



PolarX Limited

ABN 76 161 615 783

Financial Report
for the half-year ended 31 December 2022

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CORPORATE DIRECTORY

Directors

Mr. Mark Bojanjac	Executive Chairman
Dr. Jason Berton	Managing Director
Dr. Frazer Tabear	Non-Executive Director
Mr. Robert Boaz	Non-Executive Director

Company Secretary

Mr. Ian Cunningham

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Stock Exchange Listing

Australian Securities Exchange

ASX Code: PXX

Auditor

Stantons

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Australia

The Directors present their report for PolarX Limited (**PolarX** or the **Company**) and its subsidiaries (the **Group**) for the half-year ended 31 December 2022 (**HY2023**).

DIRECTORS

The names of the Directors in office during the period and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Mark Bojanjac	Executive Chairman
Jason Berton	Managing Director (appointed 15 July 2022 – previously Executive Director)
Frazer Tabear	Non-Executive Director (appointed 15 July 2022 – previously Managing Director)
Robert Boaz	Non-Executive Director

RESULTS OF OPERATIONS

The Group's total loss from operations and total comprehensive loss attributable to the members of PolarX for the half-year ended 31 December 2022 was \$792,927 (2021: \$742,035) and \$529,047 (2021: \$20,446), respectively.

REVIEW OF OPERATIONS AND HIGHLIGHTS

During HY2023 the Group continued to be focused on the exploration and development of its mineral projects, with key activities being:

- Follow up channel sampling and RC drilling programs at the Humboldt Range Gold-Silver Project in Nevada, USA (**Humboldt Range Project**).
- Welcomed Northern Star Resources (ASX: NST) to PolarX's share registry with 10% shareholding.
- Completion of an independent scoping study for the Alaska Range Copper Gold Project (**Alaska Range Project**) in Alaska, USA, which contains both the Stellar Gold Copper Project (**Stellar Project** – 100% owned), and Caribou Dome Copper Project (**Caribou Dome Project** – earning 80-90%).

Project Overview



Figure 1 PolarX's US projects are situated in Nevada and Alaska

Humboldt Range, Nevada (100% interest)

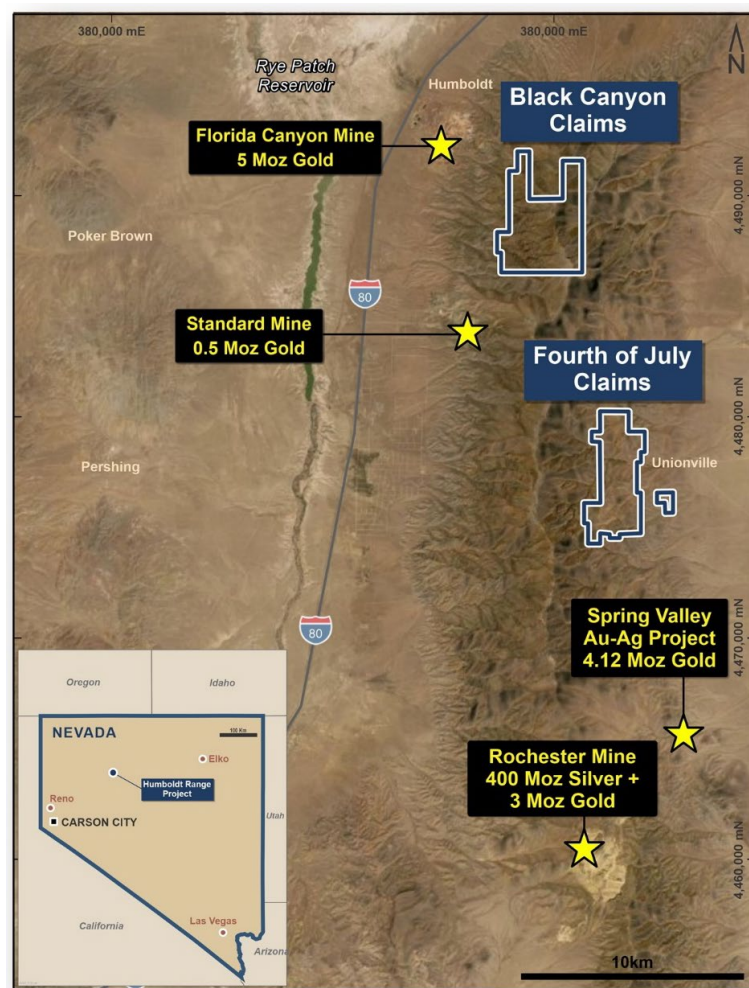


Figure 2. PolarX's Nevada claims are ideally located in the Humboldt Range, adjacent to large scale operating mines and important road, energy and workforce infrastructure. The Rochester Mine, Spring Valley project, Black Canyon and Fourth of July projects all host gold & silver mineralisation within north-south striking Rochester Rhyolite rock units.

- Lies between the 5 Moz Florida Canyon Gold mine, Spring Valley project (4.12 Moz), and the 400Moz Rochester Silver mine (which also contains 3.5Moz gold).
- Maiden Reverse Circulation (RC) drilling program undertaken in the first half of 2022 at the Star Canyon prospect which returned exceptional results including 9m @ 124g/t Au and 49g/t Ag, highlighting the potential for all PolarX's Humboldt Range projects to host high-grade gold and silver veins within a potentially broader modest grade, sulphide hosted, bulk mineable system.
- Induced Polarization (IP) is considered the most appropriate geophysical technique to detect unexposed high grade veins and bulk scale modestly mineralized rocks in most abundance as both mineralization styles are host within sulphide minerals, which physically have chargeable electrical properties.

Alaska Range: Stellar Property (100% interest)

- 4.0Mt @ 1.1% Cu + 1.6g/t Au + 12.6g/t Ag JORC at Zackly Project, open in all directions.
- Highly prospective for large, bulk tonnage porphyry copper-gold deposits with maiden discovery (102m @ 0.22% Cu + 0.1g/t Au) at the Mars prospect

Alaska Range: Caribou Dome Property (Earning up to 90% interest)

- 2.8Mt @ 3.1% Cu JORC at Caribou Dome deposit, high grade surface zones at 4.4% Cu.
- Mineralisation open in all directions, and numerous untested IP/geochemical targets.

Humboldt Range Project

Exploration Activities

Drilling

During December 2022 the Company completed an 11-hole (1,500 metres) RC percussion drilling program at its highly promising gold-silver Star Canyon prospect, which is part of the Black Canyon group of claims within the wider Humboldt Range Project in Nevada, USA (see Figure 3). Star Canyon was previously drilled in May 2022 by PolarX, intersecting bonanza gold grades in hole BC22-005 (see Figure 4).

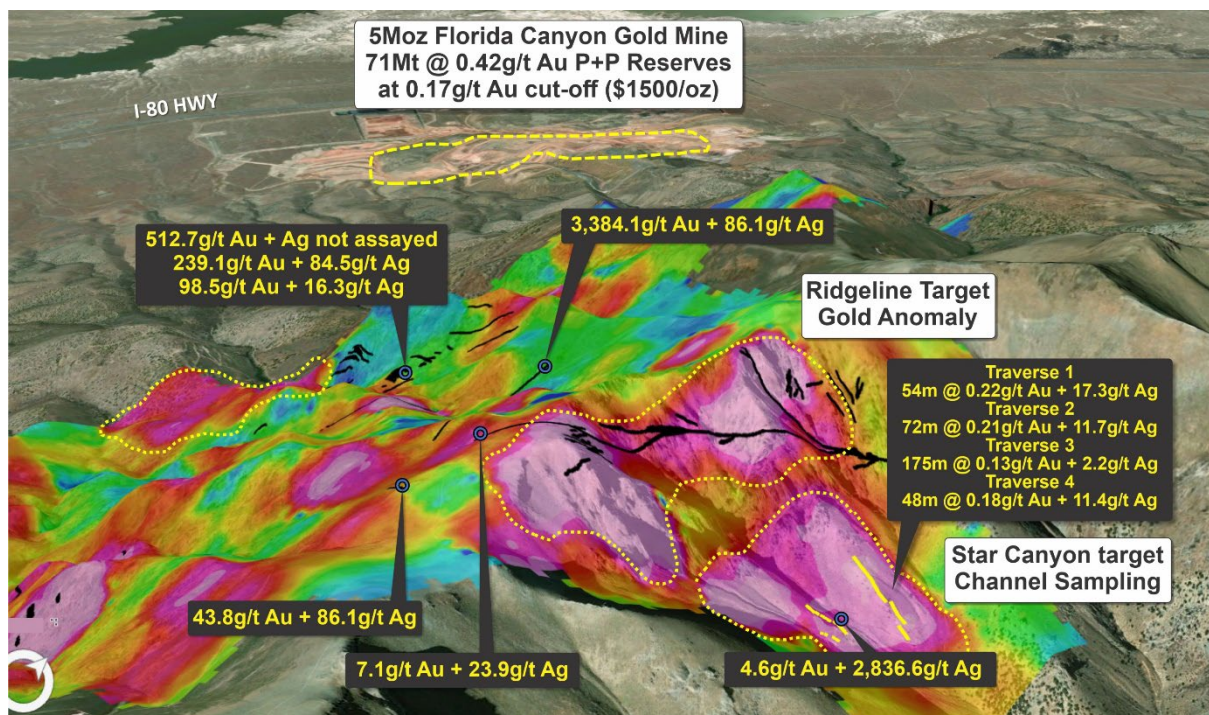


Figure 3. Black Canyon claims, northwest view to Florida Canyon mine (owned by Argonaut Gold) with PolarX's soil gold geochemistry anomaly, Star Canyon is located at the lower righthand side of the image.

Highlights from the December 2022 drill program were:

- Extensive low-grade gold mineralisation identified in association with sulphides within the Rochester Rhyolite Formation throughout the Star Canyon drill program. The modest-grade gold mineralisation is hosted in similar geology to the nearby Rochester Mine (400Moz Ag, 3Moz Au) and neighbouring Spring Valley project (4.1Moz Au) which already demonstrate commercial potential for large scale bulk tonnage mining and are both host within the Rochester Rhyolite Formation (Figure 2).
- Detailed geological logging has identified a concealed fault structure (see Figure 4) which offsets depth continuity of the targeted bonanza gold vein (see Figure 5), which is also concealed beneath the surface. The surrounding Rochester Rhyolite continues to host wide, low-grade, sulphide metal related mineralised intercepts.
- Targeted bonanza-grade veins lie above the fault hanging wall. All holes in this program were drilled below the fault into its footwall (see Figure 6).
- Follow up RC drill program planned to test extensions of high grade gold vein sets in hanging wall and footwall and higher grade zones of potentially bulk mineable Rochester Rhyolite after IP survey program.
- Bonanza gold and silver veins remain a high priority target within the extensive lower grade regional host. The two mineralised settings are not mutually exclusive, they have been observed to be geologically coincident in the Rochester Rhyolite at Star Canyon and potentially occur elsewhere in PolarX's Black Canyon and Fourth of July projects.

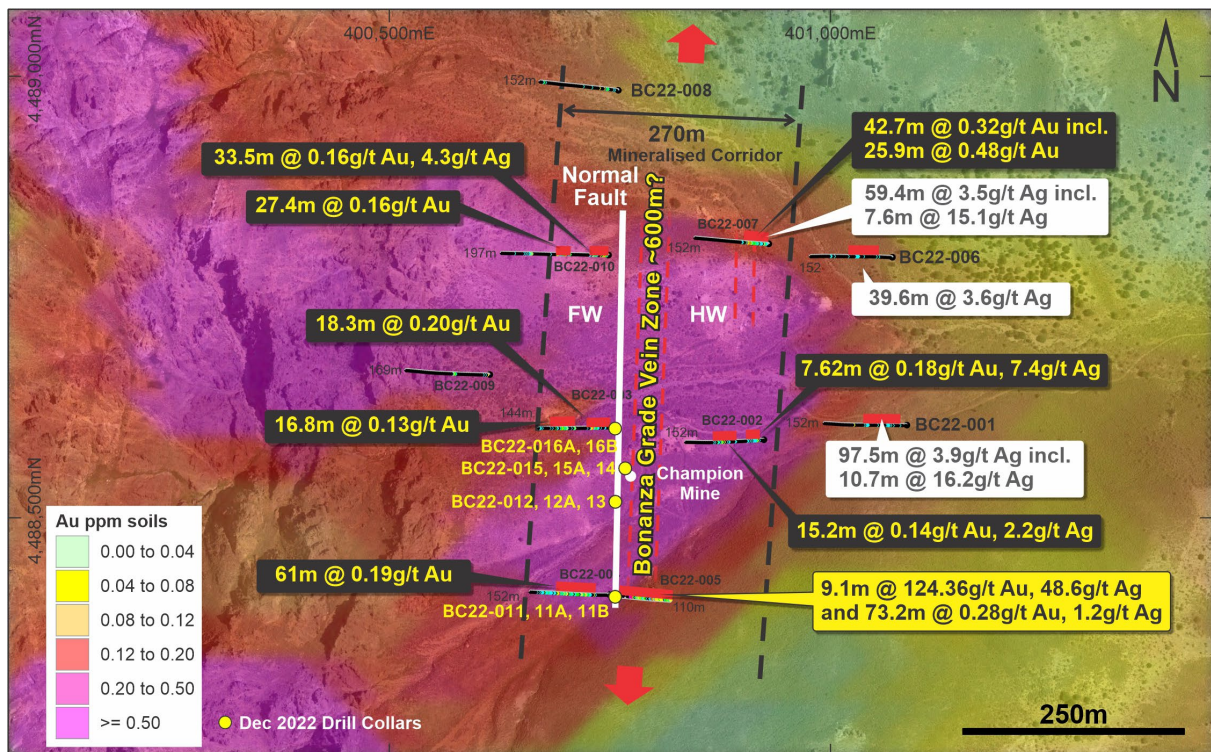


Figure 4. Plan view of drill hole collars, Au soil anomaly, May 2022 drill results for Star Canyon. Note the Normal Fault identified from the December 2022 RC drill campaign, strikes N-S and dips about 60°E. The hanging wall (HW) side has moved vertically downwards, and the footwall side (FW) has moved vertically upwards, thus displacing the earlier mineralised veins and rock units. The concealed fault has hampered the drill programs' ability to test previously intersected high-grade veins. The follow-up program will take that offset into account.

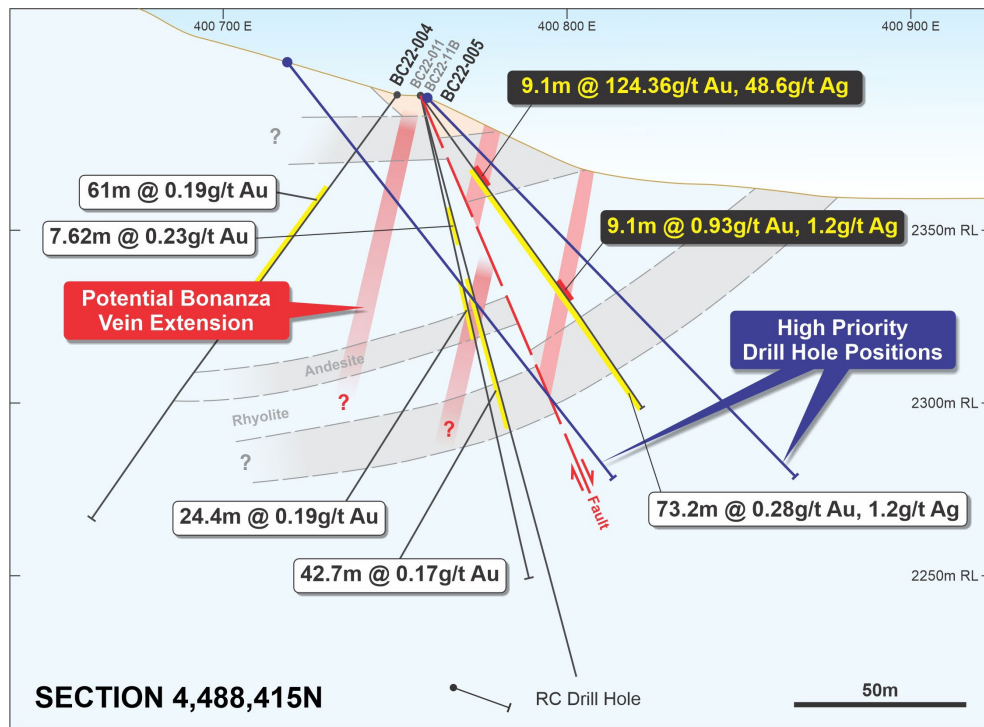


Figure 5. RC holes drilled in December 2022 (BC22-011, BC22-011A & BC22-011B) drilled into the footwall of a concealed normal fault that has displaced the bonanza vein. High priority drill holes have been planned to intersect the bonanza vein in both the hanging wall and footwall of the fault.

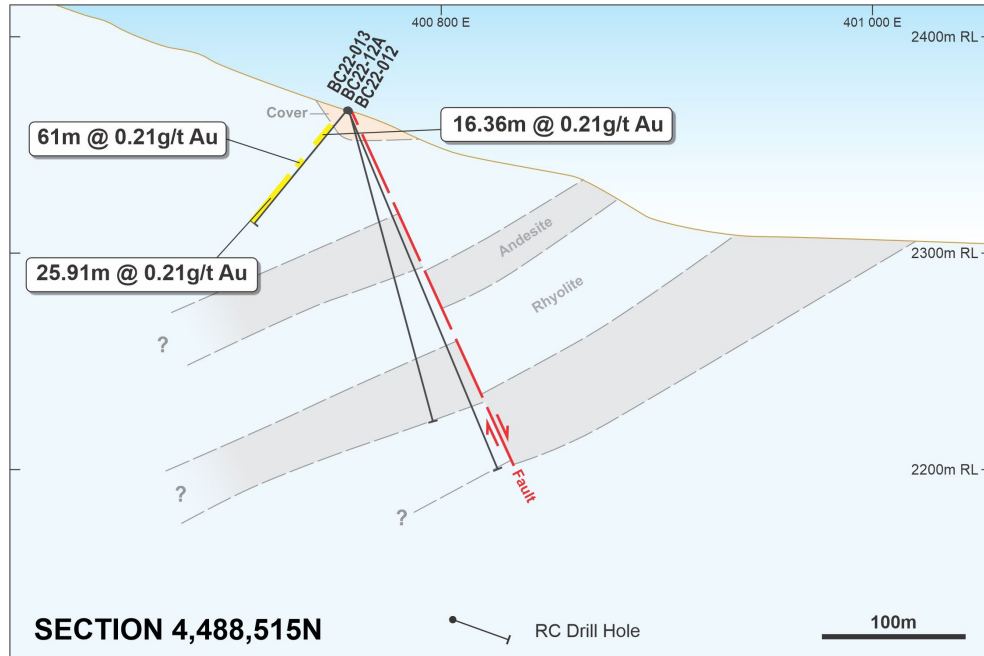


Figure 6. Section 4488515N Drill holes to test the northern extensions of mineralised veins also exhibit the continuity of the normal fault along strike and failed to intersect the veins because they were drilled into the footwall of the normal fault.

Channel Sampling

During HY2023, 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 7). 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.

Three continuous saw-cut channel traverses were sampled, with the traverses ranging from 120m to 200m in length.

The Company tested the Golden Staircase target due to its coincidence with strongly anomalous gold-in-soil sampling results (Figure 8), previous gold-rich rock-chip samples (up to 4.5g/t Au and 12.1g/t Ag, refer ASX announcement 11 January 2021), an association with intense vein swarms exposed in rocky rhyolite outcrops and its close proximity to trail road access

Assay intervals AA' and BB' shown in Figure 7 below actually link as they commence from the same anchor point. The gold and silver results combine to reveal a continuous 69 metre long mineralised interval.

The Golden Staircase prospect sits at one end of a 2.8km long soil anomaly, with the Star Canyon prospect sitting at the other end. Given the strength of the sampling results at both Star Canyon and Golden Staircase, the Company plans to undertake additional channel sampling and drilling along the remainder of the 2.8km long gold-in-soil anomaly.

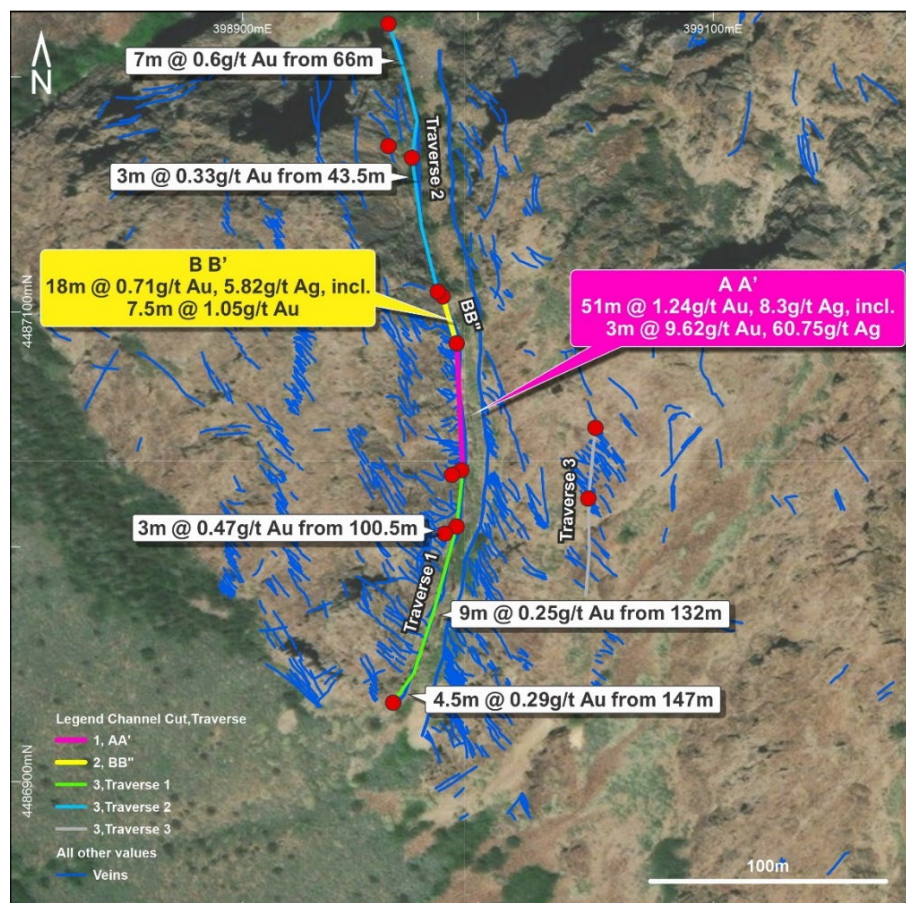


Figure 7. Channel sample lines at the Golden Staircase target in the Humboldt Ranges, Nevada, USA are being cut across intensely veined and altered rocks.

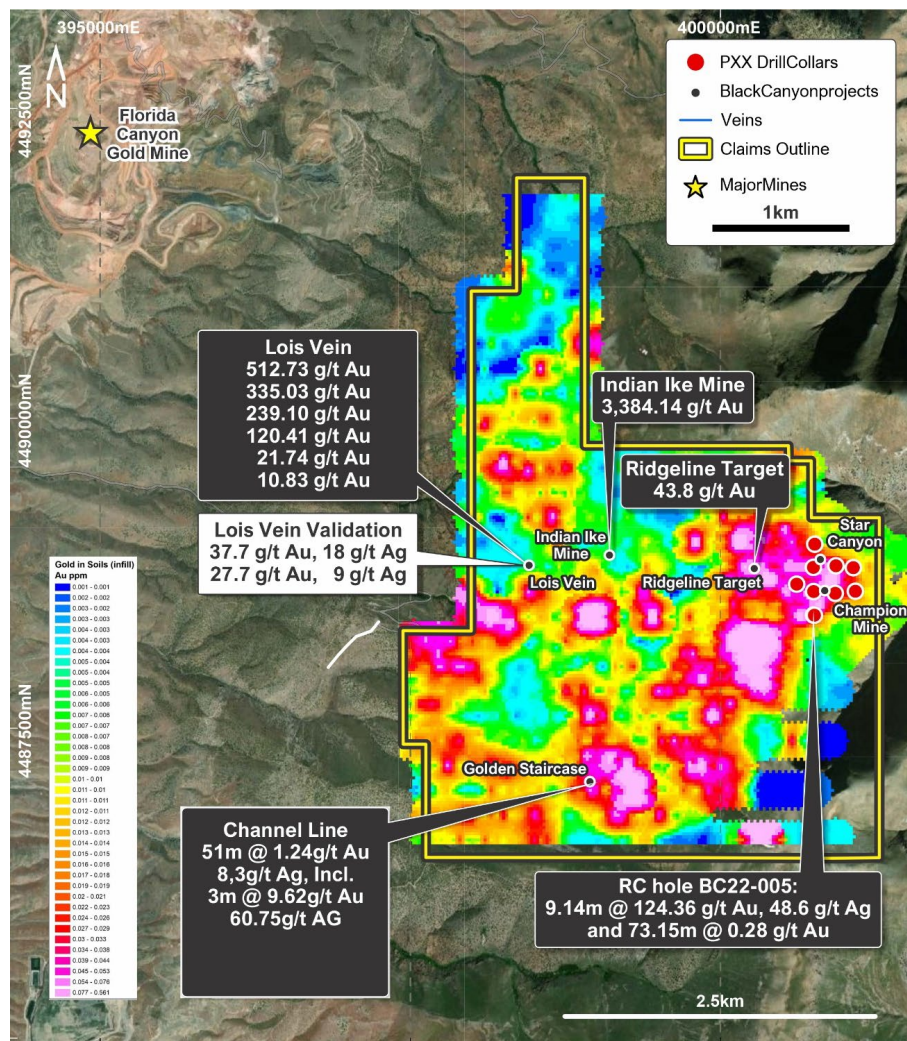


Figure 8. The Golden Staircase target is situated in a strongly anomalous gold zone in the southern area of the Black Canyon claims.

Exploration Strategy

Mineralised Rochester Rhyolite Formation outcrops at surface throughout the Humboldt Range Projects and is in places concealed beneath relatively thin overlying unmineralized Prida Limestone. Regionally the Rochester Rhyolite Formation hosts multi-million-ounce gold and silver deposits at the nearby Rochester Mine and the Spring Valley projects.

PolarX considers Induced Polarisation (IP) geophysical surveys across both the Black Canyon and Fourth of July claim groups, to be the best technique to assist in generating drill targets for higher grade bulk-tonnage and high grade sulphide related vein mineralisation. IP planning is currently underway and expected to commence in the current quarter.

Figure 9 shows how extensive the gold anomaly in soil geochemistry is at Black Canyon (about 3km by 2km). The May and December 2022 RC drill programs at Star Canyon identified wide mineralised intercepts that frequently range in Au grade from 0.1 to 0.4 g/t Au which is associated with relatively weak sulphide metal concentration.

IP surveys are intended to identify higher sulphide metal concentrations than drilling has encountered to date at Star Canyon and Fourth of July. This geophysical work will assist prioritising future drill targeting.

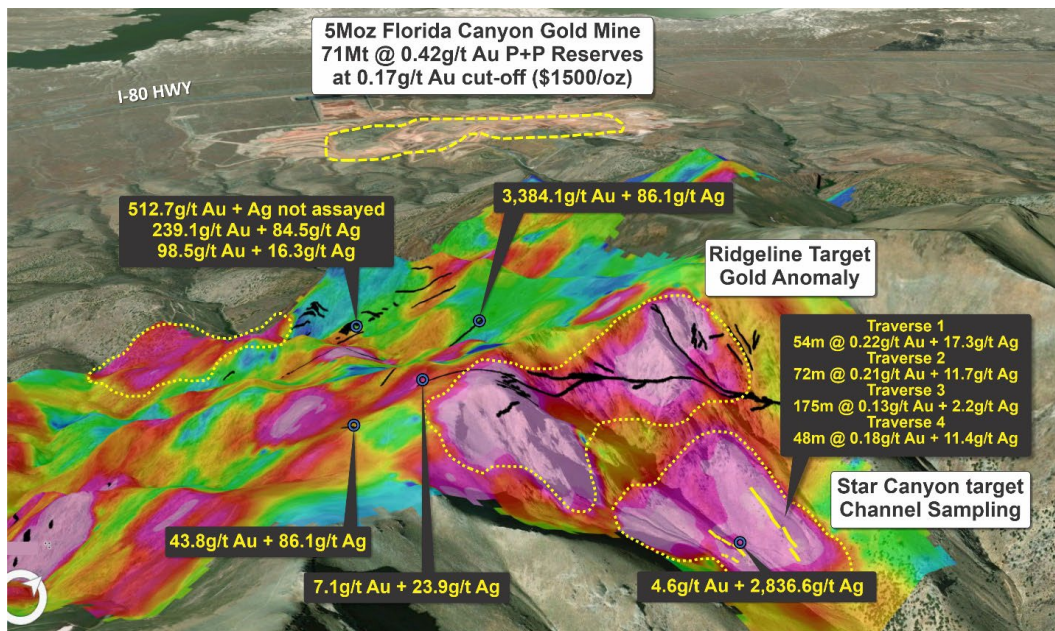


Figure 9. Oblique 3D-view of the Black Canyon project overlaid with the gold geochemical soil anomaly and high-grade vein samples. IP surveying is expected to assist drill target prioritization.

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 1). 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.

Alaska Range Project

Scoping Study

On 17 October 2022, the Company announced the results of an independent scoping study conducted for the 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**).

Key assumptions and outcomes of the Scoping Study were:

- 3.8Mt of mineralised material mined over the life of the operation
- Processing rate of ~0.6Mtpa over a 6.5 year operating life
- Metallurgical recoveries of 90% copper and 79% gold from flotation at Zackly, and 78% copper recovery from flotation at Caribou Dome
- Pre-production capital expenditure of US\$111m
- Revenue of approximately US\$2.0bn[#] (A\$2.8bn) over the forecast initial operating life
- Net cash flow of US\$322m[#] (A\$460m) over the initial operating life (undiscounted, pre-tax)
- NPV₇ (pre-tax) of approximately US\$72m[#] (A\$103m).

- IRR[#] of 26.0% (pre-tax)
- Payback of 2.25 years
- Results most sensitive to copper price, metallurgical recovery and operating costs
- The study demonstrates potential for significant upside through successful resource extension drilling at Caribou Dome and Zackly

[#]Assuming commodity prices of copper – US\$9,000/tonne; gold – US\$1,800/oz; and AUD: USD Exchange Rate of 0.70.

The Scoping Study findings are presented in US dollars, on a 100% project basis and without finance leverage.

Updated Mineral Resource Update

The Scoping Study was based on the 2017 Mineral Resource estimate for the Caribou Dome deposit and the updated 2022 Zackly mineral resource estimate of **4.0Mt @ 1.1% Cu and 1.6g/t Au**, as shown in Table 1 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 ¹	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

Notes

1. Copper equivalent grades for Zackly have been calculated using the average metallurgical recoveries for Cu and Au noted in the previous section (95% for Cu, 90% for Au) and assumed metal prices of \$9000/t for copper and \$1800/oz for gold used throughout the Scoping Study. $CuEq = Cu (\%) + Au (g/t) * 0.6431 * (Au \text{ recovery} / Cu \text{ recovery})$. Silver credits were not included in the calculation of copper equivalent grades.
2. Refer to the ASX announcement of 5 April 2017 for full details on the Caribou Dome Project Mineral Resource estimate, including applicable technical information and reporting criteria.
3. Refer ASX announcement of 17 October 2022 for full details on the Zackly Deposit Mineral Resource estimate, including applicable technical information and reporting criteria.

Over the planned life of the project, Measured and Indicated Resources account for 65% of the total tonnes mined, and account for 79% of total tonnes mined in the first three years. There is a lower level of geological confidence associated with Inferred Resources and there is no certainty that further exploration work will result in the determination of Indicated Resources or that the production target itself will be realised.

Sensitivity Analysis

The Scoping Study determined that the NPV and IRR of the Alaska Range Project are most sensitive to the size of the resource mined, metal prices and recoveries of copper and operating costs (Figure 10). In relation to metal prices, the Alaska Range Project outcomes are more sensitive to the price and recovery of copper than they are to gold (Figure 10 below).

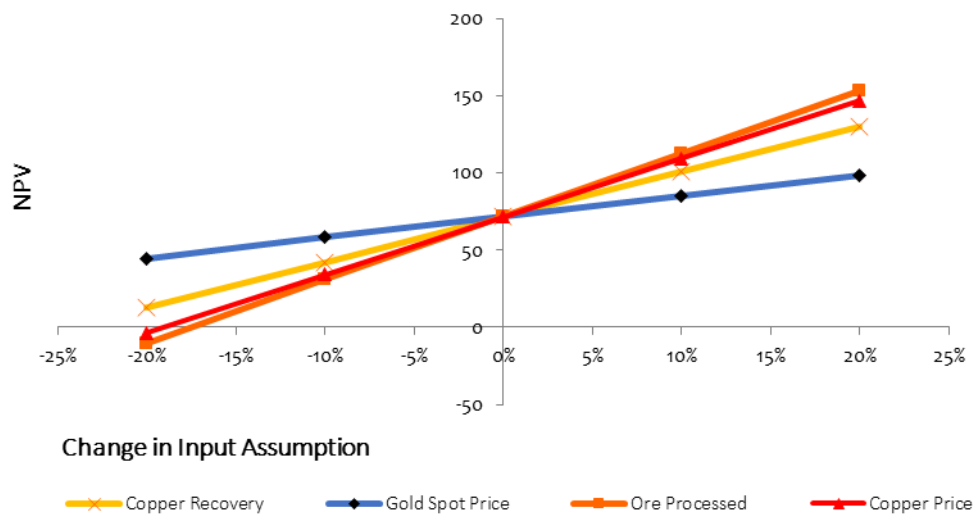


Figure 10. NPV sensitivity (pre-tax basis) for copper and gold price, copper recovery and tonnes processed

The Alaska Range Project is less sensitive to capital costs than it is to life-of-mine operating costs and copper realisation costs (Figure 11):

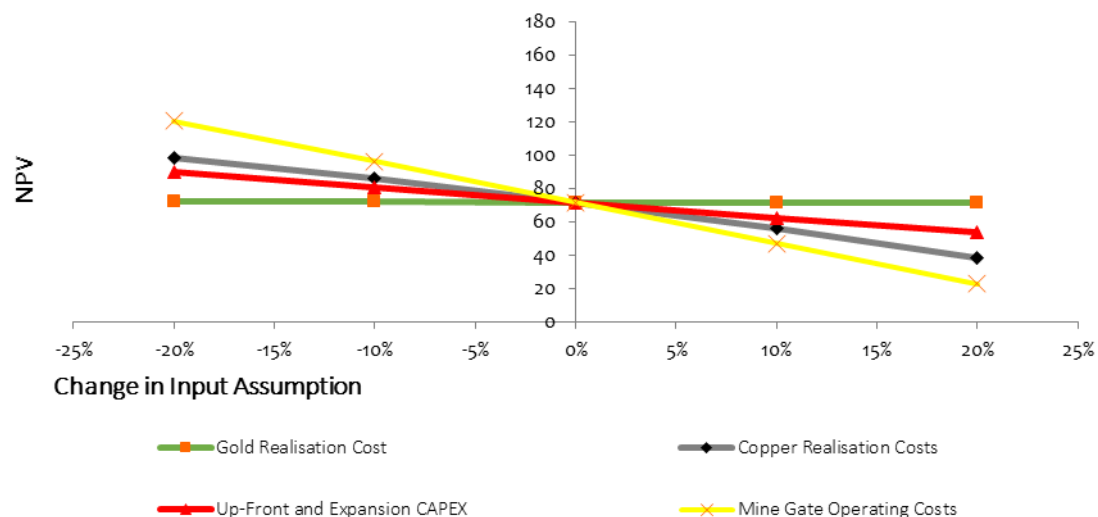


Figure 11. NPV sensitivity (pre-tax basis) to capital costs and operating costs

- The level of sensitivity is also directly related to the currently short projected mine life based on the current mineral resource estimates.
- The addition of mining inventory to the project could significantly enhance the project economics. The Scoping Study also ran a hypothetical scenario with an additional 300,000t mined at Zackly (a 14% increase of Zackly mining inventory) at average mined grades, which yielded an extra projected US\$31M in pre-tax NPV (a 43% increase). A hypothetical scenario with an additional 500,000t mined at both Zackly and at Caribou Dome on the same basis could potentially yield an extra US\$52.5M in pre-tax NPV (a 73% increase).
- Mineral Resources at both Caribou Dome and Zackly remain open along-strike and down-dip for potential expansion.
- Further infill and exploration drilling may therefore expand the potentially mineable resource considered in the financial evaluation with accordingly greater returns.

Forward Plans

- Planning of resource extension drilling programs has commenced.
- Additional metallurgical test work is warranted and may deliver better copper recovery and concentrate grade, particularly for Caribou Dome, and better gold recovery for Zackly.

Alaska Range Project Background

The Alaska Range Project (Figure 13) 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.

The Alaska Range Project comprises a contiguous package covering 262km² with ~35km strike length hosting extensive copper- and gold-in-soil anomalism consistent with several mineralised districts.

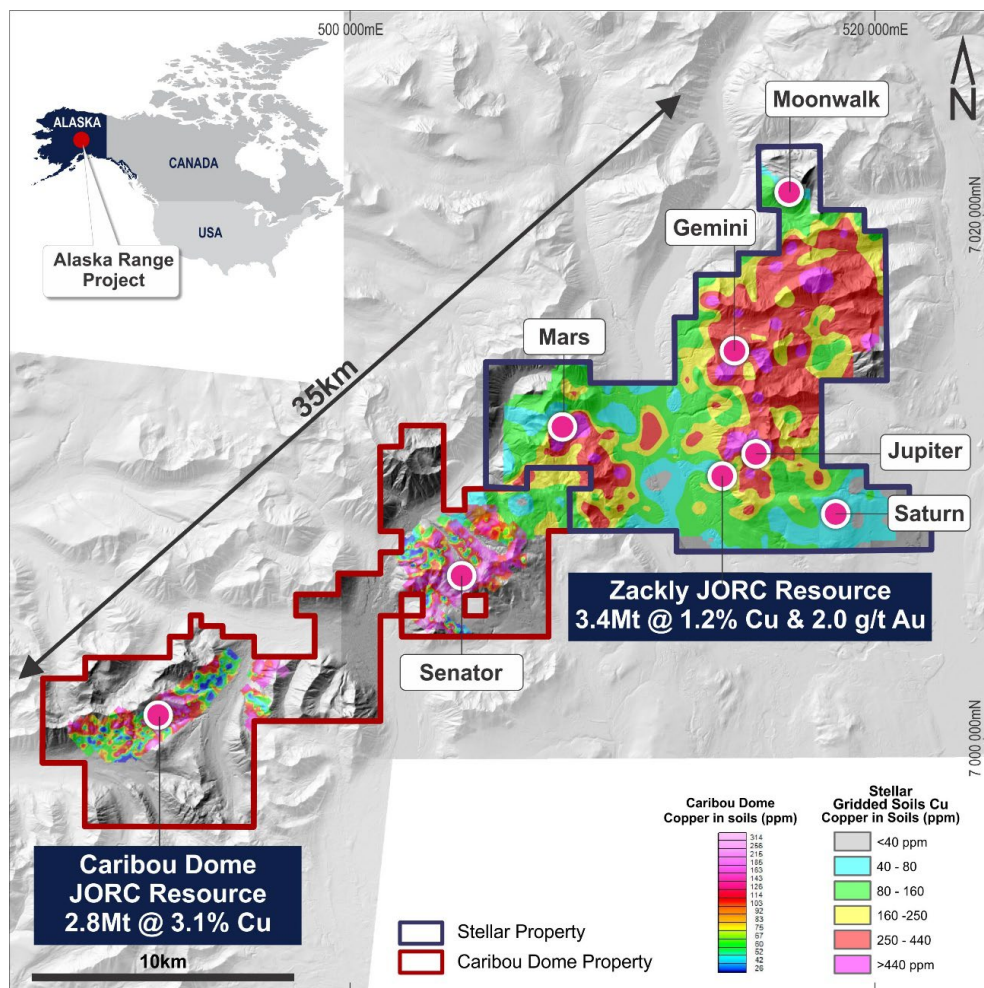


Figure 13. Location Map showing location of the Alaska Range Project

Corporate

During HY2023, 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 a renounceable rights issue (**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 Shares at an issue price of 0.8 cents per Share, raising an additional ~\$1.97 million, pursuant to the Shortfall Offers and the prospectus dated 26 October 2022 (**Shortfall Placement**).
- (iii) a placement to Northern Star Resources Limited (**Northern Star**) of 94,200,000 Shares at an issue price of 0.8 cents per Share to raise ~\$754k (**Placement**).

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.

As of the date of this report, the Company has on issue 1,352,946,909 shares, 91,552,685 listed options (\$0.03; 6 Nov 2023) and 50,868,907 unlisted options.

AUDITOR'S DECLARATION

Section 307C of the Corporations Act 2001 requires the Group's auditors to provide the Directors of PolarX with an Independence Declaration in relation to the review of the half-year financial report. A copy of that declaration is included at page 35 of this report. There were no non-audit services provided by the Company's auditor for the half-year ended 31 December 2022.

Signed on behalf of the board in accordance with a resolution of the Directors.



Mark Bojanjac
Executive Chairman
13 March 2023

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 11 January 2021, 5 July 2022, 8 August 2022, 5 October 2022 and 20 February 2023.

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:

Information included in this report constitutes forward-looking statements. When used in this announcement, forward-looking statements can be identified by words such as "anticipate", "believe", "could", "estimate", "expect", "future", "intend", "may", "opportunity", "plan", "potential", "project", "seek", "will" and other similar words that involve risks and uncertainties.

Forward-looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of resources and reserves, political and social risks, changes to the regulatory framework within which the Company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation as well as other uncertainties and risks set out in the announcements made by the Company from time to time with the Australian Securities Exchange.

Forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management of the Company that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this report will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. The Company does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this report, except where required by applicable law and stock exchange listing requirements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2022

	Notes	Consolidated Six months ended December 31	
		2022	2021
		\$	\$
Interest Revenue & Other Income		\$ 29	\$ 2
Public company costs		(31,052)	(22,968)
Consulting and directors fees		(252,647)	(239,129)
Share-based compensation	11	(87,772)	(34,310)
Legal fees		(4,556)	(6,154)
Staff costs		(34,569)	(31,493)
Serviced office and outgoings		(12,000)	(12,000)
Foreign exchange gain/(loss)		(18,060)	21,777
Other expenses	4	(352,300)	(417,760)
		(792,956)	(742,037)
(Loss) from operations		\$ (792,927)	\$ (742,035)
Income tax expense		-	-
(Loss) after Income Tax		\$ (792,927)	\$ (742,035)
Other comprehensive income			
Items that may be reclassified to profit and loss in subsequent periods		-	-
Foreign currency translation	11	263,880	721,589
Other comprehensive income for the period		263,880	721,589
Total comprehensive (loss) for the period		\$ (529,047)	\$ (20,446)
(Loss) per share:			
Basic and diluted (loss) per share (cents per share)		\$ (0.08)	\$ (0.11)
Weighted Average Number of Shares:			
Basic and diluted number of shares		945,966,126	674,320,634

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

as at 31 December 2022

	Notes	Consolidated	
		December 31 2022	June 30 2022
		\$	\$
Current Assets			
Cash and cash equivalents		\$ 2,551,965	\$ 1,945,756
Other receivables and prepayments	5	626,677	631,493
Total current assets		3,178,642	2,577,249
Non-Current Assets			
Property, plant and equipment	6	\$ 74,926	\$ 87,345
Exploration and evaluation assets	7	37,312,872	34,973,692
Total Non-Current Assets		37,387,798	35,061,037
Total Assets		\$ 40,566,440	\$ 37,638,286
Current liabilities			
Trade and other payables	8	\$ 389,384	\$ 308,024
Total Current Liabilities		389,384	308,024
Total Liabilities		\$ 389,384	\$ 308,024
NET ASSETS		\$ 40,177,056	\$ 37,330,262
Equity			
Contributed equity	9	\$107,352,496	\$104,134,832
Reserves	11	8,985,228	8,563,171
Accumulated losses	10	(76,160,668)	(75,367,741)
TOTAL EQUITY		\$ 40,177,056	\$ 37,330,262
Commitments	16		
Contingent Liability	17		

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

for the half-year ended 31 December 2022

	Consolidated	
	Six months ended	
	December 31	
	2022	2021
	\$	\$
Cash flows from Operating activities		
Payments to suppliers and employees	\$ (709,582)	\$ (804,748)
Interest received and other income	29	2
Net cash flows (used in) operating activities	(709,553)	(804,746)
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(29,767)
Payments for expenditure on exploration	(2,039,205)	(2,341,271)
Net cash flows (used in) investing activities	(2,039,205)	(2,371,038)
Cash flows from financing activities		
Proceeds from issue of shares	3,630,735	1,376,420
Proceeds from option exercise	121	-
Share issue costs	(270,462)	(66,810)
Net cash flows generated from financing activities	3,360,394	1,309,610
Net increase/(decrease) in cash and cash equivalents	611,636	(1,866,174)
Cash and cash equivalents at beginning of the period	1,945,756	3,485,056
Foreign exchange variances on cash	(5,427)	(19,563)
Cash and cash equivalents at end of the period	\$ 2,551,965	\$ 1,599,319

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2022

Consolidated	Notes	Number of Shares	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserves	Warrant Reserves	Share Based Payment Reserves	Option Premium Reserve	Total
At 1 July 2022		899,101,093	\$ 104,134,832	\$ (75,367,741)	\$ 2,183,708	\$ 1,190,098	\$ 5,186,365	\$ 3,000	\$ 37,330,262
Loss for the period		-	-	(792,927)	-	-	-	-	(792,927)
Other comprehensive income		-	-	-	263,880	-	-	-	263,880
Total comprehensive (loss)/income for the period		-	\$ -	\$ (792,927)	\$ 263,880	\$ -	\$ -	\$ -	\$ (529,047)
Transactions with owners in their capacity as owners									
Shares issued	9	453,841,767	3,630,735	-	-	-	-	-	3,630,735
Share issue costs	9		(413,192)	-	-	-	-	-	(413,192)
Options issued to consultants	11, 13		-	-	-	-	70,405	-	70,405
Exercise of stock options	9	4,049	121	-	-	-	-	-	121
Share-based compensation	11, 13		-	-	-	-	87,772	-	87,772
Balance at 31 December 2022		1,352,946,909	\$ 107,352,496	\$ (76,160,668)	\$ 2,447,588	\$ 1,190,098	\$ 5,344,542	\$ 3,000	\$ 40,177,056

Consolidated	Notes	Number of Shares	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserves	Warrant Reserves	Share Based Payment Reserves	Option Premium Reserve	Total
At 1 July 2021		672,216,731	\$ 99,425,122	\$ (73,762,854)	\$ 39,584	\$ 1,190,098	\$ 4,836,646	\$ 3,000	\$ 31,731,596
Loss for the period		-	-	(742,035)	-	-	-	-	(742,035)
Other comprehensive income		-	-	-	721,589	-	-	-	721,589
Total comprehensive (loss)/income for the period		-	\$ -	\$ (742,035)	\$ 721,589	\$ -	\$ -	\$ -	\$ (20,446)
Transactions with owners in their capacity as owners									
Shares issued	9	43,013,125	1,376,420	-	-	-	-	-	1,376,420
Share issue costs	9		(89,960)	-	-	-	-	-	(89,960)
Options issued to consultants	11, 13		-	-	-	-	120,357	-	120,357
Share-based compensation	11, 13		-	-	-	-	16,277	-	16,277
Balance at 31 December 2021		715,229,856	\$ 100,711,582	\$ (74,504,889)	\$ 761,173	\$ 1,190,098	\$ 4,973,280	\$ 3,000	\$ 33,134,244

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

1. Corporate Information

The financial report of PolarX Limited (**PolarX** or the **Company**) and its subsidiaries (the **Group**) for the half-year ended 31 December 2022 was authorised for issue in accordance with a resolution of the Directors on 13 March 2023.

PolarX Limited is an Australian public company limited by shares and which is listed on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' report.

2. Going Concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

For the half-year ended 31 December 2022, the Group incurred a loss of \$792,927 (2021: \$742,035) and generated net cash inflows of \$611,636 (outflows 2021: \$1,866,174). At 31 December 2022, the Group had net current assets of \$2,789,258 (30 June 2022: \$2,269,225).

The Group's ability to continue as a going concern is dependent upon it maintaining sufficient funds for its operations and commitments. The Directors continue to be focused on meeting the Group's business objectives and is mindful of the funding requirements to meet these objectives. The Directors consider the basis of going concern to be appropriate for the following reasons:

- the current cash balance of the Group relative to its fixed and discretionary commitments;
- given the Company's market capitalisation and the underlying prospects for the Group to raise further funds from the capital markets; and
- the fact that subject to meeting certain minimum expenditure commitments, further exploration activities may be slowed or suspended as part of the management of the Group's working capital.

The Directors are confident that the Group can continue as a going concern and as such are of the opinion that the financial report has been appropriately prepared on a going concern basis. However, should the Group be unable to raise further required financing, there is uncertainty which may cast doubt as to whether or not the Group will be able to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

3. Summary of Significant Accounting Policies

(a) Basis of Presentation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2022 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2022 (**2022 Annual Financial Report**), together with any public announcements made during the following half-year.

(b) Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the 2022 Annual Financial Report except for those as described in Note 3(c) below.

(c) New and Amended Standards Adopted by the Group

Standards and Interpretations applicable to 31 December 2022

The Group has considered the implications of new and amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

	Consolidated	
	For the six months ended	
	31 December 2022 \$	31 December 2021 \$
4. Other expenses		
Accounting and audit fees	47,858	51,880
Bank fees	3,986	4,233
Business expenses	24,139	12,264
Corporate finance	37,500	90,508
Computer expenses	2,700	2,347
Conferences	13,082	23,562
Insurance	26,554	30,757
Investor relations	28,300	48,000
Media coverage	35,144	71,209
Printing and stationary	449	1,955
Postage	1,533	179
Rent and accommodations	17,123	12,510
Subscriptions	4,662	3,850
Telephone	1,571	985
Depreciation	790	1,178
Other	106,909	62,343
	352,300	417,760

	Consolidated	
	31 December	30 June
	2022	2022
	\$	\$
5. Other Receivables and Prepayments		
Current		
GST / VAT receivable	44,164	44,297
Prepayments	582,513	587,196
	626,677	631,493

Other receivables, mainly goods and services tax, are non-interest bearing and generally receivable on 30 day terms. These are neither past due nor impaired. The amount is fully collectible. Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

	Consolidated	
	31 December	30 June
	2022	2022
	\$	\$
6. Property, Plant and Equipment		
Plant and Equipment		
Cost	46,283	41,951
Accumulated depreciation	(32,022)	(25,351)
Net carrying amount	14,261	16,600
Motor Vehicles		
Cost	130,664	121,232
Accumulated depreciation	(74,033)	(55,312)
Net carrying amount	56,631	65,920
Office Furniture and Fixtures		
Cost	519	519
Accumulated depreciation	(445)	(436)
Net carrying amount	74	83
Computer Equipment		
Cost	10,876	10,876
Accumulated depreciation	(6,916)	(6,134)
Net carrying amount	3,960	4,742
Total property, plant and equipment		
Cost	188,342	174,578
Accumulated depreciation	(113,416)	(87,233)
Net carrying amount	74,926	87,345

6. Property, Plant and Equipment (continued)

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial period:

	Consolidated	
	31 December	30 June
	2022	2022
	\$	\$
Plant and Equipment		
Carrying amount at beginning of period	16,600	17,606
Additions	-	3,757
Depreciation expense	(2,366)	(6,281)
Net exchange differences on translation	27	1,518
Carrying amount at end of period	14,261	16,600
Motor Vehicles		
Carrying amount at beginning of the period	65,920	57,988
Additions	-	25,673
Depreciation expense	(9,396)	(23,571)
Net exchange differences on translation	107	5,830
Carrying amount at end of period	56,631	65,920
Office Furniture and Fixtures		
Carrying amount at beginning of the period	83	104
Additions	-	-
Depreciation expense	(9)	(21)
Net exchange differences on translation	-	-
Carrying amount at end of period	74	83
Computer Equipment		
Carrying amount at beginning of the period	4,742	7,077
Additions	-	-
Depreciation expense	(782)	(2,335)
Net exchange differences on translation	-	-
Carrying amount at end of period	3,960	4,742
Total property, plant and equipment	74,926	87,345

	Consolidated	
	31 December	30 June
	2022	2022
	\$	\$

7. Deferred Exploration and Evaluation Assets**Exploration and evaluation expenditure**

At cost	45,712,985	43,373,805
Accumulated provision for impairment	(8,400,113)	(8,400,113)
Total exploration and evaluation assets	37,312,872	34,973,692

	Consolidated	
	31 December	30 June
	2022	2022
	\$	\$
Carrying amount at beginning of the period	34,973,692	27,946,204
Exploration and evaluation expenditure during the period/year	2,062,821	4,931,268
Net exchange differences on translation	276,359	2,096,220
Carrying amount at end of period	37,312,872	34,973,692

The Directors' assessment of the carrying amount for the Group's exploration and development expenditure was made after consideration of (i) prevailing market conditions, including the Company's market capitalisation and metal prices; (ii) the level of previous expenditure undertaken and the results from those programs; and (iii) the potential for future development, noting the current mineral resource estimates for both the Caribou Dome, Humboldt Range and Stellar projects. The recoverability of the carrying amount of the deferred exploration and evaluation expenditure is dependent on successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

	Consolidated	
	31 December	30 June
	2022	2022
	\$	\$

8. Trade and other payables

Trade payables	329,512	179,940
Accruals	59,872	128,084
	389,384	308,024

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

	Consolidated	
	31 December	30 June
	2022	2022
	No. of shares	No. of shares
9. Contributed Equity		
(a) Issued and paid up capital		
Ordinary shares fully paid	1,352,946,909	899,101,093

	31 December		30 June	
	2022		2022	
	Number of shares	\$	Number of shares	\$
(b) Movements in ordinary shares on issue				
Balance at beginning of the period	899,101,093	104,134,832	672,216,731	99,425,122
Share issues (net of costs)	453,841,767	3,217,543	226,126,786	4,698,346
Exercise of stock options	4,049	121	-	-
Share issues to consultants	-	-	757,576	11,364
Balance at end of the period	1,352,946,909	107,352,496	899,101,093	104,134,832

	Consolidated	
	31 December	30 June
	2022	2022
	\$	\$
10. Accumulated losses		
Movements in accumulated losses were as follows:		
Balance at beginning of the period/year	75,367,741	73,762,854
Loss for the period/year	792,927	1,604,887
Balance at end of the period/year	76,160,668	75,367,741

	Consolidated	
	31 December	30 June
	2022	2022
	\$	\$
11. Reserves		
Foreign currency translation reserve	2,447,588	2,183,708
Warrant reserves	1,190,098	1,190,098
Share based payments reserves	5,344,542	5,186,365
Option premium reserve	3,000	3,000
Balance at end of period/year	8,985,228	8,563,171

	Consolidated	
	31 December	30 June
	2022	2022
	\$	\$
Movement in reserves:		
<i>Share based payments and option premium reserve</i>		
Balance at beginning of period/year	5,186,365	4,836,646
Options issued to corporate advisors	70,405	217,953
Equity benefits expense	87,772	131,766
Balance at end of period/year	<u>5,344,542</u>	<u>5,186,365</u>

The Share based payments and option premium reserve is used to record the value of equity benefits provided to directors and employees as part remuneration, and to consultants and for services rendered.

	Consolidated	
	31 December	30 June
	2022	2022
	\$	\$
<i>Foreign currency translation reserve</i>		
Balance at beginning of period/year	2,183,708	39,584
Foreign currency translation	263,880	2,144,124
Balance at end of period/year	<u>2,447,588</u>	<u>2,183,708</u>

The foreign currency translation reserve is used to record the currency difference arising from the translation of the financial statements of the foreign operations.

	Consolidated	
	31 December	30 June
	2022	2022
	\$	\$
<i>Warrant reserve</i>		
Balance at beginning of period/year	1,190,098	1,190,098
Warrants exercised	-	-
Balance at end of period/year	<u>1,190,098</u>	<u>1,190,098</u>

The warrant reserve is used to record the value of warrants provided to shareholders as part of capital raising activities.

12. Related Party Disclosures

The ultimate parent entity is PolarX Limited.

Mitchell River Group Pty Ltd., a Company of which Frazer Tabeart is a Director and Principal, provided the Company with consulting services totalling \$3,895 (2021: \$7,115) and serviced office fees totalling \$nil (2021: \$6,000) of which \$nil was outstanding at period end (30 June 2022: Nil).

There were no other related party disclosures for the half-year ended 31 December 2022 (2021: Nil).

13. Share Based Payment Plans**(a) Recognised share based payment transactions**

Total expenses and capital raising costs arising from share based payment transactions recognised during the half-year were as follows:

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
Options issued to employees and directors	87,772	16,277
Options issued to consultants	-	120,357
Options issued to consultants related to capital raisings	70,405	-
Balance at end of period	158,177	136,634

(b) Share based payment - options

The Group has established a Long-Term Incentive Plan (**Plan**) and also issues options to consultants and other service providers outside the Plan. The objective of the equity awards under the Plan (including previous incentive plans) or options issued outside the Plan, is to assist in the recruitment, reward, retention and motivation of the recipients and/or reduce the level of cash remuneration that would otherwise be paid to the recipient. An eligible person may receive the awards or nominate a relative or associate to receive the award. Details of options granted are as follows:

2022

Grant date	Expiry date	Exercise price	Balance at start of the period Number	Granted during the period Number	Exercised during the period Number	Expired during the period Number	Balance at end of the period Number	Exercisable at end of the period Number
2 Nov 2020	1 Nov 2023	A\$0.05	3,000,000	-	-	-	3,000,000	3,000,000
28 Jul 2021	27 Jul 2024	A\$0.05	5,000,000	-	-	-	5,000,000	5,000,000
21 Dec 2021	27 Oct 2025	A\$0.058	15,000,000	-	-	-	15,000,000	4,950,000
4 May 2022	6 Nov 2023	A\$0.03	18,209,695	-	-	-	18,209,695	18,209,695
6 May 2022	6 Nov 2023	A\$0.03	59,799,892	-	-	-	59,799,892	59,799,892
2 Jun 2022	6 Nov 2023	A\$0.03	13,547,147	-	(4,049)	-	13,543,098	13,543,098
20 Oct 2022*	8 Feb 2026	A\$0.016	-	8,741,471	-	-	8,741,471	8,741,471
24 Oct 2022	1 Apr 2025	A\$0.03	-	19,127,436	-	-	19,127,436	19,127,436
31 December 2022			114,556,734	27,868,907	(4,049)	-	142,421,592	132,371,592

*On 20 October 2022, the Company entered into an agreement with Mahe Capital Pty Ltd (Mahe Capital) to act as the lead manager in relation to the November 2022 rights issue (the Mandate). On 9 February 2023, the Company issued a total of 8,741,471 options to Mahe Capital and other advisers, pursuant to the Mandate, as part consideration for their services in relation to the rights issue.

13. (b) Share based payment – options (continued)
2022

Grant date	Expiry date	Exercise price	Balance at start of the period Number	Granted during the period Number	Exercised during the period Number	Expired during the period Number	Balance at end of the period Number	Exercisable at end of the period Number
Weighted remaining contractual life (years)			1.64				1.41	1.30
Weighted average exercise price			\$ 0.035				\$ 0.03	\$ 0.031

On 24 October 2022, the Company issued 19,127,436 options, each exercisable at \$0.03 on or before 1 April 2025, as part consideration for capital raising services. The fair value of these options of \$124,105 was recognised to share issue costs in the financial year ended 30 June 2022 (refer to Note 14).

On 1 November 2022, 4,049 options issued on 2 June 2022 with an exercise price of \$0.03 per option and expiry date of 6 November 2023 were exercised.

On 9 February 2023, the Company issued 8,741,471 options, each exercisable at \$0.016 on or before 8 February 2026, as part consideration to the lead managers to the rights issue which completed during the half year ended 31 December 2022. The fair value of these options of \$70,405 was recognised to share issue costs.

2021

Grant date	Expiry date	Exercise price	Balance at start of the period Number	Granted during the period Number	Exercised during the period Number	Expired during the period Number	Balance at end of the period Number	Exercisable at end of the period Number
21 Dec 2018	20 Dec 2021	A\$0.125	18,250,000	-	-	(18,250,000)	-	-
31 Jul 2019	20 Dec 2021	A\$0.125	10,750,000	-	-	(10,750,000)	-	-
2 Nov 2020	1 Nov 2023	A\$0.05	3,000,000	-	-	-	3,000,000	3,000,000
28 Jul 2021	27 Jul 2024	A\$0.05	-	5,000,000	-	-	5,000,000	5,000,000
21 Dec 2021	27 Oct 2025	A\$0.058	-	15,000,000	-	-	15,000,000	-
31 December 2021			32,000,000	20,000,000	-	(29,000,000)	23,000,000	8,000,000
Weighted remaining contractual life (years)			0.65				3.29	2.30
Weighted average exercise price			\$ 0.12				\$ 0.055	\$ 0.05

On 28 July 2021, the Company issued 5,000,000 options, each exercisable at \$0.05 on or before 27 July 2024, in lieu of cash remuneration to consultants. The fair value of these options of \$93,848 was recognised to Exploration & Evaluation Assets in the Consolidated Balance Sheet. Refer further to Note 14.

On 21 December 2021, the Company issued 15,000,000 options, each exercisable at \$0.058 on or before 27 October 2025, in lieu of cash remuneration to directors. Refer further to Note 14.

14. Issue of Options

On 24 October 2022, 19,127,436 options with a fair value of \$124,105 were issued as part consideration to the lead manager to the financings undertaken in the period April 2022 to June 2022. Accordingly, these costs were recognised at 30 June 2022. The options were fully vested at the time of issue. The fair value at grant date of these broker options was determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option. The model inputs for the broker options granted in October 2022, but recognised during the period ended 30 June 2022, were as follows:

- a) options were issued with an exercise price of \$0.03;
- b) expected life of options is 2.68 years;
- c) share price at grant date was \$0.013;
- d) expected volatility of 112%, based on the history of the Company's share prices for the expected life of the options;
- e) expected dividend yield of nil; and
- f) a risk-free interest rate of 2.87%

On 9 February 2023, 8,741,471 options with a fair value of \$70,405 were issued to the lead managers as part remuneration for their services in relation the November 2022 rights issue. The options were fully vested at the time of issue. Accordingly, the costs were recognised at 31 December 2022, even though the broker options had not yet been issued. The fair value of the broker options at grant date, was determined using the Black Scholes option pricing model. The fair value of the options was capitalised a share issue cost. The model inputs for the broker options granted in February 2023, but recognised during the period ended 31 December 2022, were as follows:

- a) options were issued with an exercise price of \$0.016;
- b) expected life of options is 3.0 years;
- c) share price at grant date was \$0.009;
- d) expected volatility of 200%, based on the history of the Company's share prices for the expected life of the options;
- e) expected dividend yield of nil; and
- f) a risk-free interest rate of 3.12%

Prior year issue of Options

On 28 July 2021, 5,000,000 options with a fair value of \$93,848 were issued to consultants as part consideration for their services in relation to scoping study for the Alaska Range Project. The fair value of the options was capitalised to exploration and evaluation assets. The fair value at grant date of these options was determined using the Black Scholes option pricing model and using the following model inputs:

- a) options were issued with an exercise price of \$0.05;
- b) expected life of options is 3 years;
- c) share price at grant date was \$0.033;
- d) expected volatility of 107%, based on the history of the Company's share prices for the expected life of the options;
- e) expected dividend yield of nil; and
- f) a risk-free interest rate of 0.16%

Options were fully vested at the time of issue.

On 21 December 2021, 15,000,000 options with a fair value of \$293,666 were issued to directors as part remuneration for their services. The fair value at grant date of the director options was determined using the Black Scholes and using the following model inputs:

- a) options were issued with an exercise price of \$0.058;
- b) expected life of options is 3.85 years;
- c) share price at grant date was \$0.033;
- d) expected volatility of 101%, based on the history of the Company's share prices for the expected life of the options;
- e) expected dividend yield of nil; and
- f) a risk-free interest rate of 1.18%

14. Issue of Options (continued)

The director options vest over a three year period based on continued service with the Company. During the period, the Group recognised \$87,772 as the vested portion and included the amount in share-based compensation in the consolidated statement of profit and loss and other comprehensive income.

15. Operating Segment

For management purposes, the Group is organised into one main operating segment, which involves mineral exploration, predominantly for copper and gold. All of the Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole. The Group operates in Australia and the USA. The following table shows the assets and liabilities of the Group by geographic region:

	Consolidated	
	31 December 2022 \$	30 June 2022 \$
Assets		
Australia	2,766,183	2,006,121
United States	37,800,257	35,632,165
Total Assets	<u>40,566,440</u>	<u>37,638,286</u>
Liabilities		
Australia	362,053	245,046
United States	27,331	62,978
Total Liabilities	<u>389,384</u>	<u>308,024</u>
	31 December 2022 \$	31 December 2021 \$
Operating Result		
Australia	(753,703)	(702,023)
United States	(39,224)	(40,012)
Total loss from operations	<u>(792,927)</u>	<u>(742,035)</u>

16. Expenditure commitments

Tenement expenditure commitments

Caribou Dome Property

On 17 November 2020, the Company announced it secured more favourable amendments to the terms of its option to acquire (i) 80% interest in the Caribou Dome copper deposit in Alaska, USA and (ii) a 90% interest in the adjacent Senator property (collectively “the **Caribou Dome Project**”). Upon execution of the amendments to the option agreement, the Company made a one-off cash payment to underlying vendors of US\$75,000.

Remaining commitments related to the Caribou Dome Property at reporting date but not recognised as liabilities are as follows:

- (i) maintaining the claims (licenses) at the property in good standing, including making annual claim rental payments and ensuring minimum expenditure commitments are met;
- (ii) Either meeting the following substantially reduced qualifying expenditure requirements or conducting a feasibility study to mine the Caribou Dome Project:

Due Date	Expenditure
12 months ending 1 September 2023	US\$400,000
2 September to Earn-in deadline*	US\$400,000

*Note: Earn-in deadline has been extended to 6 June 2024

For any period during which the Company does not complete US\$400,000 of qualifying expenditure until it has conducted a feasibility study, it shall pay to the underlying vendors a penalty in the amount of 25% of the expenditure shortfall. This payment will be in lieu of the expenditure shortfall. Excess qualifying expenditure in any period may be carried forward to future periods.

- (iii) making annual payments to the underlying vendors of the property in the amounts of:

Due Date	Payment
6 June 2023	US\$100,000
Earn-in deadline (currently 6 June 2024)	US\$1,260,000

and

- (iv) the issue to certain underlying vendors of \$12,500 worth of Shares before 1 June each year as long as the option remains in effect. For each Share payment instalment, the number of Shares to be issued will be based on the 10-day volume weighted average price of the Company's shares immediately prior to the date of each Share issue.
- (v) a 5% net smelter return royalty is payable in relation to the sale of ore from the property and the Company has the right to purchase the royalty for US\$1,000,000 for each 1.0%.

16. Expenditure commitments (continued)***Stellar Copper Gold Property***

Remaining commitments related to the Stellar Copper Gold Property at reporting date but not recognised as liabilities are as follows:

- (i) payment of USD \$1,000,000 cash to Millrock Resources Inc. (**Millrock**) if a JORC Indicated Resource of 1Moz contained Au or more is delineated;
- (ii) payment of USD \$2,000,000 cash to Millrock if a JORC Indicated Resource of 1Moz contained copper (or copper equivalent) metal is delineated;
- (iii) 45 claim blocks covering the Zackly, Moonwalk, Mars and Gemini prospects, are subject to a royalty payable to Altius Minerals, being:
 - a. 2% gross value royalty on all uranium produced
 - b. 2% net smelter return royalty on gold, silver, platinum, palladium and rhodium
 - c. 1% net smelter return royalty on all other metals;
- (iv) All Stellar claim blocks are subject to a royalty payable to Millrock, being:
 - a. 1% gross value royalty on all uranium produced; and
 - b. 1% net smelter royalty on all other metals;

and

- (v) making advance royalty payments (payments are deductible from future royalty payments) to Millrock in the amounts of:

Due Date	Payment
31 March 2023*	US\$40,000
31 March 2024*	US\$45,000
31 March 2025*	US\$50,000
31 March 2026*	US\$55,000
31 March 2027,* and 31 March of each year thereafter occurring prior to the fifth anniversary of the commencement of Commercial Production	US\$60,000

* Such payments will not be payable if the fifth anniversary of the commencement of Commercial Production has occurred before such date.

16. Expenditure commitments (continued)***Tenement expenditure commitments – Humboldt Range Property***

Remaining commitments related to the Humboldt Range Property at reporting date but not recognized as liabilities include the following:

- (i) making payments on the first and second anniversary of the execution date of:

Due Date	Payment
8 January 2023 (completed)	US\$70,000

- (ii) monthly payments of US\$10,000, commencing September 2022, as advance against production royalties; and
- (iii) a royalty on gold production of 2.5% NSR (3.75% NSR if grade > 15.6g/t Au).

17. Contingent Liabilities

The Company has a contingent liability arising from the termination of a drilling contract in Paraguay in 2008, subsequent to which Arbitration proceedings were commenced by the drilling contractor.

In August 2016, the Company received notice of the Arbitration Tribunal's determination. Based on its review of the Tribunal's judgement and advice from its Paraguayan legal counsel, the Company assessed the quantum of damages that may be payable by it to be approximately US\$40,000 plus interest. Subsequently on 7 March 2018, the Company received notice that the plaintiff was seeking a Paraguayan judicial order for the enforcement of an arbitration award against the Company in the amount of US\$123,853.

Subject to receiving a Paraguayan court order for execution of the Tribunal's judgement, the Company intends to defend any attempt to enforce the order in Australia. As at the date of this report the Company has not received notice of a court order having been issued for the execution of the Tribunal's judgement. No provision for a liability was recognised as at 31 December 2022.

Refer also to Notes 16 for the contingent payments and royalties applicable to the Caribou Dome, Stellar and Humboldt Range properties.

18. Agreements over the Uncle Sam Gold Project

In July 2015, the Company entered into a mineral lease and purchase agreement (Option Agreement) with Great American Minerals Exploration Inc. (**GAME**), pursuant to which GAME agreed to lease the Uncle Sam Project for 10 years with an option to purchase the property outright at any time during the lease period. Subject to exercise of the purchase option, GAME would assume liability for all royalty obligations on the project.

During the 2018 financial year, the Company received notice from the Department of Natural Resources (State of Alaska) that the mineral claims which comprise the Uncle Sam Gold Project had been declared abandoned (**DNR Notice**). The basis for the decision was an error on the affidavit of labour filed by the previous tenement owner in 2011. As a result, GAME has sought to terminate the Option Agreement.

Following a review of its options in relation to this matter, PolarX and its US subsidiary which previously held an interest in the Uncle Sam project, have entered into an agreement with the underlying royalty holder, International Royalty Corporation (**IRC**), pursuant to which:

- (i) the Group have assigned to IRC its rights, titles and interest (if any) in the Uncle Sam Project (including its rights as against GAME);

- (ii) IRC have granted the Group a full release from any causes of action, claims or damages that IRC could assert against PolarX or its US subsidiary; and
- (iii) IRC has the right to convey the claims back to PolarX's US subsidiary, if it is successful in any court action to recover the mineral claims from GAME.

The Company also notes that the Uncle Sam Project:

- (i) is considered a non-core asset and has a \$nil carrying value in the Company's financial statements; and
- (ii) is independent of the Company's other projects in the USA.

19. Subsequent events

On 9 February 2023, the Company issued 8,741,471 options, each exercisable at \$0.016 on or before 8 February 2026, as part consideration to the lead managers to the rights issue which was undertaken in HY2023 (refer to Note 14).

No other significant events have occurred subsequent to the end of the half-year, but prior to the date of this report, that would have a material impact on the consolidated financial statements.

DIRECTORS' DECLARATION

The directors of PolarX Limited declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the condensed consolidated financial statements and notes, are in accordance with the Corporations Act 2001, comply with Accounting Standard 134: Interim Financial Reporting and give a true and fair view of the financial position as at 31 December 2022 and the performance of the Group for the half-year ended on that date.

Signed in accordance with a resolution of the directors made pursuant to S. 303(5) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in blue ink, appearing to read "Mark Bojanjac".

Mark Bojanjac
Executive Chairman
13 March 2023



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13 March 2023

Board of Directors
PolarX Limited
Unit 25, 22 Railway Road
Subiaco WA 6008

Dear Sirs

RE: POLARX LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of PolarX Limited.

As Audit Director for the review of the financial statements of PolarX Limited 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.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Samir Tirodkar
Director



**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
POLARX LIMITED**

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of PolarX Limited (the "Company") and its controlled entities (the "Group"), 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, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of PolarX Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group'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 the *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 Group 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* has been given to the directors of the Company on 13 March 2023.

Emphasis of Matter – Carrying Amount of the Deferred Exploration and Evaluation Assets

We draw attention to Note 7 to the half-year financial report which shows the carrying amount of deferred exploration and evaluation expenditure held as non-current assets as at 31 December 2022 amounted to \$37,312,872. The recoverability of the carrying amount of the Group's deferred exploration and evaluation expenditure is dependent upon the successful commercial exploitation of the assets and/or sale of the assets to generate sufficient funds to at least that of their carrying value.

In the event that the Group is not successful in the commercial exploitation and/or sale of the assets, the realisable value of the Group's deferred exploration and evaluation expenditure may be significantly less than its current carrying amount.

Our conclusion is not modified in respect of this matter.

Material Uncertainty Relating to Going Concern

As referred to in Note 2 to the consolidated financial statements, the consolidated financial statements have been prepared on a going concern basis. For the half-year ended 31 December 2022, the Group incurred a loss after income tax of \$792,927 and the cash outflows from operating activities amounted to \$709,553. As at 31 December 2022, the Group had cash and cash equivalents of \$2,551,965.

The ability of the Group to continue as a going concern and meet its planned exploration, administration and other commitments is dependent upon the Group raising further working capital and/or successfully exploiting its mineral assets. In the event that the Group is not successful in raising further equity or in exploiting its mineral assets, the Group may not be able to meet its liabilities as and when they fall due and the realisable value of the Group's current and non-current assets may be significantly less than the book values.

Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

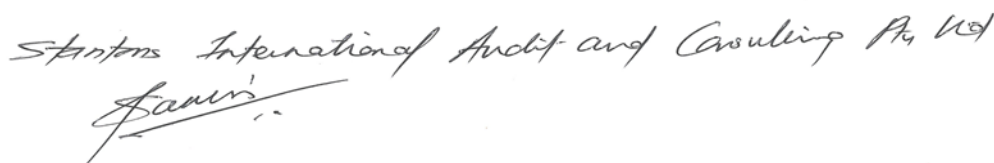
The directors of PolarX Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and 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. ASRE 2410 requires us to conclude whether 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 Group'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.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)



Samir Tirodkar
Director

West Perth, Western Australia
13 March 2023