

21 August 2023



## POLYMETALS BUSINESS UPDATE

*Progressing the path to Silver-Zinc-Lead production at the Endeavor Mine.*

### HIGHLIGHTS

- **A\$15 million Concentrate Pre-Payment Facility secured;**
- **MOU signed for Endeavor Mine Environmental Rehabilitation Bond replacement;**
- **Mine Restart Study on track for release in the December Quarter;**
- **Endeavor operational recommencement financing well advanced;**
- **New in-mine exploration targets identified; and**
- **Guinea exploration project placed on Care & Maintenance.**

Polymetals Resources Ltd (ASX: **POL**) (**Polymetals** or the **Company**) is pleased to provide an update on its focussed approach to progressing the Endeavor Mine Restart Study and in-mine exploration with the aim of re-establishing long-term silver, zinc and lead production.

### GENERAL

Polymetals commenced the Endeavor Mine Restart Study (**MRS**) in late May 2023 immediately after a scrip acquisition of Cobar Metals Pty Ltd (**Cobar**)<sup>1</sup>. Cobar had previously secured the right to acquire 100% of the Endeavor Mine assets from CBH Resources Limited. The assets include 30km<sup>2</sup> of Mining Leases, a fully permitted underground mine, a 1.2mtpa flotation concentrator, a rail link to the national network, secure water supply, grid power, 42 houses plus 4 blocks of units in the Cobar township and 1,100km<sup>2</sup> of contiguous Exploration Licences.

A \$15 million Concentrate Pre-Payment Facility has been secured with global trading firm Ocean Partners UK Limited (**Ocean Partners**)<sup>2</sup>. The facility included a \$500,000 equity contribution to the June 2023 capital raising.

Further, Ocean Partners and Polymetals has entered a Memorandum of Understanding (**MOU**) for the purpose of agreeing commercial terms to replace the Endeavor Mine Environmental Rehabilitation Bond (**Bond**) in the amount of **\$27.96 million**<sup>3</sup>. Replacement of the Bond is subject to a positive MRS outcome and is the final stage of the Endeavor Mine acquisition.

<sup>1</sup> Refer ASX announcements dated 28<sup>th</sup> March 2023 – “Endeavor Mine Acquisition”, 12<sup>th</sup> April 2023 – “Notice of General Meeting” and 12<sup>th</sup> May 2023 – “Results of Meeting – Acquisition of Endeavor Project”.

<sup>2</sup> Refer ASX announcements dated 27<sup>th</sup> June 2023 – “Polymetals Secures A\$15m prepayment facility” and 29<sup>th</sup> June 2023 – “Polymetals funded to complete mine restart study”.

<sup>3</sup> Refer ASX announcement dated 14<sup>th</sup> August 2023 – “Replacement of \$28 million Endeavor Mine Environmental Rehabilitation Bond”

## **MINE RESTART STUDY**

The detailed MRS aims to demonstrate the long-term economic viability of re-establishing mining and production of silver, zinc and lead at the Endeavor Mine. The Mine has a 38-year operational history and was formally placed on Care and Maintenance (**C&M**) during January 2020.

32 million tonnes of ore have been extracted from the underground Endeavor mine since 1983 and the project remains as one of the three largest mines in the Cobar Basin. Remaining mine JORC Code compliant resources contain 44 Moz silver, 1.3Mt zinc and 0.73Mt lead<sup>4</sup>.

The focus of the Mine Restart Study is to fully investigate the remaining resources with the aim of generating sufficient Ore Reserves to recommence Endeavor Mine production.

### **Mining**

Four areas within the mine being investigated include the Level 1 Sulphides (high grade silver area), 6/6 Stope, Main Ore Body and the unmined Deep Zinc Lode (Figure 1). Recent mining assessment work undertaken by external consultants has defined sufficient Ore Reserves in these areas to warrant mine scheduling which is now in progress. The schedule will attempt to exploit material with the highest margins at the front end of the mine life at a sustainable mining rate. Underground reconnaissance is also underway to determine access and rehabilitation requirements for older areas of the mine.

### **Processing**

External metallurgical testwork is focussed on the recovery of silver, zinc and lead from the Level 1 Sulphide zone by standard flotation. Cyanide leaching of the flotation tailing for recovery of residual gold and silver is also being tested to determine if there is a significant benefit to add a leach circuit. The leaching testwork has also been extended to the extraction of residual gold and silver from +25 million tonne of stored Life of Mine flotation tailings. It should be noted that there has been extensive metallurgical testwork conducted at all levels of the mine through the life of the mine. These results, combined with production records of metallurgical performance, are being assessed by external consultants with their recommended metal recoveries to be incorporated into the MRS.

### **Other**

Present day capital and operating costs and relevant ESG aspects of the project are also being investigated by Polymetals staff and specialist external consultants.

The Company is seeking to complete the MRS and announce the results in the December Quarter.

Subject to a positive MRS result, Polymetals expects that mine and mill refurbishment works will commence during the December Quarter with operational recommencement likely during H1 2024. Based on that timing, first concentrate shipments and cash flow would ensue within 3 months of re-commissioning the concentrator.

---

<sup>4</sup> Refer ASX announcement dated 29<sup>th</sup> May 2023 – “Polymetals Endeavor Mine Presentation”

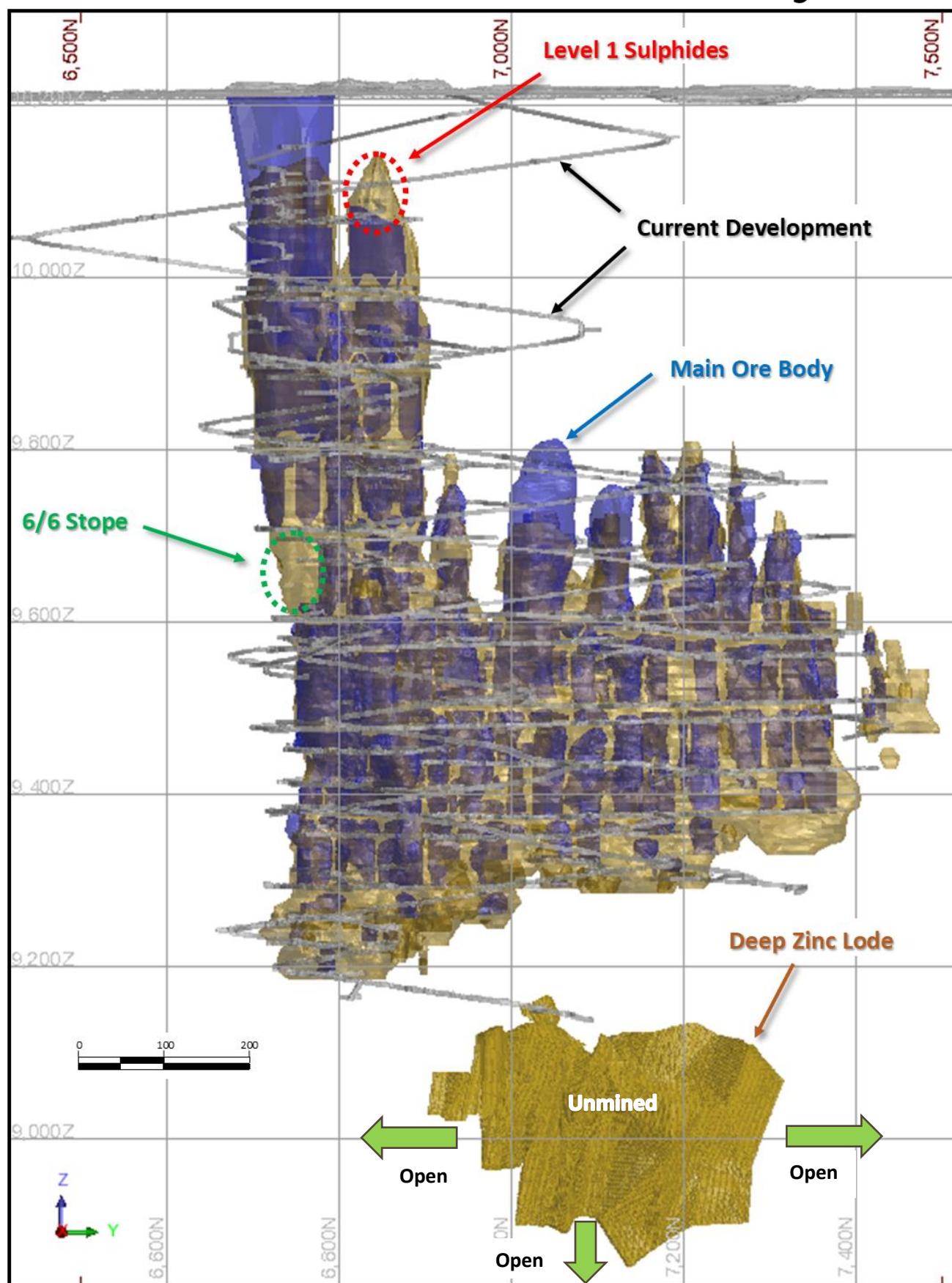


Figure 1 – Endeavor Mine Restart Study: Existing areas of mineralisation

## EXPLORATION

Assessment of the enormous paper and electronic mine and exploration data base generated by various explorers over almost 50-years of exploration relating to the Endeavor Mine Leases and the 1,100km<sup>2</sup> of regional Exploration Licence areas progresses, and will continue for some time.

Exploration targets have been ranked as “in-mine” and “near-mine” within the Mining Leases and “regional” relating to the Exploration Licences. The in-mine and near-mine targets will be given priority over regional targets.

### In-Mine exploration

Initial exploration is focussed on adding Mineral Resources and Ore Reserves from within the mine, aiming to significantly extend project life. Two in-mine areas being investigated are the Deep Zinc Lode (**DZL**) (refer Figure 1) and North Westen Mineralisation Extension (**NWM**) (Figure 2 - red ellipsoid).

This announcement will deal with a high-level introduction to the in-mine exploration with further detailed exploration discussion to be fully articulated in a later announcement, suffice to say that based on the discovered available historic geochemical and geophysical data, several interesting exploration targets have been identified which warrant follow up.

#### Deep Zinc Lode

Underground exploration drilling of the DZL during 2016 / 2017 proved challenging due to orientation of the decline, being close to the mineralised zone. This prevented optimal drill intercept angles from being achieved due to restricted access leaving the DZL open to the north, south and at depth.

Decline development to mine the DZL will allow further drilling to determine the full extent of the DZL mineralisation.

#### North Westen Mineralisation Extension

The Company is seeking to understand the orientation of a series of faults which has displaced mineralisation along the length of the Main Ore Body to the north. These faults provide the potential to host en echelon (repeating) pods of mineralisation typical of the Main Ore Body. A drill hole intercept at depth, below the NWM zone, displays a similar grade profile to intercepts below the Main Ore Body. Drill testing of the NWM will likely be completed following the resumption of Endeavor operations and funded from cash flow.



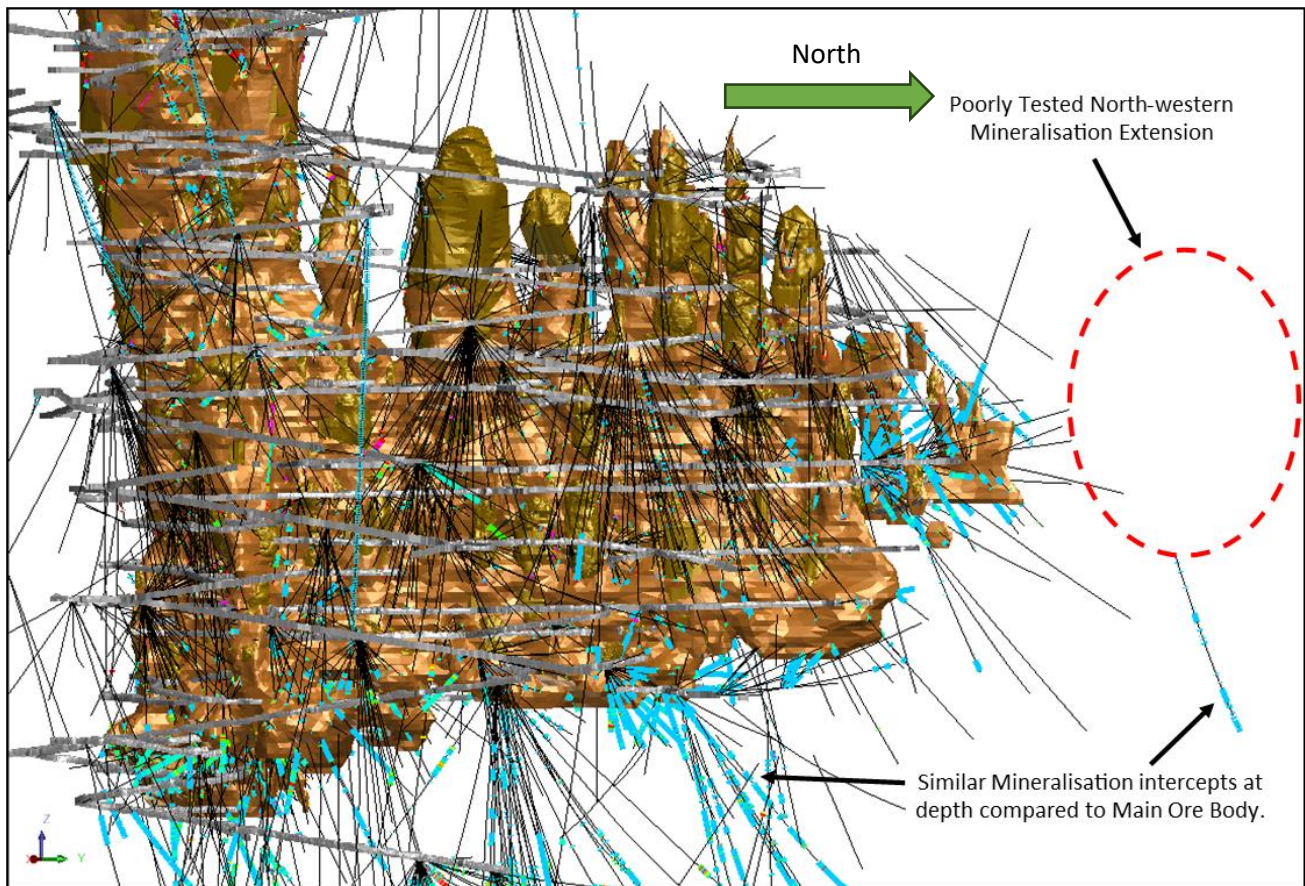


Figure 2 – In-Mine target: North-Western Mineralisation

## FINANCIAL

Polymetals current cash position stands at \$2.3 million.

Further to the A\$15 million Concentrate Pre-Payment Facility secured with Ocean Partners (with draw down being subject to Mine Restart Study success), the Company continues to advance discussions with various other debt providers to ensure an Endeavor Mine Restart will be well funded. Mine restart capital determined during due diligence and confirmed by the current MRS work, remains modest by industry standards.

## GUINEA

Polymetals continues to await Exploration Licence renewals for its Alahiné and Mansala gold Exploration Licences in Guinea, with no visible timeframe to renewal<sup>5</sup>. Having exhausted all reasonable avenues to obtain Licence renewals, the Board has resolved to place the project on care and maintenance until such time as the project can be joint ventured, farmed-out or sold.

<sup>5</sup> Refer ASX announcement dated 28<sup>th</sup> April 2023 – “Quarterly Activities/Appendix 5B Cash Flow Report”

---

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

*For further information, please contact:*

**Linden Sproule**

Corporate Development

[linden.sproule@polymetals.com](mailto:linden.sproule@polymetals.com)

**John Haley**

Chief Financial Officer / Company Secretary

[john.haley@polymetals.com](mailto:john.haley@polymetals.com)



---

#### COMPETENT PERSON STATEMENT

The information supplied in this release regarding Mineral Resources of the Endeavor Project is based on information compiled by Mr Troy Lowien, a Competent Person who is a Member of the Australian Institute of Mining and Metallurgy. Mr Lowien is an employee 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 Lowien consents to the inclusion of matters based on 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.

## **ABOUT POLYMETALS**

*Polymetals Resources Ltd (ASX: POL) is an Australian mining and exploration company with a project portfolio with significant potential for the discovery and development of both precious and base metal resources. With our cornerstone asset the Endeavor Silver-Zinc-Lead Mine, Polymetals is seeking to become a long term, consistent and profitable base and precious metal producer.*

*Polymetals holds a strong exploration portfolio for organic growth, are development driven and continually measure strategic acquisition opportunities. POL is committed to developing genuine long-lasting relationships within our community, building strong relationships with investment partners, local stakeholders and providing our shareholders with capital growth and dividends. For more information visit [www.polymetals.com](http://www.polymetals.com).*



Endeavor Mine Concentrator - 2023