



Polymetals

ABN 73 644 736 247

Consolidated Interim Financial Report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022



Table of Contents

Directors' Report.....	3
Auditor's Independence Declaration	17
Consolidated Statement of Profit or Loss and Other Comprehensive Income.....	18
Consolidated Statement of Financial Position	19
Consolidated Statement of Cash Flows	20
Consolidated Statement of Changes in Equity.....	21
Condensed Notes to the Consolidated Financial Statements	22
Directors' Declaration.....	29
Independent Auditor's Review Report.....	30

Directors' Report

The Directors of Polymetals Resources Ltd ("**the Company**") together with its subsidiary (collectively referred to as "**the Group**"), present their report together with the consolidated financial statements for the six months ended 31 December 2022 ("**Half-Year 2022**").

The consolidated financial statements have been presented in Australian dollars, which is the Company's functional and presentation currency.

Directors

The names of the Company's directors in office during the Half-Year 2022 and until the date of this report are set out below. Directors were in office for this entire period, unless otherwise stated:

- Mr David Sproule – Executive Chairperson
- Mr Christopher Schroor – Non-Executive Director
- Dr Alistair Barton – Non-Executive Director¹
- Mr Christopher Johnston – Non-Executive Director²

Objectives

The Company's objective is to increase shareholder wealth through successful exploration activities whilst providing a safe workplace and ensuring best practice in relation to its environmental obligations.

Principal Activities

The principal activity of the Group during the Half-Year 2022 period was the exploration and development of mineral resources - in particular gold.

Significant Changes in the State of Affairs

There were no significant changes in the nature of the Group's principal activities during the Half-Year 2022 period.

Review of Operations

The consolidated loss of the Group after providing for income tax and non-controlling interest amounted to \$237,293 (31 December 2021: loss of \$403,308).

Further details on the financial results for the period have been included on page 13.

¹ Mr Alistair Barton was appointed as a non-executive director on 10 August 2022 and continues in office at the date of this report.

² Mr Christopher Johnston was a non-executive director from the beginning of the Half Year 2022 until his retirement on 8 August 2022.

Operations Summary

The Group 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 and Mansala host prolific historic and current small scale gold production conducted by artisanal miners confirming the extensive gold endowment of the area.

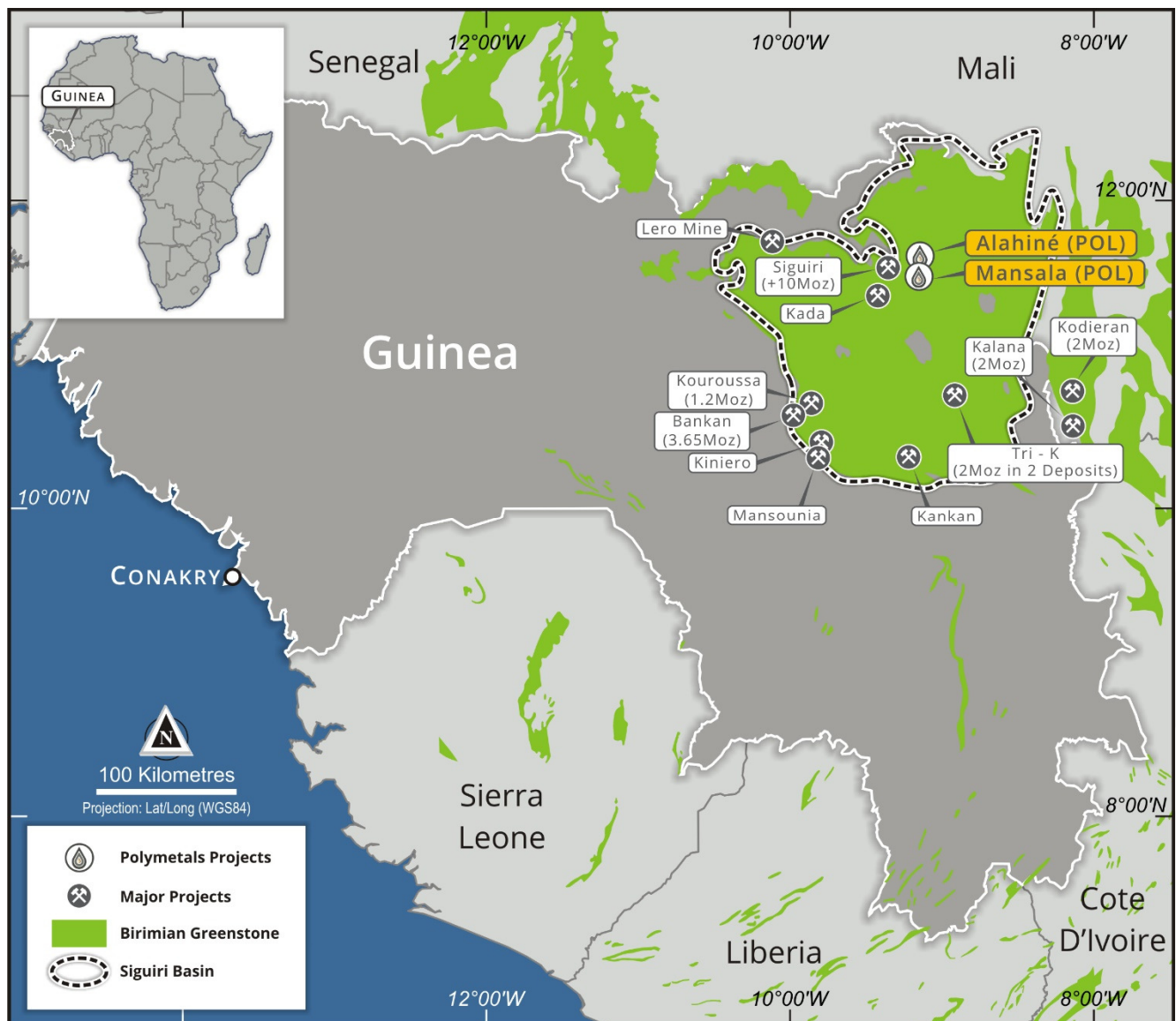


Figure 1: Regional West African gold deposits relative to the Company's Exploration Licences

ALAHINÉ GOLD PROJECT

Background

The Alahiné Gold Project encompasses an area of 64km² and displays intense shallow artisanal mining throughout the licence. The objective of Polymetals' efforts 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.

Work undertaken

Interpretation of airborne magnetic survey results

In May 2022, the Company announced the completion of its airborne magnetic survey at the Alahiné Gold Project, which was conducted by AeroPhysX. The airborne magnetic survey comprised of a 700-line km survey for the purposes of providing the Company with a detailed data to determine the structural controls of mineralisation on the nature of host rocks within the Alahiné Gold Project.

In July 2022, the Company announced that the geophysical data from the airborne magnetic survey had been processed. From this, an initial geological interpretation and target generation program had been carried with ten (10) high order geophysical targets having been identified (Figure 2).

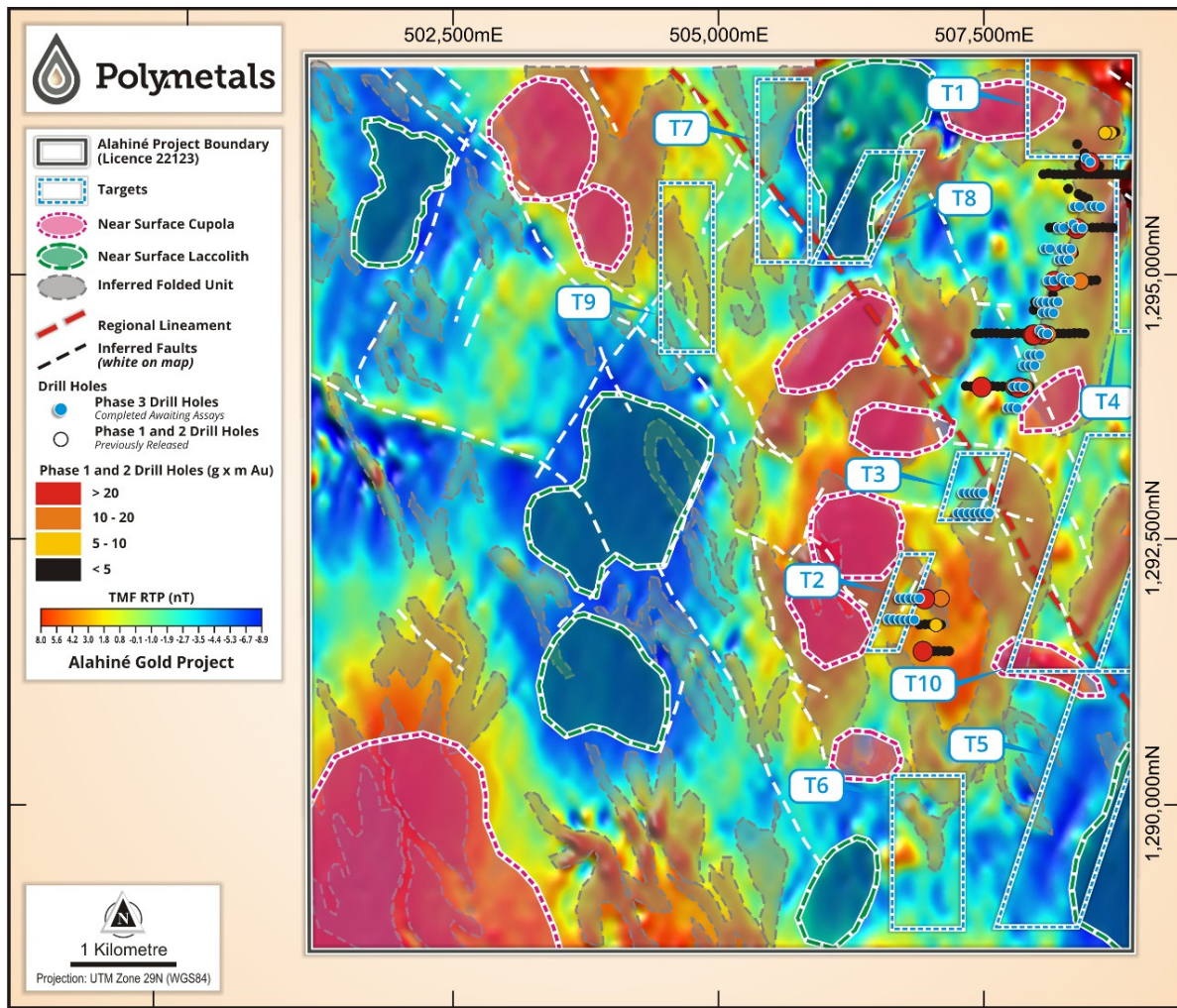


Figure 2: Alahiné Gold Project – Aeromagnetic map showing key faults, lineaments, major structural features and high-priority geophysical targets

The geophysical data from the airborne magnetic survey yielded the following results for the Alahiné Gold Project:

- the Alahiné Gold Project overlies complex geology, with images confirming magnetic lineaments, as well as lithological and structural features that may have controlled the localisation of known gold mineralisation;
- the existence of two particularly notable features present in the North-North-West region of the project, being:
 - one structural feature extending across the North-East corner of the tenement. This feature parallels the prominent North-North-West trending magnetic fabric shown in the Reduced to the Pole (“RTP”) TMF imagery and mirrors current drainage; and
 - a second structural feature that parallels the major suture - some 700m to the west but is defined by a number of interpreted discontinuous faults. The feature widens to the south and dies out towards the southern boundary of the tenement. Drainage capture by this feature is less pronounced.

The results from the airborne magnetic survey have been used by the Company to refine its understanding of geological mineralisation controls within the project. Further detailed geological mapping of all workings and tenement geology will be carried out by the Company to better understand the identified structures, leading to a diamond drill programme targeting the mineralised or potential mineralised zones.

Completion of Phase 3 drilling program

In July 2022, the Company announced that it had completed its 6,385m reverse circulation (RC) drilling program at the Alahiné Gold Project (**Phase 3**). The drilling program was focussed on confirming the strike continuity of targets generated during previous drilling programs conducted at Alahiné, notably within the northeast quadrant of the licence.

Drilling at the Phase 3 drill program commenced on 14 June 2022 and comprised of 74 RC drill holes, with an average hole depth of 85m and the deepest hole being 150m. Samples from the program were submitted for fire assay at the SGS laboratory in Bamako, Mali and provided the following results:

- drilling intersected mineralisation on infill drill traverses along strike, down-dip and up-dip of follow-up previous drill holes (Figures 2-5). Drilling has also successfully demonstrated continuity of mineralisation over a strike length of 1,700m; and
- better grades and thicknesses were noted in the 500m interval from 1293950N to 1294450N (Figure 3); and
- the key intercepts reported for the Phase 3 drilling program have been included within Table 1.

Half-Year Financial Report 2022 Polymetals Resources Ltd and Controlled Entities

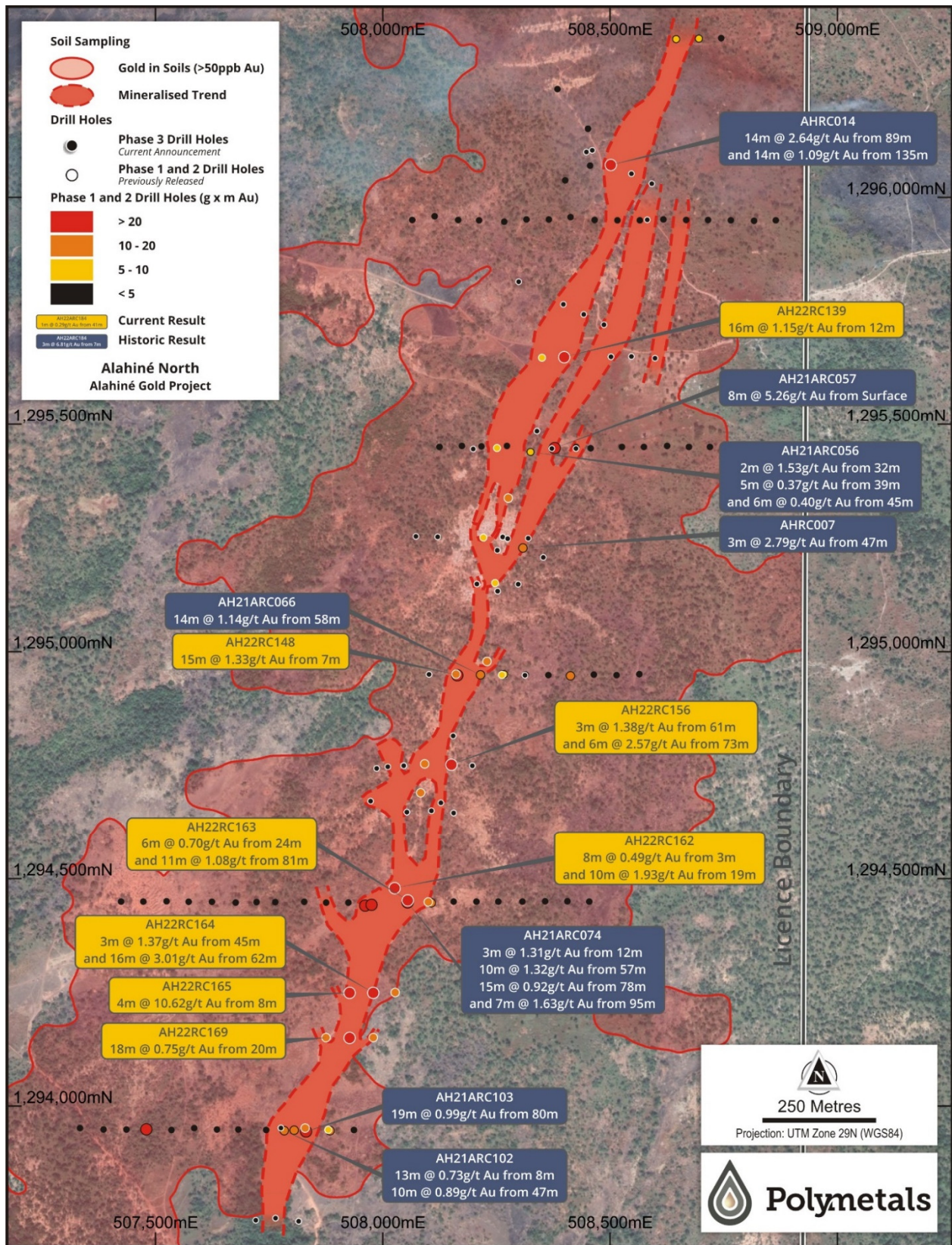


Figure 3: Alahiné North – Plan view of drill holes and prominent NNE mineralised zone.

Half-Year Financial Report 2022

Polymetals Resources Ltd and Controlled Entities

Hole ID	From (m)	To (m)	Significant Gold Intersections (Interval (m) @ g/t gold)
AH22RC139	12.00	28.00	16m @ 1.15 g/t Au
	14.00	17.00	3m @ 4.14 g/t Au
	44.00	48.00	4m @ 2.80 g/t Au
AH22RC140	4.00	5.00	1m @ 7.93 g/t Au
	60.00	66.00	6m @ 1.23 g/t Au
AH22RC141	5.00	6.00	1m @ 6.31 g/t Au
AH22RC148	7.00	22.00	15m @ 1.33 g/t Au
	14.00	18.00	4m @ 3.77 g/t Au
AH22RC149	130.00	132.00	2m @ 2.57 g/t Au
AH22RC150	73.00	78.00	5m @ 1.16 g/t Au
	95.00	96.00	1m @ 8.10 g/t Au
AH22RC157	40.00	51.00	11m @ 0.61 g/t Au
	58.00	59.00	1m @ 5.93 g/t Au
AH22RC156	61.00	64.00	3m @ 1.38 g/t Au
	73.00	79.00	6m @ 2.57 g/t Au
AH22RC162	3.00	11.00	8m @ 0.49 g/t Au
	19.00	29.00	10m @ 1.93 g/t Au
AH22RC163	24.00	30.00	6m @ 0.70 g/t Au
	81.00	92.00	11m @ 1.08 g/t Au
AH22RC173	53.00	56.00	3m @ 2.06 g/t Au
	98.00	102.00	4m @ 1.26 g/t Au
AH22RC164	45.00	48.00	3m @ 1.37 g/t Au
	62.00	78.00	16m @ 3.01 g/t Au
	71.00	78.00	7m @ 5.78 g/t Au
AH22RC165	8.00	12.00	4m @ 10.62 g/t Au
AH22RC166	32.00	35.00	3m @ 1.34 g/t Au
	117.00	120.00	3m @ 1.52 g/t Au
AH22RC167	3.00	5.00	2m @ 3.02 g/t Au
	102.00	107.00	5m @ 1.33 g/t Au
AH22RC168	4.00	5.00	1m @ 28.97 g/t Au
	60.00	62.00	2m @ 5.91 g/t Au
AH22RC169	20.00	38.00	18m @ 0.75 g/t Au
AH22RC172	2.00	5.00	3m @ 1.72 g/t Au
	54.00	59.00	5m @ 0.75 g/t Au
AH22RC196	12.00	13.00	1m @ 6.97 g/t Au

Table 1: Alahiné significant mineralised intercepts from phase 3 drilling program

In addition, two high-priority geophysical targets identified from the airborne magnetic survey at Alahiné were included within the Phase 3 drilling program. These targets were designed to test the following key structures located within the Alahiné Gold Project:

- Target 2 (Shown as “T2” within Figure 4) which was interpreted to be the southern extension of the major Alahiné North-North-East mineralised trend that has been faulted; and
- Target 3 (Shown as “T3” within Figure 4) which has a similar description to Target 2 but also has a high soil geochemistry gold anomaly.

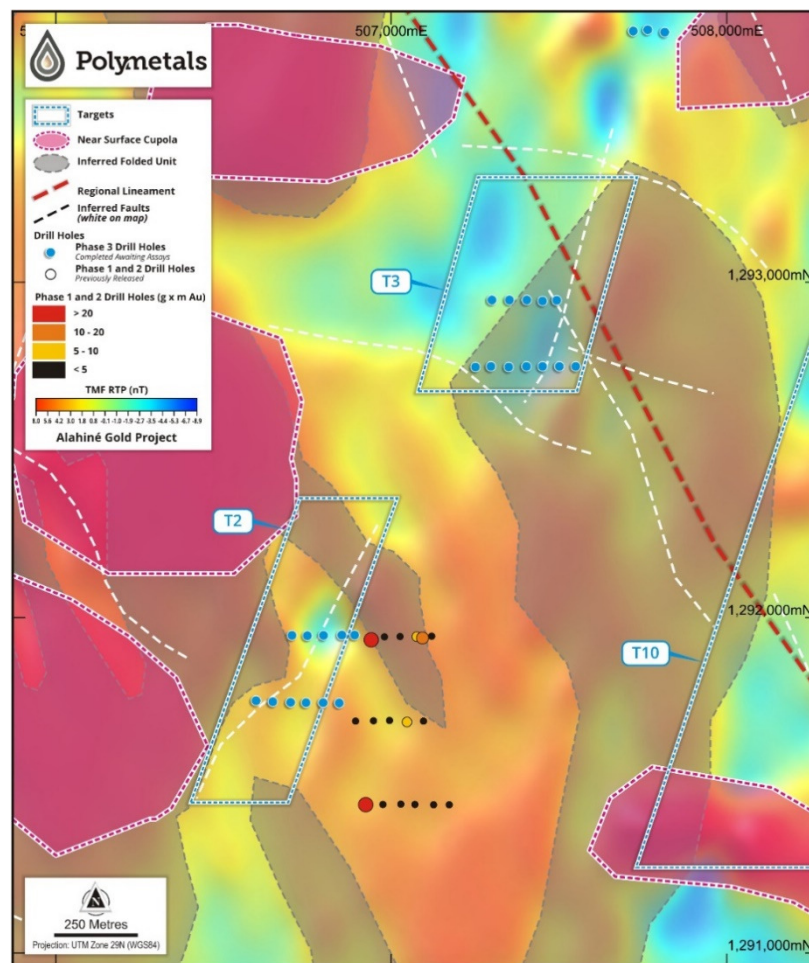


Figure 4: Alahiné Gold Project – Aeromagnetic map showing key faults, lineaments, major structural features and high-priority geophysical targets drilled during the Company's Phase 3 RC program.

The Company will be using the results from its Phase 3 drilling program to undertake closer spaced drilling is planned to delineate potentially economically mineable zones. Notably, the Alahiné project 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 is considered to be highly prospective for identifying additional zones of mineralisation.

MANSALA

Background

The Mansala Gold Project encompasses an area 48km² to the south of the Company's Alahiné Gold Project.

Work undertaken

Interpretation of airborne magnetic survey results

In June 2022, the Company announced the completion of its airborne magnetic survey conducted at the Mansala Gold Project by AeroPhysX. The airborne magnetic survey comprised of a 500 line-kilometre survey for the purposes of providing the Company with sufficient data to determine the structural controls of mineralisation and information on the nature and disposition of host rocks currently obscured by lateritic cover.

On 25 August 2022, the Company announced that the geophysical data from the airborne magnetic survey had been processed. From this, an initial geological interpretation and target generation program had been carried with eight (8) high order geophysical targets having been identified (Figure 5).

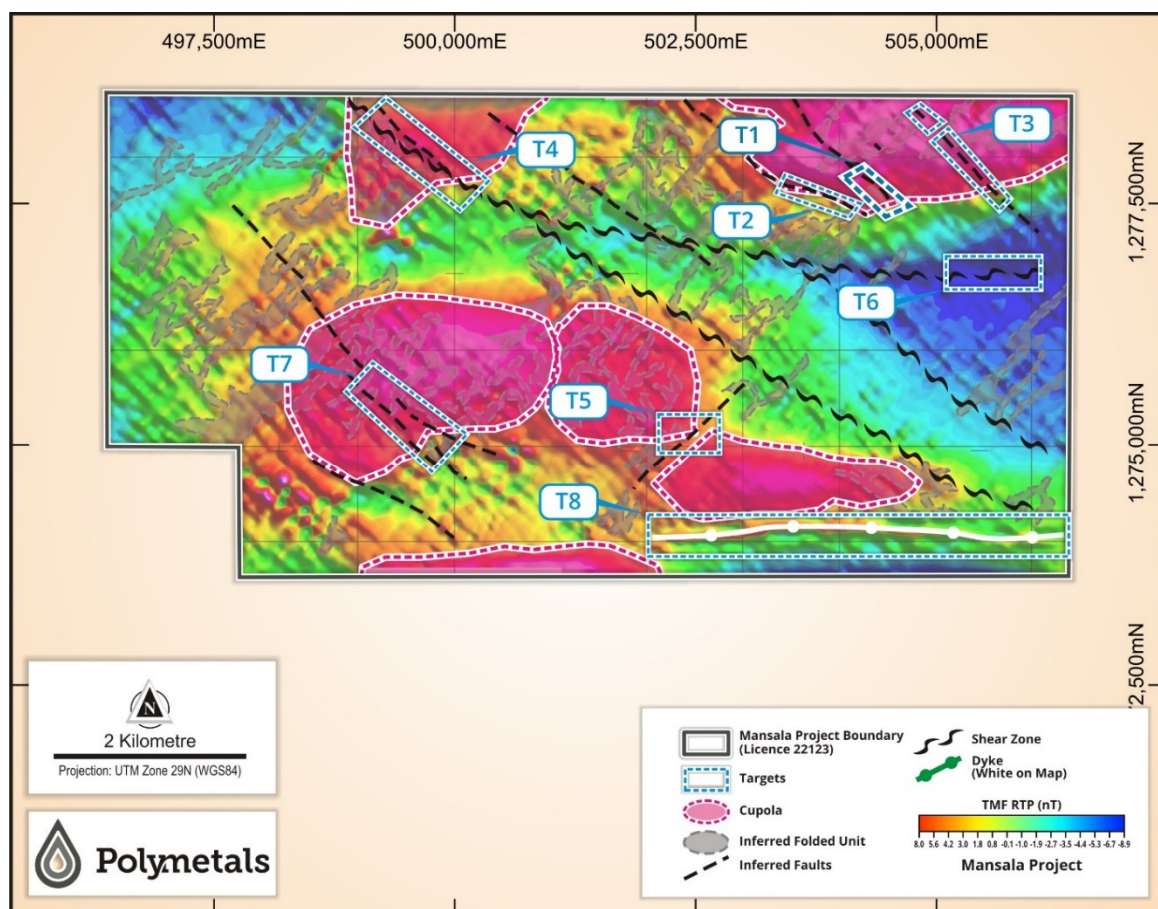


Figure 5: Mansala Gold Project – Aeromagnetic map showing Cupolas and Major structural features – faults, lineaments, shear zones and high-priority geophysical targets

Half-Year Financial Report 2022

Polymetals Resources Ltd and Controlled Entities

The geophysical data from the airborne magnetic survey identified two high-priority geophysical targets within the known North-North-East trend, which has comprised of strong anomalous gold found in artisanal pit sampling in the North East quadrant of the permit (Area F, Figure 6). This makes Area F a highly prospective location to drill test in the future.

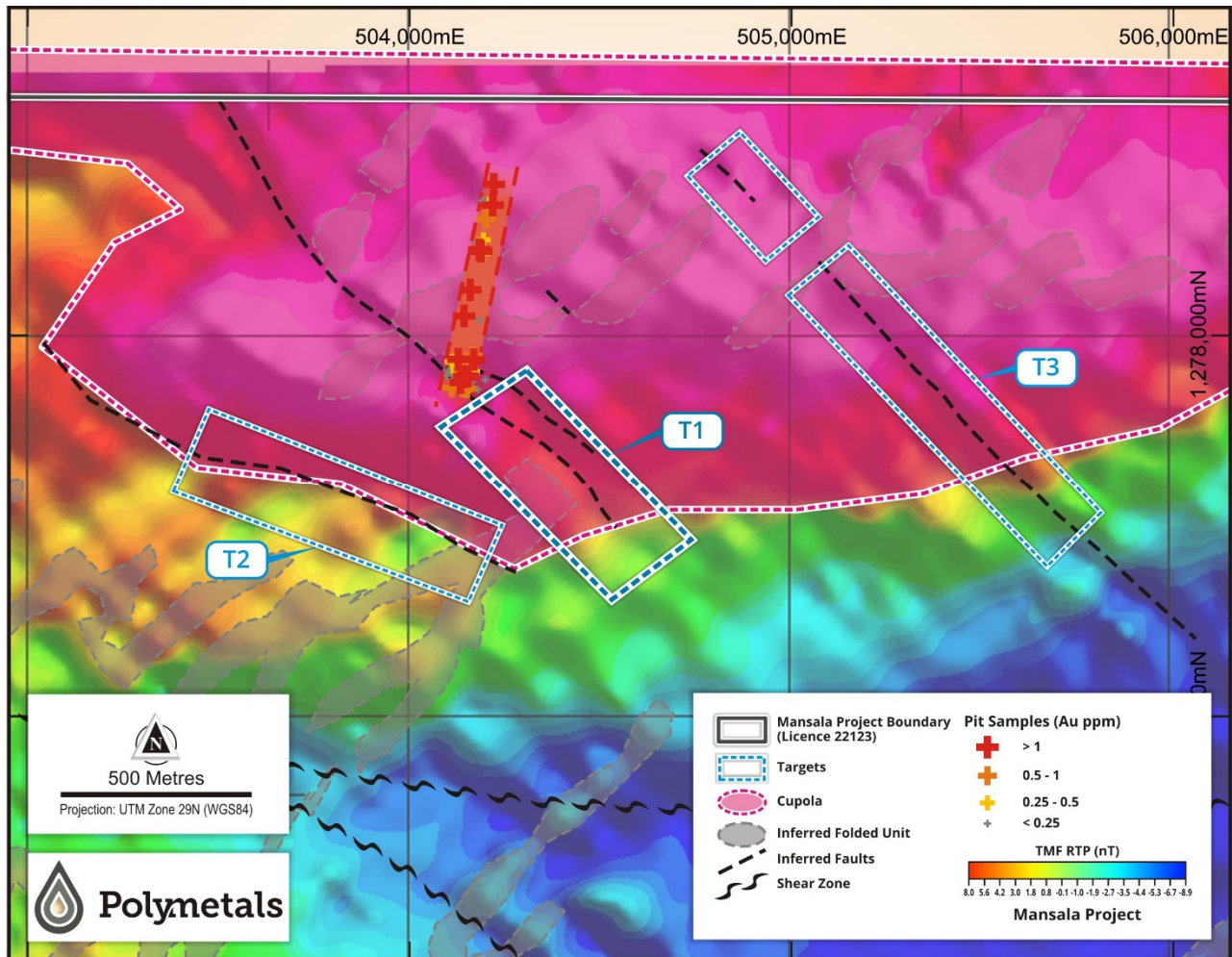


Figure 6: Mansala Gold Project – Aeromagnetic targets and structural features coincident with Area F mineralised Au trend identified in pit sampling.

The Company intends on using the results from the airborne magnetic survey conducted at the Mansala Gold Project to further refine its understanding of geological mineralisation controls within the project. Further detailed geological mapping of all workings and tenement geology will be carried out by the Company to better understand the identified structures, leading to further testing of the North East area of the project in the future.

Licence Status

During the 2022 Half-Year, 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.

Financial Results

Revenue

The following points are noted in relation to revenues received by the Company for the Half-Year 2022:

- interest income received of \$1,133 on bank accounts and term deposits held by the Company; and
- foreign exchange gains made on operating foreign bank accounts of \$29,987 (2021: loss of \$13,800). The resulting gain made on the Company's foreign exchange activities during the 2022 Half-Year was largely attributable to the Company's decision to adopt an appropriate hedging strategy.

Net expenses and impairment

The following points are noted in relation to expenses incurred by the Company for the Half-Year 2022:

- ongoing administration expenses of \$316,969 at December 2022 (2021: \$357,868). Included in the Company's Half-Year 2022 administration expenses are directors and key management personnel costs, as well as compliance and regulatory costs;
- due diligence expenses of \$69,657 incurred in relation to the assessment of several project generation opportunities (2021: nil); and
- the Directors have considered whether any further impairment for the Company's tenements is required for the current period. They have formed the view that no impairment is required (2021: nil).

Statement of financial position

During the 2022 Half-Year the following key items occurred:

- cash decreased from \$1,503,426 at 30 June 2022 to \$953,974 at 31 December 2022. This decrease was primarily caused by the various exploration programs undertaken at the Alahiné and Mansala Gold Projects by the Company during the 2022 Half-Year; and
- trade and other payables decreased from \$235,973 at 30 June 2022 to \$107,660 at 31 December 2022. The primary reason for this decrease related to the payment exploration costs attributable to the Phase 3 Reverse Circulation (RC) drilling program at Alahiné, which had been incurred in June 2022.

Cash Flow

The cash flow for the 2022 Half-Year of the Group included:

- exploration costs of \$1,199,044 (2021: \$1,033,966), which related to the Company's drilling campaign in Alahiné and Mansala Gold Projects, located in Guinea, West Africa;

Half-Year Financial Report 2022

Polymetals Resources Ltd and Controlled Entities

- net administrative costs of \$344,134 (2021: \$433,897), which related to the ongoing management of the Company; and
- proceeds from the Company's placement undertaken on 21 December 2022, raising \$993,726 after costs.

Corporate

Management

During the 2022 Half-Year, Mr Alexander Hanly tendered his resignation as Chief Executive Officer of the Company. To facilitate in the handover process of the CEO role, Mr Hanly remained with the Company until 31 January 2023.

Directors

During the 2022 Half-Year, the following directorship changes were made in the Company:

- on 11 August 2022, the Company welcomed experienced geologist Mr Alistair Barton as a Non-Executive Director. Mr Barton, a geologist, brings 45 years of extensive exploration, operational and corporate experience to the Board. His domestic and international commodity experience includes gold, base metals, industrial minerals and rare earths.

Mr Barton's appointment coincided with Mr Christopher Johnston's retirement as a Non-Executive Director of the Company on 8 August 2022.

- on 10 November 2022, the Board of Polymetals announced that its Chairman, Mr David Sproule, was appointed as Executive Chairman.

Mr 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.

Business Development

On 17th August 2022, the Company announced that it was undertaking a review of an Australian polymetallic production asset (on care and maintenance) – as part of several project generation opportunities that had been presented to the Company.

On 21st December 2022, the Company provided an update on the Australian polymetallic production asset, advising that it has progressed to advanced discussions to acquire the project. Further updates on the proposed transaction will be provided to shareholders when available.

The Company also continues to review and investigate various new business opportunities that are presented within the Siguri Basin, West Africa.

Capital raising – amounts received in cash

On 21 December 2022, Polymetals announced that it had issued 4,000,000 fully paid ordinary shares at an issue price of \$0.25 per share to a strategic investor, by way of a placement.

The total proceeds raised from the placement was \$1.00 million (before costs), with such funds earmarked to support the Company's business development activities, further exploration at the Alahine and Mansala gold projects and general working capital.

Capital raising – amounts received in non-cash

During the 2022 Half-Year, Sahara Natural Resources (Sahara), being the company carrying out the drilling work at Polymetals' Alahiné Project, agreed to subscribe for 1,126,126 fully paid ordinary shares in the Company worth \$135,135 in satisfaction for part payment of its contract drilling fees.

Loan facility

To ensure that the Company remained sufficiently funded to meet its ongoing business objectives, the Company during the 2022 Half-Year the Company received a letter of support from an entity controlled by its Chairman and major shareholder - Mr David Sproule, to provide up to \$1.00 million of credit.

Details concerning the terms of the line of credit offered to the Company are as follows:

Security	Unsecured
Drawdown Notice	Can be drawn down at any time by the Company
Repayment Date	The earlier of: <ul style="list-style-type: none">• the next capital raising; or• 18 months from the first drawn down date
Interest Rate	5.00% p.a compounded monthly and can be capitalised up to and including the term of the loan.

COVID-19 Impact

The Company's operations have been affected by COVID-19 as a result of ongoing travel restrictions and increase in supply costs, resulting in higher costs of exploration.

Events subsequent to balance date

Since balance date, the following matters have arisen:

- on 31 January 2023, former Chief Executive Officer Mr Alexander Hanly concluded his tenure with the Company;

Half-Year Financial Report 2022

Polymetals Resources Ltd and Controlled Entities

- the Company announced on 31 January 2023 the appointment of Mr John Haley as Company Secretary and Chief Financial Officer. Details of Mr Haley's background and experience can be found within the Company's announcement released to the ASX on 31 January 2023. Mr Haley's appointment followed Messrs Kurt Laney and Vince Fayad resignation as joint company secretaries and CFO, effective from 31 January 2023;
- the Company changed its registered office and principal place of business address to Unit 1, 101 Main Street, Alstonville NSW 2477; and
- on 14 March 2023, the Company advised that it was in the final stages of negotiating for the potential acquisition of a historic lead, zinc and silver mine development project located in Australia (**Project**). The potential acquisition remains subject to execution by the Company and shareholder approval. Should the proposed acquisition proceed, the expected consideration for the Project will be 52 million ordinary shares in the Company.

Further details concerning the potential acquisition can be found within the Company's announcement released to the ASX on 14 March 2023.

Apart from the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

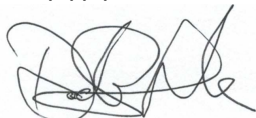
Rounding of Amounts

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.

Auditor's Independence Declaration

The auditor's independence declaration in accordance with section 307C of the Corporations Act 2001 for the Half-Year ended 31 December 2022 has been received and can be found on page 17 of the financial report.

This report is signed in accordance with a resolution of the Board of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.



Mr David Sproule
Chairperson

14 March 2023

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Polymetals Resources Ltd for the half year ended 31 December 2022, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

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: 14 March 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2022

	Note	31 December 2022 \$	31 December 2021 \$
Continuing Operations			
Revenue		1,133	-
Unrealised and realised foreign exchange gain/(losses)		29,987	(13,800)
Administration expenses		(316,969)	(357,868)
Due diligence expenses		(69,657)	-
Share based compensation expense	9(b)	-	(201,066)
(Loss) from continuing operations before income tax		(355,506)	(572,734)
Income tax expense		-	-
(Loss) from continuing operations after tax	5	(355,506)	(572,734)
(Loss) attributable to:			
Members of the parent entity		(237,293)	(403,308)
Non-controlling interest		(118,213)	(169,426)
		(355,506)	(572,734)
Other comprehensive income ("OCI")			
Items that may be reclassified subsequently to the profit or loss		-	-
Other comprehensive loss for the period		-	-
Total comprehensive (loss) for the period		(355,506)	(572,734)
Total comprehensive (loss) attributable to:			
Members of the parent entity		(237,293)	(403,308)
Non-controlling interest		(118,213)	(169,426)
		(355,506)	(572,734)
Loss per share			
From continuing operations:			
Basic loss per share (cents)		(0.44)	(0.72)
Diluted loss per share (cents)		(0.44)	(0.72)

The accompanying notes form part of these Financial Statements.

Consolidated Statement of Financial Position

As at 31 December 2022

	Note	31 December 2022 \$	30 June 2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		953,974	1,503,426
Trade and other receivables		23,040	26,719
Other current assets		8,273	19,200
TOTAL CURRENT ASSETS		985,287	1,549,345
NON-CURRENT ASSETS			
Plant and equipment		126,536	133,211
Exploration, expenditure and development assets	6	5,365,067	4,149,316
TOTAL NON-CURRENT ASSETS		5,491,603	4,282,527
TOTAL ASSETS		6,476,890	5,831,872
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		107,660	235,973
TOTAL CURRENT LIABILITIES		107,660	235,973
NON-CURRENT LIABILITIES			
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		107,660	235,973
NET ASSETS		6,369,230	5,595,899
EQUITY			
Issued capital	8	1,248	1,248
Reserves	9	451,145	451,145
Accumulated losses		(2,194,947)	(1,957,654)
Equity attributable to the owners of Polymetals Resources Ltd		(1,742,554)	(1,505,261)
Non-controlling interest		8,111,784	7,101,160
TOTAL EQUITY		6,369,230	5,595,899

The accompanying notes form part of these Financial Statements.

Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2022

	31 December 2022	31 December 2021
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Proceeds from interest income	1,133	-
Payments to suppliers and employees	(345,267)	(433,897)
Net cash used in operating activities	(344,134)	(433,897)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for exploration expenditure	(1,199,044)	(1,033,966)
Payments for plant and equipment	-	(93,693)
Net cash used in investing activities	(1,199,044)	(1,127,659)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	-	(250,000)
Proceeds from share issue	1,000,000	-
Payments for share issue costs	(6,274)	(97,211)
Net cash (used)/provided by financing activities	993,726	(347,211)
Net (decrease)/increase in cash and cash equivalents held	(549,452)	(1,908,767)
Cash and cash equivalents at beginning of the Period	1,503,426	5,013,992
Cash and cash equivalents at end of the Half-Year	953,974	3,105,225

The accompanying notes form part of these Financial Statements.

Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2022

Note	Issued capital \$	Reserves \$	Accumulated losses \$	Non- Controlling Interest \$	Total equity \$
Balance at 1 July 2022	1,248	451,145	(1,957,654)	7,101,160	5,595,899
Loss for the period	-	-	(237,293)	(118,213)	(355,506)
Issued capital (Placement to Sahara Natural Resources)	-	-	-	135,135	135,135
Issued capital (Placement to strategic investor)	-	-	-	1,000,000	1,000,000
Share issue costs	-	-	-	(6,298)	(6,298)
Balance at 31 December 2022	1,248	451,145	(2,194,947)	8,111,784	6,369,230

Note	Issued capital \$	Reserves \$	Accumulated losses \$	Non- Controlling Interest \$	Total equity \$
Balance at 1 July 2021	1,248	-	(1,142,927)	7,451,442	6,309,763
Loss for the period	-	-	(403,308)	(169,426)	(572,734)
Share issue costs	-	-	-	(36,999)	(36,999)
Options reserve	-	5,079	-	-	5,079
Share based payments	-	201,066	-	-	201,066
Balance at 31 December 2021	1,248	206,145	(1,546,235)	7,245,017	5,906,175

The accompanying notes form part of these Financial Statements.

Condensed Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2022

1 Corporate Information

The financial report of Polymetals Resources Ltd (**"the Company"**) for the Half-Year ended 31 December 2022 was authorised for issue in accordance with a resolution of the Directors dated 14 March 2023. This financial report comprises the activities for the Company and its subsidiaries (together referred to as **"the Group"**), which is primarily involved in mineral exploration.

The comparatives in these financial statements are for the period 1 July 2021 to 31 December 2021.

The Company is incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange (ASX).

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*.

2 Summary of Significant Accounting Policies

The Half-Year financial report does not include all of the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The Half-Year financial report should be read in conjunction with the Annual Financial Report of Polymetals Resources Ltd as at 30 June 2022. It is also recommended that the Half-Year financial report be considered together with any public announcements made by Polymetals Resources Ltd and its controlled entities during the Half-Year ended 31 December 2022 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2022 are available upon request from the Company's registered office at Unit 1, 101 Main Street, Alstonville NSW 2477, or <https://polymetals.com/>

(a) Basis of Preparation

The Half-Year consolidated financial report is a general-purpose financial report, which has been prepared in accordance with the requirement of the Corporations Act 2001 and Australian Accounting Standards, including AASB 134 "Interim Financial Reporting". Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

For the purposes of preparing the Half-Year financial report, the Half-Year has been treated as a discrete reporting period.

(b) Basis of Consolidation

The Half-Year consolidated financial statements comprise the financial statements of Polymetals Resources Ltd and its controlled subsidiaries (the **"Group"**).

(c) 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 \$355,506 and had net cash outflows from operating and investing activities of \$344,134 and \$1,199,044 respectively for the period ended 31 December 2022.

Half-Year Financial Report 2022

Polymetals Resources Ltd and Controlled Entities

(c) Going Concern (continued)

These factors indicate significant uncertainty as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

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:

- as at 31 December 2022 the consolidated entity had net current assets of \$877,627 and cash at bank of \$953,974;
- the company has the ability to reduce exploration activities and other discretionary spending; and
- the company has the ability to raise capital through the issuance of ordinary shares and has done so successfully in the past.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

(d) New Accounting Standards and Interpretations

The adoption of all the new and revised Standards and Interpretations has not resulted in any material changes to the consolidated entity's accounting policies and has no effect on the amounts reported for the current or prior half-years.

3 Financial Risk Management

All aspects of the Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2022.

4 Segment Information

Identification of reportable segments

Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the "chief operating decision maker". The "chief operating decision maker", which 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 engages 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.

Operating segments are identified and segment information disclosed on the basis of internal reports that are provided to, or revised by, the Company's chief operating decision maker which, for the Company, is the Board of Directors.

The operating segments are identified by management based on the type of exploration being conducted by the Group. Discrete 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

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 31 December 2022 (2021: nil).

Half-Year Financial Report 2022

Polymetals Resources Ltd and Controlled Entities

4 Segment Information

(a) Segment performance

	Gold		Unallocated		Total	
	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$
REVENUE						
Interest revenue	-	-	1,133	-	1,133	-
Total segmented revenue	-	-	1,133	-	1,133	-
Segment result	(6,286)	-	(349,220)	(572,734)	(355,506)	(572,734)
Research & development grant	-	-	-	-	-	-
Loss for the period	(6,286)	-	(349,220)	(572,734)	(355,506)	(572,734)

Other segment information

Depreciation and amortisation	-	-	-	-	-	-
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Segment assets and liabilities

Segment assets

Exploration expenditure	5,365,067	2,805,398	-	-	5,365,067	2,805,398
Property, plant and equipment	119,098	94,962	7,438	1,198	126,536	96,160
Other assets	2,275	2,275	983,012	3,130,599	985,287	3,132,874
	5,486,440	2,902,635	990,450	3,131,797	6,476,890	6,034,432
Segment liabilities	3,792	3,792	103,868	124,465	107,660	128,257

Other assets are made up of:

Cash and cash equivalents	402	402	953,572	3,104,823	953,974	3,105,225
Prepayments	1,873	1,873	6,400	6,461	8,273	8,334
Other receivables	-	-	23,040	19,315	23,040	19,315
	2,275	2,275	983,012	3,130,599	985,287	3,132,874

Half-Year Financial Report 2022

Polymetals Resources Ltd and Controlled Entities

5 Result for the Period

	Note	31 December 2022 \$	31 December 2021 \$
The result for the period includes the following specific expenses			
Interest income		1,133	-
Administrative expenses:			
- Directors' and related entities consulting fees		163,183	180,888
- Administration expenses		135,286	159,952
- Auditors remuneration for audit services		18,500	17,028
		<u>316,969</u>	<u>357,868</u>

6 Exploration, Evaluation and Development Assets

	Note	31 December 2022 \$	30 June 2022 \$
NON-CURRENT			
in exploration phase:			
- At cost and net of impairment	(a)	5,365,067	4,149,316
(a) Composition of exploration assets			
Capitalised exploration – wholly owned	(b)(i)	5,365,067	4,149,316
Impairment	(b)(ii),(c)	-	-
Balance at end of the year		<u>5,365,067</u>	<u>4,149,316</u>
(b) Movements			
(i) <i>Exploration assets at cost</i>			
Opening Balance (wholly owned)		4,149,316	1,748,419
Add:			
Expenditure capitalised		1,215,751	2,400,897
Less:			
Expenditure impaired to the profit and loss		-	-
Closing balance		<u>5,365,067</u>	<u>4,149,316</u>
(ii) <i>Impairment</i>			
Opening Balance		-	-
Add/(Less):			
Current year impairment adjustment		-	-
Closing Balance		<u>-</u>	<u>-</u>

(c) Discussion on impairment

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

(d) Licence Renewal

The Company, through its wholly owned subsidiary (Golden Guinea Resources SARL), has submitted renewal applications for EL22123 (Alahiné) and EL22694 (Mansala) with the Centre of Production and Development (CPD) in Guinea. Such licences were eligible for renewal in April 2022 (EL22123) and October 2022 (EL22694).

The CPD has provided confirmation that the renewal of both licences is in process, noting that there are no outstanding matters required by the Company to finalise these applications. The Company has no reason to believe that the CPD will not renew both licences.

Half-Year Financial Report 2022

Polymetals Resources Ltd and Controlled Entities

7 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:

		31 December 2022	30 June 2022
	Note	\$	\$
7 Capital and Leasing Commitments (continued)			
Payable:			
- no later than 1 year		-	-
- between 1 year and 5 years		-	-
		<u>-</u>	<u>-</u>

8 Issued Capital

		31 December 2022	30 June 2022
	Note	\$	\$
Ordinary shares	(a)	1,248	1,248
		<u>1,248</u>	<u>1,248</u>

(a) Movement Reconciliation – Golden Guinea Resources SARL

		31 December 2022	30 June 2022
	Note	No.	No.
At the beginning and end of the reporting period		1,000	1,000
Formation		-	-
Number of ordinary shares on issue	(a)(i)	<u>1,000</u>	<u>1,000</u>

Note (a)(i) 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

	Note	No.	No.
At the beginning and end of the reporting period		79,440,000	79,440,000
Placement to driller (August 2022)		1,126,126	-
Placement to strategic investor (December 2022)		<u>4,000,000</u>	<u>-</u>
Number of ordinary shares on issue	(b)(i)	<u>84,566,126</u>	<u>79,440,000</u>

Note (b)(i) 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.

Half-Year Financial Report 2022

Polymetals Resources Ltd and Controlled Entities

9 Reserves

		31 December 2022	30 June 2022
	Note	\$	\$
Share based payments reserve	(b)	206,145	206,145
Options reserve	(c)	245,000	245,000
	(a)	<u>451,145</u>	<u>451,145</u>

(a) Movement in reserves

		31 December 2022	30 June 2022
	Note	\$	\$
Opening balance		<u>451,145</u>	<u>451,145</u>
Closing balance		<u>451,145</u>	<u>451,145</u>

(b) Share based payments reserve

During the 2021 half-year, directors and key management personnel were granted 3,100,000 performance share rights under a Loan Funded Share Plan (“LFSP”). The following factors and assumptions were used in determining the fair value of the performance shares under the Monte Carlo option valuation model (“MC model”).

Factor/assumptions	Value
Grant date	29/11/2021
Performance share life	36 months
Fair value per performance share (MC model)	\$0.065
Exercise price	\$0.25
Price of shares on grant date	\$0.15
Expected volatility	100.00%
Risk-free interest rate	0.92%

(c) Options reserve

As at 31 December 2022, the Group had the following options on issue, with fair value of options (POLAN) having been measured using a Black Scholes formula:

Exercise price	\$0.25
Grant date	30/11/2021
Expiry date	30/11/2024
Share price at grant date	\$0.15
Expected Price Volatility of Company's Shares	100.00%
Risk free interest rate	2.00%

Half-Year Financial Report 2022

Polymetals Resources Ltd and Controlled Entities

10 Controlled Entities

	Country of Incorporation	31 December 2022 Percentage Owned (%)	30 June 2022 Percentage Owned (%)
Parent Entity:			
Polymetals Resources Ltd	Australia		
Subsidiaries:			
Golden Guinea Resources SARL	Guinea, Africa	100	100
Société Oro Tree Guinea Resources SARL	Guinea, Africa	100	100

11 Events after the Balance Sheet Date

Since balance date, the following matters have arisen:

- on 31 January 2023, former Chief Executive Officer Mr Alexander Hanly concluded his tenure with the Company;
- the Company announced on 31 January 2023 the appointment of Mr John Haley as Company Secretary and Chief Financial Officer. Details of Mr Haley's background and experience can be found within the Company's announcement released to the ASX on 31 January 2023. Mr Haley's appointment followed Messrs Kurt Laney and Vince Fayad resignation as joint company secretaries and CFO, effective from 31 January 2023;
- the Company changed its registered office and principal place of business address to Unit 1, 101 Main Street, Alstonville NSW 2477; and
- on 14 March 2023, the Company advised that it was in the final stages of negotiating for the potential acquisition of a historic lead, zinc and silver mine development project located in Australia (**Project**). The potential acquisition remains subject to execution by the Company and shareholder approval. Should the proposed acquisition proceed, the expected consideration for the Project will be 52 million ordinary shares in the Company.

Further details concerning the potential acquisition can be found within the Company's announcement released to the ASX on 14 March 2023.

Apart from the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

12 Contingent Liabilities and Contingent Assets

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

Directors' Declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 18 to 28 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the consolidated group's financial position as at 31 December 2022 and of its performance for the Half-Year ended on that date.
2. 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 made pursuant to section 303(5)(a) of the Corporations Act 2001.



Mr David Sproule
Chairperson
14 March 2023

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
POLYMETALS RESOURCES LTD**

Report on the Half-Year Financial Report*Conclusion*

We have reviewed the accompanying half-year financial report of Polymetals Resources Ltd which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Polymetals Resources Ltd is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 (including Independence Standards) (the Code) that are relevant to our audit of the annual 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 Polymetals Resources Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the half-year financial report, which indicates that the consolidated entity incurred a loss of \$355,506 and had net cash outflows from operating and investing activities of \$344,134 and \$1,199,044 respectively for the half year ended 31 December 2022. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

The directors of Polymetals Resources Ltd are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



RSM AUSTRALIA PARTNERS



C J HUME
Partner

Sydney, NSW
Dated: 14 March 2023