

31 January 2023

Quarterly Report

DECEMBER 2022 QUARTERLY ACTIVITIES REPORT

HUMBOLDT RANGE PROJECT, NEVADA

- Extensive 69m long surface channel sample at Black Canyon yielded 51m @ 1.24g/t Au and 8.3g/t Ag followed by 18m @ 0.71g/t Au and 5.82g/t Ag
- Reverse Circulation percussion (RC) drilling program completed in December 2022 at the Star Canyon drill target to follow up possible high grade vein hosted gold and silver extensions intercepted in May 2022
- 11 holes were drilled for a total of 1,500 metres, with assays pending

ALASKA RANGE PROJECT, ALASKA

- Stage 1 of metallurgical testwork completed
- JORC Resource upgrade completed at Zackly Deposit
- Positive Independent Scoping Study completed
- Ongoing planning for 2023 resource extension drilling programs

CORPORATE

- ~\$3.63 million raised during the quarter
- Northern Star Resources Limited becomes 10% Shareholder

HUMBOLDT RANGE GOLD-SILVER PROJECT, NEVADA

In December 2022, PolarX Limited (ASX: PXX, "PolarX" or "the Company") completed an 11 hole (1,500 metres) RC percussion drilling program at the highly promising gold-silver Star Canyon prospect in the within its Humboldt Range Project in Nevada, USA (see Figure 1). Assays are pending.

Star Canyon was previously drilled in May 2022 by PolarX, intersecting bonanza gold grades in hole BC22-005 (see ASX Announcement 5 July 2022). The Humboldt Range Project lies less than 3km from the currently operating Florida Canyon Mine, which hosts 5Moz gold (see Figure 2).

During the quarter, assay results from channel samples of outcropping mineralised veins at the Golden Staircase prospect returned wide gold and silver intervals, including high-grade zones of 51m @ 1.24g/t Au and 8.3g/t Ag followed by 18m @ 0.71g/t Au and 5.82g/t Ag (Figure 3). This new discovery sits at one end of a 2.8km long soil anomaly, with the Star Canyon prospect, located at the other end of the anomaly.



Figure 1. RC percussion drill rig on site drilling the first hole at Star Canyon, Nevada, December 2022.

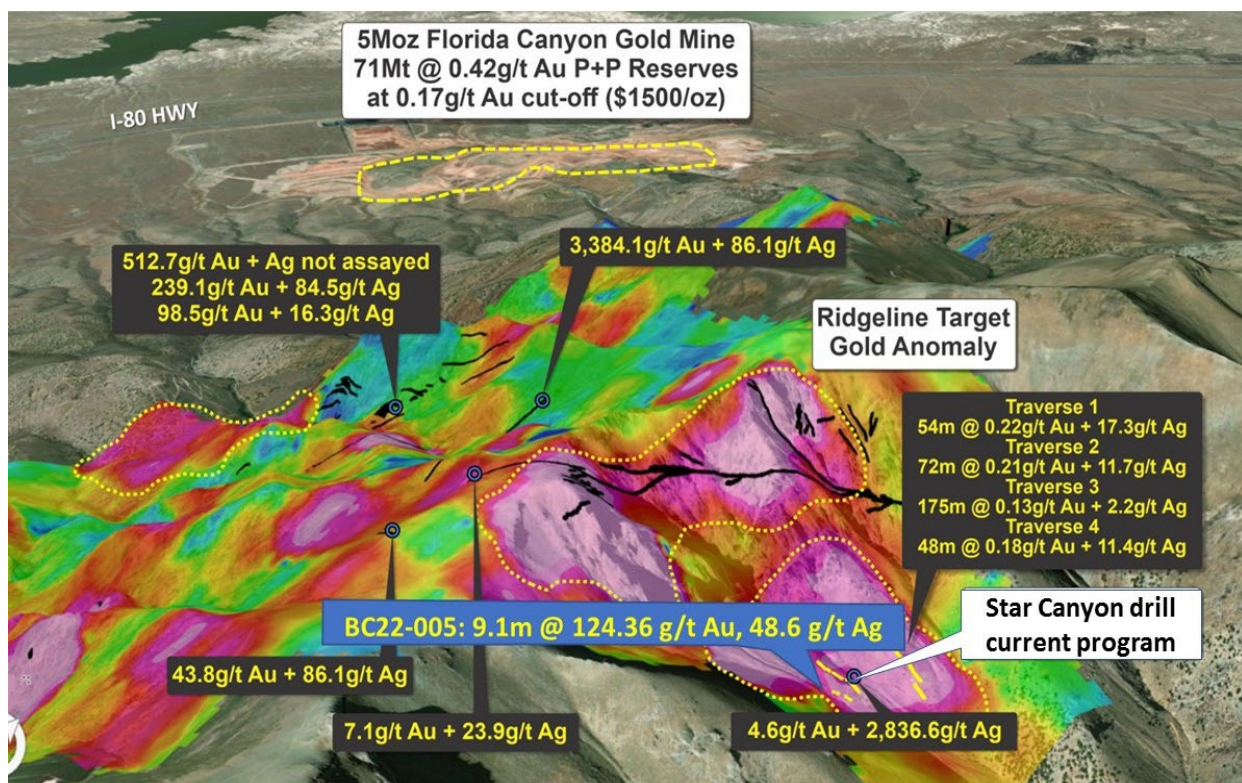


Figure 2. Oblique 3D-view showing Star Canyon bonanza grade intercept in hole BC22-005, channel samples with respect to gold-in-soil anomalism, high-grade vein samples and proximity to the 5Moz Florida Canyon gold mine.

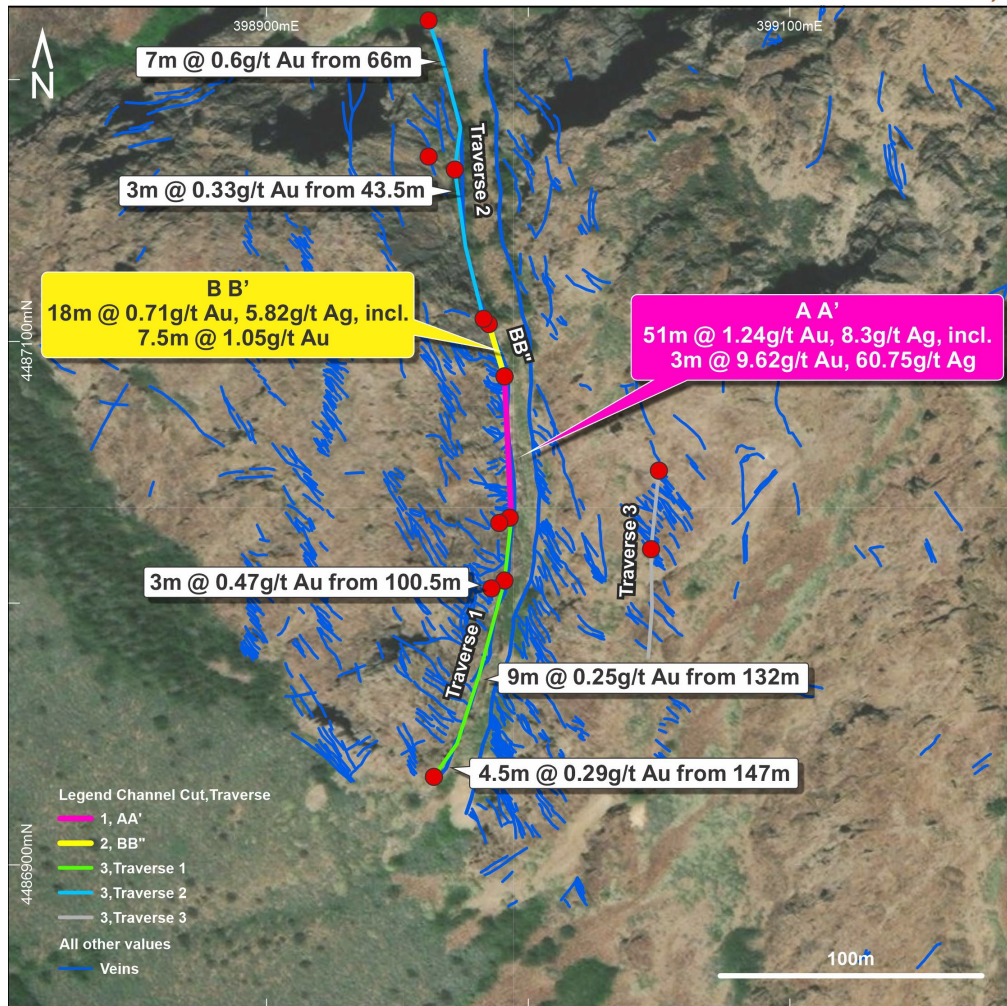


Figure 3. Channel sample lines at the Golden Staircase target in the Humboldt Ranges, Nevada, USA are being cut across intensely veined and altered rocks.

Humboldt Range Background

The Humboldt Range Project comprises 364 lode mining claims in Nevada in two claim groups: Black Canyon and Fourth of July and is **situated between two large-scale active mines: the Florida Canyon gold mine and the Rochester silver-gold mine** (see Figure 4). Access to the project is straightforward via roads off the I-80 Interstate Highway, which lies less than 15km to the west of the claims.

Humboldt Range contains geology consistent with bonanza-style epithermal gold-silver mineralisation and bulk mineable epithermal gold-silver mineralisation, both of which are well known in Nevada.

Widespread narrow vein mineralisation with visible gold occurs within the claims and was historically mined via numerous adits and underground workings between 1865 and the 1927. Mineralisation occurs in swarms of high-grade epithermal quartz veins of varying thickness (reported from 1cm to 3m), either as isolated veins or as broad zones of sheeted/anastomosing veins within zones of intensely altered and mineralised host rocks.

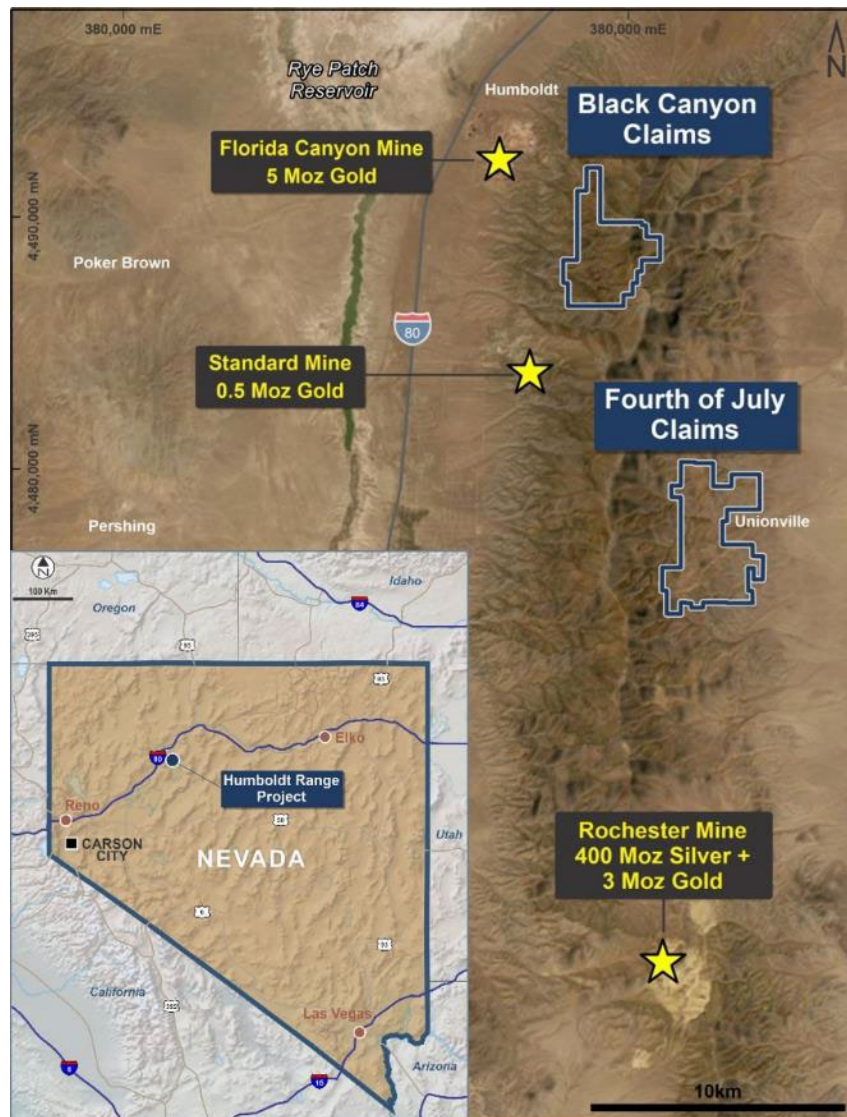


Figure 4. PolarX's Nevada claims are ideally located in Nevada, adjacent to large scale operating mines and important road, rail, power and workforce infrastructure.

ALASKA RANGE COPPER PROJECT

Scoping Study

As detailed in the September 2022 quarterly report, the Company has completed an independent scoping study for the Alaska Range Copper Gold Project ("**Alaska Range Project**"), which evaluated sequential mining and processing options for the high-grade Caribou Dome VMS Copper deposit and the nearby Zackly Copper-Gold-Silver skarn deposit ("**Scoping Study**").

The Scoping Study demonstrated the potential for significant upside for the project economics through successful resource extension drilling at Caribou Dome and Zackly. Accordingly, the Company is planning potential resource extension drilling programs for 2023. Additional metallurgical test work is also planned in order to deliver better copper recovery and concentrate grade, particularly for Caribou Dome, and better gold recovery for Zackly.

The Scoping Study was based on the April 2017 Mineral Resource estimate for the Caribou Dome deposit and the October 2022 updated Mineral Resource Estimate for the Zackly Deposit, as summarised below

TABLE 1: Alaska Range Project Resource Estimates (JORC 2012), 0.5% Cu cut-off

| | Resource Category | Mt | Cu % | Au g/t | Ag g/t | Cu % equiv | Contained Cu (t) | Contained Cu (M lb) | Contained Au (oz) | Contained Ag (oz) |
|---------------------|-------------------|------------|------------|------------|-------------|------------|------------------|---------------------|-------------------|-------------------|
| ZACKLY | Indicated | 2.5 | 1.2 | 1.9 | 13.9 | 2.4 | 30,700 | 68 | 155,000 | 1,120,000 |
| | Inferred | 1.5 | 0.9 | 1.2 | 10.4 | 1.7 | 14,300 | 32 | 58,000 | 513,000 |
| | TOTAL | 4.0 | 1.1 | 1.6 | 12.6 | 2.1 | 45,000 | 100 | 213,000 | 1,633,000 |
| CARIBOU DOME | Measured | 0.6 | 3.6 | - | - | 3.6 | 20,500 | 45 | - | - |
| | Indicated | 0.6 | 2.2 | - | - | 2.2 | 13,000 | 29 | - | - |
| | Inferred | 1.6 | 3.2 | - | - | 3.2 | 52,300 | 115 | - | - |
| | TOTAL | 2.8 | 3.1 | | | 3.1 | 85,800 | 189 | | |
| COMBINED | TOTAL | 6.8 | | | | 2.5 | 131,000 | 290 | 213,000 | 1,633,000 |

Alaska Range Project Background

The Caribou Dome Project (Figure 5) is located approximately 250km northeast of Anchorage in Alaska, USA. It is readily accessible by road – the Denali Highway passes within 20km of the Project and from there a purpose-built road provides direct access to the historic underground exploration development at the Project.

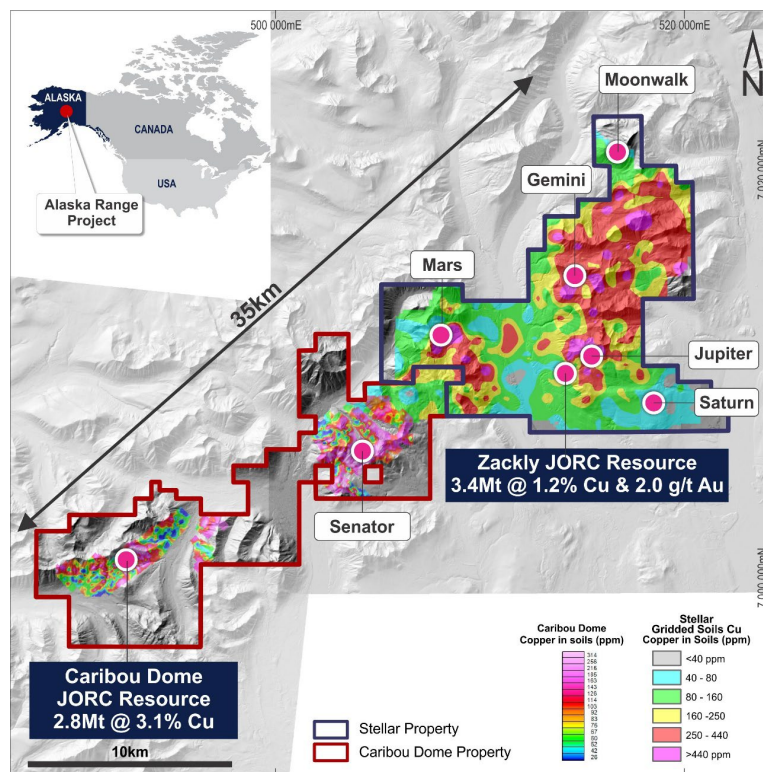


Figure 5. Location Map showing Caribou Dome in the Alaska Range Project

Copper mineralisation was discovered at the Caribou Dome Project in 1963. From 1963-1970 nine lenses of volcanic sediment-hosted copper mineralisation were delineated over approximately 700m

of strike. Ninety-five diamond core holes were drilled during this period, from surface and underground.

On 25 February 2015, PolarX secured the right to acquire an 80% interest in the Caribou Dome Project by meeting certain expenditure obligations and annual cash payments. Very limited exploration had been undertaken since 1970, until PolarX secured the rights to explore and develop the project in February 2015.

CORPORATE

During the quarter, the Company raised a total of approximately \$3.63 million via:

- (i) the issue of 112,983,117 fully paid ordinary shares (Shares) at an issue price of 0.8 cents per Share to raise ~\$904k, pursuant to an Entitlement Offer and the prospectus dated 26 October 2022. Under the terms of the Entitlement Offer, eligible shareholders were able to subscribe for two (2) new Shares for every five (5) existing Shares held on the applicable record date;
- (ii) the issue of 246,658,650 shortfall shares at an issue price of 0.8 cents per Share (**Shortfall Placement**), raising an additional ~\$1.97 million, pursuant to the Shortfall Offers and the prospectus dated 26 October 2022.
- (iii) a placement to Northern Star Resources Limited (ASX:NST) of 94,200,000 Shares at an issue price of 0.8 cents per Share to raise \$754k (**Placement**).

Northern Star Resources Limited (**Northern Star**) subscribed for a total of 135,333,702 Shares under the Placement and Shortfall Placement, representing approximately 10% of the Company's issued capital post raise. Northern Star is an ASX-listed gold company with a current market capitalisation of ~A\$14.7Bn. A top 10 global gold producer, Northern Star own and operates mines in Western Australia and Alaska.

As of 31 December 2023, the Company had on issue 1,262,283,687 shares, 91,552,685 listed options (\$0.03; 6 Nov 2023) and 42,127,436 unlisted options and cash of ~\$2.55 million.

ASX Additional Information

The \$1.1 million of exploration and evaluation expenditure capitalised during the quarter (refer Item 2.1(d) of the accompanying Appendix 5B), predominantly comprised:

- Payments in relation to exploration activity at Humboldt Range, including the RC drilling program completed in December 2022;
- Scoping study activities in relation to the Alaska Range Project
- Technical consulting fees
- Advanced royalty payments for the Humboldt Range Project

The aggregate amount of payments during the quarter to related parties and their associates of \$180k (refer Item 6 of the accompanying Appendix 5B) comprised the following:

- Director fees and administrative consulting services (\$104k)
- Director's technical consulting services (\$75k)
- Mitchell River Group consulting services (\$1k)

Authorised for release by the Board.

For further information, please contact the Company directly on +61 8 6465 5500

Investor Relations:

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ADDITIONAL DISCLOSURE

There is information in this report relating to:

- (i) the Mineral Resource Estimate for the Caribou Dome Deposit, which was previously announced on 5 April 2017;
- (ii) the Mineral Resource Estimate for the Zackly Deposit, which was previously announced on 17 October 2022; and
- (iii) exploration results which were previously announced on 5 July 2022, 8 August 2022 and 5 October 2022.

Other than as disclosed in those announcements, the Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements, and that all material assumptions and technical parameters have not materially changed. The Company also confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

All references to the Scoping Study and its outcomes in this presentation relate to the announcement of 17 October 2022 titled "Scoping Study – Alaska Range Copper-Gold Project". Please refer to that announcement for full details and supporting information.

Copper Equivalent Calculations

Copper equivalent grades have previously been calculated based on the parameters set out in PolarX's ASX announcement on 17 October 2022.

Forward Looking Statements:

Any forward-looking information contained in this report is made as of the date of this report. Except as required under applicable securities legislation, PolarX does not intend, and does not assume any obligation, to update this forward-looking information. Any forward-looking information contained in this report is based on numerous assumptions and is subject to all of the risks and uncertainties inherent in the Company's business, including risks inherent in resource exploration and development. As a result, actual results may vary materially from those described in the forward-looking information. Readers are cautioned not to place undue reliance on forward-looking information due to the inherent uncertainty thereof.

LIST OF MINING CLAIMS

| Tenement | Location | Licence Details | Ownership | Change in Quarter |
|-----------------------------|-------------|---|--------------------------------|-------------------|
| Alaska Range Project | | | | |
| Caribou Dome | | | | |
| 135 State mining claims | Alaska, USA | Caribou 1 – 20 ADL# 563243 - 563262 Copper 1 – 6 ADL# 588461 – 588466 Copper 7 – 11 ADL# 645375 – 645379 CD 1 – 66 ADL# 664859 – 664924 CDS 001 – 038 ADL# 719949 – 719986 | Option to acquire 80% interest | Nil |
| 81 State mining claims | Alaska, USA | CD 001 – 040 ADL# 719909 – 719948 CDE-01 – 20 ADL# 722216 – 722235 CDE 26 ADL# 722241 CD 41 – 51 ADL#725113 - 725123 SBX 71 ADL#726910 SBX 74 - 75 ADL#726913 - 726914 SBX 77 - 82 ADL#726916 – 726921 | Option to acquire 90% | Nil |
| Stellar | | | | |
| 231 State mining claims | Alaska, USA | SB 154 – 155 ADL# 704562 – 704563 SB 167 – 168 ADL# 704575 – 704576 ZK 3 – 5 ADL# 704621 – 704623 ZK 14 ADL# 704632 ZK 19 – 21 ADL# 704637 – 704639 Z 1 – 5 ADL# 709427 – 709431 Z 6 – 10 ADL# 711728 – 711732 SB 281 – 283 ADL# 714079 – 714081 | 100% interest | Nil |

| Stellar (continued) | | | | |
|---------------------|--|--|--|--|
| | | SB 297 – 299 ADL# 714095 – 714097 SB 317 – 319 ADL# 714115 – 714117 SB 346 – 348 ADL# 714144 – 714146 SB 364 – 368 ADL# 714162 – 714166 SB 376 – 379 ADL# 714174 – 714177 SB 389 – 390 ADL# 714187 – 714188 SB 417 ADL# 715392 SBA 001 – 066 ADL# 721446 – 721511 SBX 001 – 070 ADL# 724789 – 724858 LYKN 1 – 2 ADL# 725111 – 725112 CDE-21 – 25 ADL# 722236 – 722240 CDE 27 ADL# 722242 SBX 72 – 73 ADL# 726911 – 726912 SBX 76 ADL# 726915 SBX 83 – 91 ADL# 726922 – 726930 SBX 92 – 121 ADL# 728878 - 728907 | | |

| Humboldt Range Project | | | | |
|-------------------------|-------------|---|---|-----|
| 318 Federal lode claims | Nevada, USA | FOJ 40, FOJ 42, FOJ 44, FOJ 60, FOJ 62, FOJ 203, FOJ 262, SM 27, SM 29, SM 73-75, SM 103, SM 105, SM 107, SM 109, SM 111, SM 113 -116, SM 133-152, SM 160-163, SM 170-179, SM 198-203, FOJ-249R, FOJ-251R, INCA # 1, INCA # 4-7, SM 3-26, SM 43-72, SM 91-102, SM 104, SM 106, SM 108, SM 110, SM 112, SM 117-126, FOJ 65-68, FOJ 99, FOJ 102, FOJ 104, FOJ 106, FOJ 140, FOJ 142, FOJ 190, FOJ 192, FOJ 194, FOJ 213, FOJ 215, FOJ 217, FOJ 219, FOJ 244, FOJ 250, FOJ 252, FOJ 258-261, FOJ 276, FOJ 278, FOJ 300, FOJ 302, PFJ 01-96, PFJ 97-141 | 100% interest in a Mineral Lease Agreement to explore, develop and mine the project | Nil |
| 46 Federal lode claims | Nevada, USA | BC 01-15a, BC 15b-45 | 100% interest in a Mineral Lease Agreement to explore, develop and mine the project | Nil |

Appendix 5B

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

Name of entity

PolarX Limited

ABN

161615783

Quarter ended ("current quarter")

31 December 2022

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date \$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 | (15) | (35) |
| | (e) administration and corporate costs | (298) | (675) |
| 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 | (313) | (710) |
| 2. | Cash flows from investing activities | | |
| 2.1 | Payments to acquire or for: | | |
| | (a) entities | - | - |
| | (b) tenements | (218) ¹ | (454) ¹ |
| | (c) property, plant and equipment | - | - |
| | (d) exploration & evaluation | (1,093) | (1,586) |
| | (e) investments | - | - |
| | (f) other non-current assets | - | - |
| 2.2 | Proceeds from the disposal of: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date \$A'000 |
|---|---|------------------------------------|---------------------------------|
| | (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 | (1,311) | (2,040) |

1. Costs within this category include tenement maintenance costs, staking costs, State and Federal mining taxes and any payments to vendors pursuant to underlying acquisition agreements.

| | | | |
|-------------|---|--------------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | 3,631 | 3,631 |
| 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 | (237) | (270) |
| 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 | 3,394 | 3,361 |

| | | | |
|-----------|--|--------------|------------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | 1,770 | 611 |
| 4.1 | Cash and cash equivalents at beginning of period | 793 | 1,946 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (313) | (710) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (1,311) | (2,040) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 3,394 | 3,361 |

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

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date \$A'000 |
|--------------------------------------|---|----------------------------|-------------------------|
| 4.5 | Effect of movement in exchange rates on cash held | (11) | (5) |
| 4.6 | Cash and cash equivalents at end of period | 2,552 | 2,552 |

| 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 | 2,552 | 793 |
| 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) | 2,552 | 793 |

| 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 | 104 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | 76 |
| <i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i> | | |

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

| | | |
|---|---|--|
| 7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
| 7.1 Loan facilities | - | - |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other (please specify) | - | - |
| 7.4 Total financing facilities | - | - |
| 7.5 Unused financing facilities available at quarter end | | - |
| 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. | | |

| | |
|---|----------------|
| 8. Estimated cash available for future operating activities | \$A'000 |
| 8.1 Net cash from / (used in) operating activities (item 1.9) | (313) |
| 8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) | (1,093) |
| 8.3 Total relevant outgoings (item 8.1 + item 8.2) | (1,406) |
| 8.4 Cash and cash equivalents at quarter end (item 4.6) | 2,552 |
| 8.5 Unused finance facilities available at quarter end (item 7.5) | - |
| 8.6 Total available funding (item 8.4 + item 8.5) | 2,552 |
| 8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3) | 1.82 |
| <i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i> | |
| 8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions: | |
| 8.8.1 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? | |
| The Company's expects to incur a reduced level of net operating cash outflows in the March 2023 quarter, as drill program at the Humboldt Range Project was completed in December 2022. Subject to results from the 2022 program, further significant exploration activity is not expected to commence until Q2/2023. | |
| 8.8.2 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? | |
| Based on the Company's (i) recent capital raising activities, which resulted in ~\$3.6 million raised in the December 2022 quarter; and (ii) its past exploration results, the Company expects that it will be able to fund its ongoing activities via future equity financings. | |

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

The Company believes it will obtain sufficient funding to continue its operations as detailed in item 8.8(2) above.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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: 31 January 2023

Authorised by: The Board of Directors

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.