

DECEMBER 2023 QUARTERLY ACTIVITIES & CASHFLOW REPORT

Polymetals completes the Endeavor Mine Restart Study and commences near mine Exploration

HIGHLIGHTS

- Endeavor Mine Restart Study (MRS) completed and released during October 2023:-
 - An initial 10-year mine life defined with significant growth potential, delivering LOM free cashflow of \$323M, a Pre-tax NPV₈ of \$201M and an IRR of 91%
- Mine Restart financing discussions advanced.
- Phase 1 near-mine drilling programme completed in December 2023 with follow up Phase 2 drilling planned to commence during the current quarter.

Polymetals Resources Ltd (ASX: **POL**) ("**Polymetals**" or the "**Company**") is pleased to provide its December 2023 Quarterly Report which provides details on progress and outcomes which the company has achieved during the quarter.

Polymetals Resources Executive Chairman, Dave Sproule said,

"Completion of the Endeavor Mine Restart Study (MRS) during the quarter and its positive independent review, has allowed the Company to progress project financing options on its path toward cashflow. We are also very pleased to have completed our first near mine exploration drilling within the existing mining leases which has clearly demonstrated a potentially exciting and expanded future for the Endeavor Mine."

ENDEAVOR MINE RESTART STUDY (MRS)

The Endeavor Mine Restart Study (MRS) was formally commenced in June 2023, completed in early October and outcomes announced on 16th October 2023¹.

The MRS was completed by Polymetals technical staff with external assistance from specialist consultants engaged to complete Ore Reserve and mine scheduling, metallurgical testwork and recommended metallurgical recoveries.

¹ Refer ASX announcement - "Endeavor Silver, Lead, Zinc Mine Restart Study Completed" dated 16th October 2023

The MRS extends to all known mineralised areas of the Endeavor Mine with processing via the existing 1.2 MTPA lead / zinc flotation circuit (Figure 1).

Australian Mining Consultants (AMC) were engaged to conduct an independent review of the MRS. The AMC review was completed on 20th December 2023 and found no fatal flaws in the Polymetals Endeavor Mine Restart Study.

Table 1 provides a summary of the financial outcomes of the Endeavor MRS over the first 10 years of its redeveloped operational life exploiting existing resources.

Project Highlight	Study Outcome ¹
Life of Mine Revenue	A\$1,412 million
Life of Mine OPEX	A\$934 million
Life of Mine EBITDA	A\$400 million
Average Operating Margin	28.5% p.a.
Free Cashflow	A\$323 million
Pre-Production CAPEX	A\$23.7 million
Pre-Tax NPV_{8%}	A\$201 million
Pre-Tax IRR	91%
Payback	2.3 years

Table 1: Endeavor Mine Restart Study Outcomes

Receipt of the AMC independent review report has allowed the Company to advance its financing options which will allow the redevelopment of the Endeavor Mine².

DECEMBER RIGHTS ISSUE

On the 30th of November 2023 the Company provided an opportunity for its shareholders to participate in a Rights Issue³. The Entitlement Offer closed on 22nd December 2023 raising \$1,743,867 via the issue of 5,449,585 fully paid ordinary shares at a price of \$0.32/share. The \$0.32/share issue price was at a 5% premium to the 30-day trading VWAP.

The Rights Issue shares will rank equally with existing shares on issue.

At the discretion of the Board, an amount of the Rights Issue shortfall shares may be placed to new investors within the coming months to further support the Company's ongoing activities.

Proceeds from the Rights Issue will be used to progress the Endeavor Mine Restart Strategy including:

- Mine Restart Planning,
- Near-Mine Exploration,
- Endeavor Care & Maintenance Costs, and
- General Working Capital.



Figure 1: Endeavor Mine Administration Office

² Refer ASX announcement - "Endeavor Mine Financing Update" dated 8th January 2024

³ Refer ASX announcement - "Polymetals launches rights entitlement issue" dated 30th November 2023

NEAR MINE EXPLORATION

Polymetals commenced its first near mine (Phase 1) exploration drilling during November, the results of which were first reported on 12th December 2023⁴.

This first near mine drilling programme within the existing Endeavor Mining Leases has provided sound technical reasons to be very encouraged about ongoing exploration. The first follow up Phase 2 drilling is planned to commence in the January quarter with target attributes and programme details to be announced shortly.

CORPORATE

The Endeavor Mine acquisition approved by shareholders at an EGM on the 12th of May 2023 has proven pivotal for the Company.

Board and Management remain sharply focussed on the advancement of the Endeavor Mine toward redevelopment and cashflow whilst advancing the very compelling exploration targets initially noted from Polymetals first investigations of the exploration data base during its 2022 due diligence investigations.

Exercise of all outstanding options was completed during the quarter (1,167,000 shares at 25 cents for \$291,750) which leaves a POL register with 157,617,808 fully paid shares on issue.

Unsecured loan facility

An entity controlled by the Company's Chairman and major shareholder- Mr David Sproule - provided an unsecured loan facility to the Company in October 2022. The loan facility remains drawn to \$1.65 million as of 31st December 2023 (approximately \$594,000 of this loan was converted into Share Capital under the Rights Entitlement Issue on 8 January 2024).

Cash

On 31st December 2023, Polymetals had cash at bank of \$361,000.

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 during the quarter was \$4,000 approximately as the Company's gold exploration projects in Guinea were put on care and maintenance.
2. **ASX Listing Rule 5.3.2:** The Company confirms that there were no mine production activities for the quarter. The development expenditure (rounded to '000) incurred by the Company in relation to the Endeavor Project is as follows:

⁴ Refer ASX Announcement "Endeavor near-mine exploration drilling update" dated 12th December 2023

Table 2: Breakdown of the development expenditure incurred on the Endeavor Project

Nature of expenses	Amount (\$)
Care and maintenance	828,000
Geological consulting	24,000
Assays	16,000
Other including studies, site costs, travel and other consultants	121,000
GST refund from previous quarter	(92,000)
NET TOTAL EXPENSES	897,000

3. **ASX Listing Rule 5.3.5:** Table 3 summarises payments to related parties of the Company and their associates during the quarter was \$40,000 (GST exclusive) in cash. \$18,000 of this amount was non-executive Director fees and \$22,000 of consulting fees related to the Endeavor Project MRS.

Table 3: Director's remuneration

Name of Director	Nature of Payment	Amount Paid (\$)
Alistair Barton	Ongoing Director fees paid in December 2023 quarter	9,000
Matt Gill	Ongoing Director fees paid in December 2023 quarter (\$9,000) and consulting fees of \$22,000	31,000
Jess Oram	Nil paid (\$9,000 of Director fees accrued)	Nil
David Sproule	Nil paid (\$30,000 of Directors fees and non-executive Chairman salary accrued)	Nil
Total paid		40,000

4. 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) Table 4 lists the Company's mining tenements held at the end of the quarter, and their location:

Table 4: Polymetals Guinea and Endeavor Exploration and Mining Licences

Project	Licence	Location	Expiry	Ownership
Guinea				
Alahiné	EL22123	Republic of Guinea	Awaiting renewal	100%
Mansala	EL22694	Republic of Guinea	Awaiting renewal	100%
Endeavor¹				
	EL 5785	NSW	5/10/2027	100%
	EL 8583	NSW	2/6/2029	100%
	EL 8752	NSW	27/6/2024	100%
	ML 158	NSW	20/5/2028	100%
	ML 159	NSW	12/3/2028	100%
	ML 160	NSW	12/3/2028	100%
	ML 161	NSW	12/3/2028	100%
	ML 930	NSW	20/5/2028	100%

Note 1: Polymetals' ownership of Endeavor tenements is subject to completion of exchange of Environmental Rehabilitation Bonds

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

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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

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.

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")

31 December 2023

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	(176)	(499)
(e) administration and corporate costs	(114)	(239)
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	-	275
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(290)	(463)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(4)	(39)
(e) investments	-	-

ASX Listing Rules Appendix 5B (30/06/23)

+ 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	(f) project development-Endeavor Proceeds from the disposal of:	(897)	(3,628)
	(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	(901)	(3,667)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	960
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	292	488
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	500	500
3.6	Repayment of borrowings	-	(200)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other	-	-
3.10	Net cash from / (used in) financing activities	792	1,748

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	760	2,633
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(290)	(463)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(901)	(3,667)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	792	1,748
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	361	361

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	361	760
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)	361	760

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)	40
6.2 Aggregate amount of payments to related parties and their associates included in item 2	0

Note: The above payments to directors reflect fees for services paid 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 <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>	Total facility amount at current quarter end \$A’000	Amount drawn amount at previous quarter \$A’000
7.1 Loan facilities	1,650,000	1,350,000
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	1,650,000	1,350,000
Note: Approximately \$594,000 of the facility at current quarter end was converted to share capital on 8 January 2024		
7.5 Unused financing facilities available at quarter end	Nil	
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. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(290)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(4)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(294)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	361
8.5 Unused finance facilities available at quarter end (Item 7.5)	Nil
8.6 Total available funding (Item 8.4 + Item 8.5)	361
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.2

ASX Listing Rules Appendix 5B (30/06/23)

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

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: Yes

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: Yes, the Company completed a rights issue in January 2024 raising approximately \$1,744,000. This consisted of \$1,150,000 approximately in cash and approximately \$594,000 of debt conversion. The Company is working on placing some of the Rights Issue shortfall during the January Quarter.

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: Yes, see 2 above.

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: 18th January 2024

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.