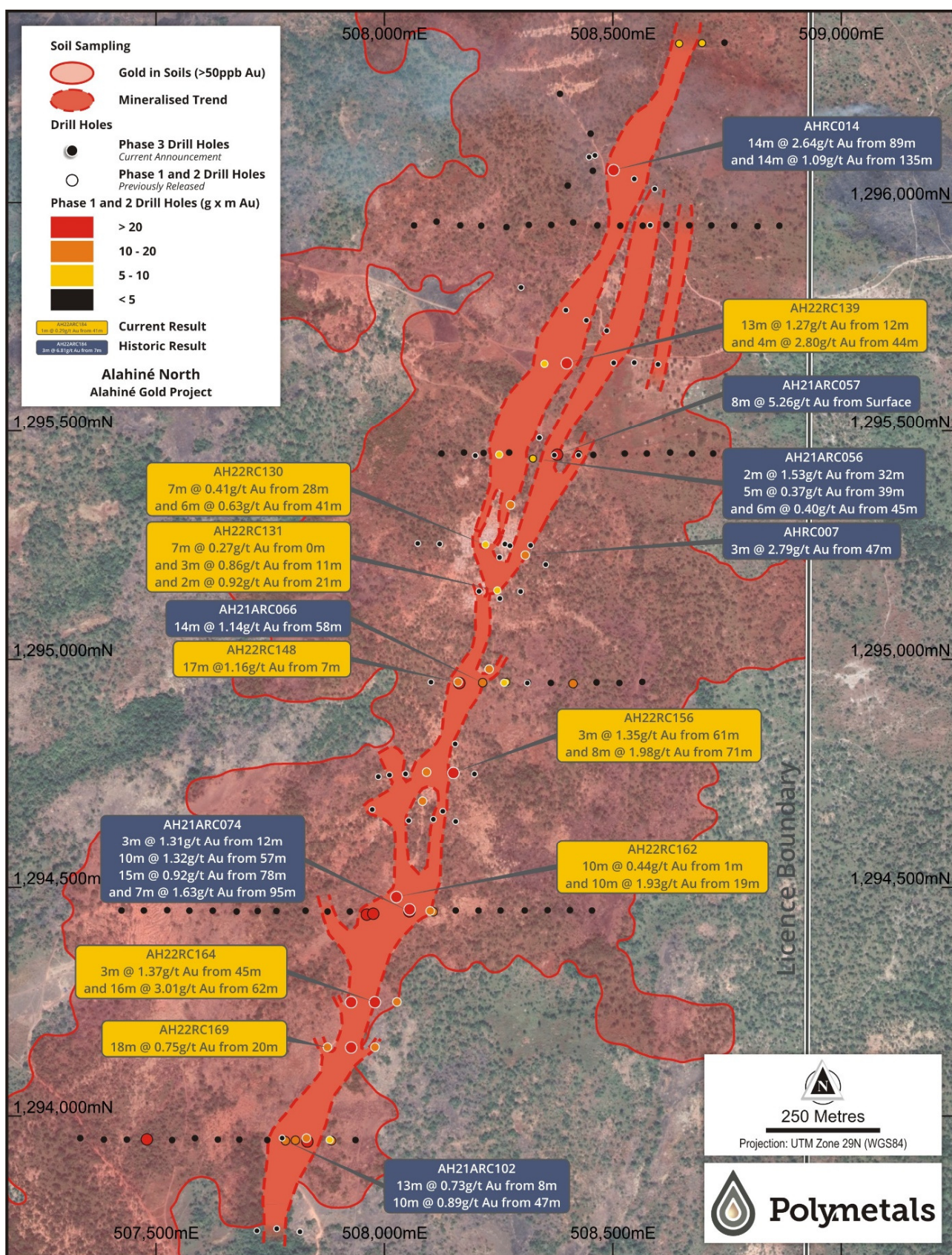


Figure 2: Alahiné North – Plan view of drill holes and prominent NNE mineralised zone. Latest results shown in yellow boxes.

Next Steps for the Alahiné Gold Project

The December 2022 quarter period covers the traditional wet season period, whereby minimal on ground exploration can be undertaken. During this period the local team focused on the following:

Further analysis of Auger drill samples

Trace element abundances including pathfinder elements such as As, Ag, Sb, Mo, Cr, Te and W are being measured by portable X-ray Fluorescence (pXRF) for all bottom-of-hole samples collected during previous drilling programs conducted on the Alahiné licence. Anomalous abundances of some or all of these elements may signal the presence of mineralisation at depth, in which case, further follow-up will be undertaken.

Geological Mapping Programme

Detailed geological mapping of all workings and tenement geology is being carried out to better understand the structures and intrusive cupolas interpreted from the recently completed airborne magnetics survey. Once this work, together with a review of all applicable available information is completed, a drill programme to best target mineralised or potential mineralised zones will be planned.

Drill program planning

An initial drilling programme, including diamond drilling will be carried out to determine geological controls of mineralisation and associated structures. Based on the results of the diamond drilling, closer spaced and better targeted RC drilling will be planned to delineate potential economic mineable zones.

Also, the Alahiné permit is interpreted to contain several high level intrusives that lie within a structural corridor defined by two major parallel faults trending NNW to NW. These targets remain untested by drilling and are considered to be highly prospective for identifying additional zones of mineralisation.

MANSALA GOLD PROJECT

During CY2022, Polymetals completed an auger program at the Mansala Gold Project for a total of 6,123m drilled, comprising 799 holes at an average depth of 7m. The program was completed on a 100m x 50m drill pattern over six areas.

The objective of the auger program was to test gold in soil anomalies supported by coincident pathfinder elements (As, Ag, Bi, Mo, Sb, W and Te). Strong gold in soil anomalies (>1000ppb) without supporting pathfinder elements will be further investigated before drill-testing is planned.

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

A pit sampling program, designed to confirm the nature and gold content of the material being extracted by artisanal miners, was completed. A total of 103 rock chip samples were collected from the walls of abandoned 1m x 1m artisanal mining shafts and directly from active artisanal workings. The average depth of the artisanal shafts sampled was 7m.

Rock chip sampling returned several high-grade assays including 60.60 g/t Au, 16.70 g/t Au, 8.35g/t Au, 5.74 g/t Au and 5.48 g/t Au². The strike extent of the mineralised zone is approximately 800m and is open to the north and south.

Next Steps for the Mansala Gold Project

Further analysis of samples

For all bottom-of-hole samples collected during previous auger drilling programs and recent soil samples collected on the Masala licence, trace element abundances, including pathfinder elements such as As, Ag, Sb, Mo, Cr, Te and W, will be measured by portable X-ray Fluorescence (pXRF) Analyser. Anomalous abundances of some or all of these elements may signal the presence of mineralisation at depth, in which case, further follow-up will be undertaken.

Planning for the next Field Season

During the wet season, compilation and further refinement of interpretation of all currently available data was undertaken. Surface geological mapping, sampling and drilling programs on the Mansala tenements will be planned.

² Refer to ASX release dated 05 May 2022 "Exploration Accelerating at Mansala Gold Project"

LICENCE RENEWAL

During the quarter, the Company continued to progress the licence renewal for the Alahiné and Mansala exploration licences.

The Company continues to investigate land packages contiguous with existing exploration licences within the Siguiri Basin.

CORPORATE

Appointment of Executive Chairman

The Board of Polymetals Resources announced³ that its Chairman, David Sproule, has been appointed as Executive Chairman to oversee growth of the Company.

David Sproule is a highly experienced mining professional, having worked across Australia and Africa for the past forty years. He has led feasibility studies, development programmes and operations on numerous base and precious metal mining projects, focussing on value creation, capital efficiency, innovation, and cost-effective operational practice.

Mr Sproule holds a Bachelor of Metallurgical Engineering, obtained from the Western Australian School of Mines, and has been self-employed for most of his 40-year professional career.

Mr Sproule founded private company, Polymetals Australia Pty Ltd in 1992, acquiring and developing numerous mining projects within Australia and was Chairman of Polymetals Mining Limited (ASX:PLY) until the company merged with Southern Cross Goldfields (ASX:SVG) in 2014.

Chief Executive Officer, Mr Alex Hanly provided his notice of resignation to conclude his tenure with the Company by end January 2023. The Board thanks Alex for his very hard work assisting with the listing of Polymetals and post listing management. The Board wishes him well for his future endeavours. Alex has continued to focus on management of Polymetals' Guinea exploration activities during the quarter.

Assuming completion of the Australian project acquisition identified, additional staff will be appointed to assist with ongoing management of expanded exploration activities and feasibility studies.

³ Refer to ASX release dated 10 November 2022 "Appointment of Executive Chairman"

Project generation

On the 17th August 2022, the Company announced that, as part of its ongoing management of the Company, a number of project generation opportunities have been under investigation. A review of an Australian polymetallic production asset, currently on care and maintenance, is being undertaken by the Company.

On the 21st December 2022, the Company announced that it has progressed to advanced discussions to acquire the project. Due to confidentiality requirements, further updates on the proposed transaction, including the expected time frame for its completion, will be provided when available, should the Company continue to proceed with the proposed transaction.

Fund Raising Update

On the 21st December 2022⁴, Polymetals advised that it had issued **4,000,000** fully paid ordinary shares to a strategic investor by way of placement. The new Shares have been issued at **\$0.25** per Share, with no intermediation fees to be paid by the Company, raising gross proceeds of **\$1,000,000**.

Proceeds from the Placement will be applied to support business development activities, Guinea gold exploration and general working capital.

The issue price per Share represents a 6.4% premium to the closing price on ASX of \$0.235/share on 19th December 2022 and a 15.3% premium to the 30-day VWAP of \$0.217/share.

Unsecured loan facility

On the 31st October 2022, the Company announced that it had received a letter of support from an entity controlled by its Chairman and major shareholder, Mr David Sproule. The loan facility will provide up to \$1.0 million of credit to the Company and will assist the Company in meeting its business objectives. The loan is unsecured, can be drawn down at any time by the Company and is granted on the following material terms:

- repayment date – the earlier of the next capital raising or 18 months from the first drawdown date; and
- interest rate – 5% per annum, compounded monthly until the end of the loan.

The Company has subsequently entered into a loan agreement formalising the above terms.

⁴ Refer to ASX release dated 21 December 2022 “Placement and Cleansing Notice”

Results of the Annual General Meeting

Polymetals advised that all three resolutions of the Company's put forward at the Annual General Meeting (AGM) held on 25 November 2022 were passed by way of a poll.

Cash

At 31st December 2022 Polymetals had cash at bank of \$953,975.

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 \$234,273.

Full details of exploration activity during the December 2022 quarter are set out in this report.

Below is the breakdown of the expenditure incurred:

Table 1: Breakdown of the expenditure incurred

Property	Nature of expenses	Amount (\$)
Mansala	Wages for people onsite, security and storage	72,463
Mansala	Drilling	41,679
Mansala	Geology and Geophysics	2,443
Alahiné	Wages for people onsite, security and storage	72,463
Alahiné	Drilling	41,679
Alahiné	Geology and Geophysics	3,546
Total Exploration costs		234,273

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 2: Updated Use of Funds Table

Use of Funds	Estimate of the first 2 years after ASX admission (\$)	Actual to December 2022 Quarter (\$)	Balance Remaining (\$)
Expenditure at Alahiné and Mansala	2,350,000	3,739,520	(1,389,520)
Environmental surveys and consultants	150,000	-	150,000
Guinea operations and logistics	500,000	130,745	369,255
Expenses of the Offer	637,000	489,236	147,764
Administrative Costs	1,854,815	1,132,314	722,501
Total	5,491,815	5,491,815	-

¹ Polymetals Use of Funds – Prospectus 25 June 2021 (**Prospectus**) Item 5.6 'Proposed Exploration Program and Expenditure'

The Company notes that given the full expenditure of the amount raised from its initial public offering in June 2021 that it will no longer be monitoring the expenditure incurred to that detailed in its Prospectus. The Board believes that the Company has met the objectives set out in the Prospectus.

4. **ASX Listing Rule 5.3.5:** Payment to related parties of the Company and their associates during the quarter was \$52,935 (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 3: Director's remuneration

Name of Director	Nature of Payment	Amount (\$)
David Sproule	Ongoing Director fees	-
Alistair Barton	Ongoing Director fees	7,935
Christopher Schroor	Ongoing Director fees	45,000
Total		52,935

5. Tenements

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

- (a) no applications were made during the quarter by the Company to acquire new or surrender its existing licences; and
- (b) the following table lists the Company's mining tenements held at the end of the quarter, and their location:

Table 4: Polymetals exploration licences

Project	Exploration Licence	Location	Status	Ownership
Alahiné	EL22123	Republic of Guinea	Application for renewal under process	100%
Mansala	EL22694	Republic of Guinea	Application for renewal under process	100%

COMPETENT PERSONS STATEMENTS

The information in this ASX Announcement that relates to Exploration Results is based on information compiled by Mr William Pountney, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Pountney is a Project Manager 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". Mr Pountney 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.

Contact information:

David Sproule - *Executive Chairman*

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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")

December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(105)	(213)
(e) administration and corporate costs	(67)	(133)
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)	-	-
1.9 Net cash from / (used in) operating activities	(172)	(346)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(234)	(1,199)
(e) investments	-	-
(f) other non-current assets	-	-

ASX Listing Rules Appendix 5B (01/12/19)

+ See chapter 19 of the ASX Listing Rules for defined terms.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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)	-	-
2.6	Net cash from / (used in) investing activities	(234)	(1,199)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,000	1,000
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	(5)	(5)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	995	995

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	365	1,504
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(172)	(346)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(234)	(1,199)

ASX Listing Rules Appendix 5B (01/12/19)

+ See chapter 19 of the ASX Listing Rules for defined terms.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	995	995
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	954	954

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	954	365
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	954	365

6. Payments to related parties of the entity and their associates

6.1	Aggregate amount of payments to related parties and their associates included in item 1 (Director Fees)
6.2	Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

48

4

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.

7. Financing facilities	Total facility amount at current quarter end \$A'000	Amount drawn amount at previous quarter \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	1,000,000	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	1,000,000	-
7.5 Unused financing facilities available at quarter end		1,000,000
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.		
Refer to the Company's announcement dated 31 October 2022 "Fund Raising Update" for further information concerning the Company's financing facility.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(172)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(234)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(406)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	954
8.5 Unused finance facilities available at quarter end (Item 7.5)	1,000
8.6 Total available funding (Item 8.4 + Item 8.5)	1,954
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	4.81
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: 18 January 2023

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.