



## **PolarX Limited**

ABN 76 161 615 783

Financial Report  
for the half-year ended 31 December 2019

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**CORPORATE DIRECTORY**

**Directors**

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

**Company Secretary**

Mr. Ian Cunningham

**Registered Office**

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Australia  
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Telephone: (+61 8) 6465 5500  
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**Share Register**

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Australia  
Telephone: 1300 787 272  
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Facsimile: (61 8) 9323 2033

**Stock Exchange Listing**

Australian Securities Exchange  
ASX Code: PXX

**Auditors**

Stantons International Audit and Consulting Pty Ltd  
Level 2, 1 Walker Avenue  
West Perth WA 6005  
Australia

# PolarX Limited

The Directors present their report for PolarX Limited (**PolarX** or the **Company**) and its subsidiaries (“the Group”) for the half-year ended 31 December 2019.

## 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
Frazer Tabcart	Managing Director
Jason Berton	Executive 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 Limited for the half-year ended 31 December 2019 was \$1,012,937 (2018: \$817,978) and \$1,047,703 (2018: total comprehensive income of \$19,171), respectively.

## REVIEW OF OPERATIONS

### ALASKA RANGE PROJECT, USA

During the half year ended 31 December 2019 (HY2020), the Company's focus has been on the exploration and development of its Alaska Range Project which contains the Caribou Dome Project and the Stellar Project. Collectively these form a contiguous package covering 262km<sup>2</sup> with ~35km strike length containing extensive copper- and gold-in-soil anomalism along the entire length. With JORC resources at Caribou Dome and Zackly (Figure 1 and Table 1), they form a high-grade copper and copper-gold portfolio with demonstrated endowment and clear upside potential for resource extensions and larger porphyry copper-gold discoveries.

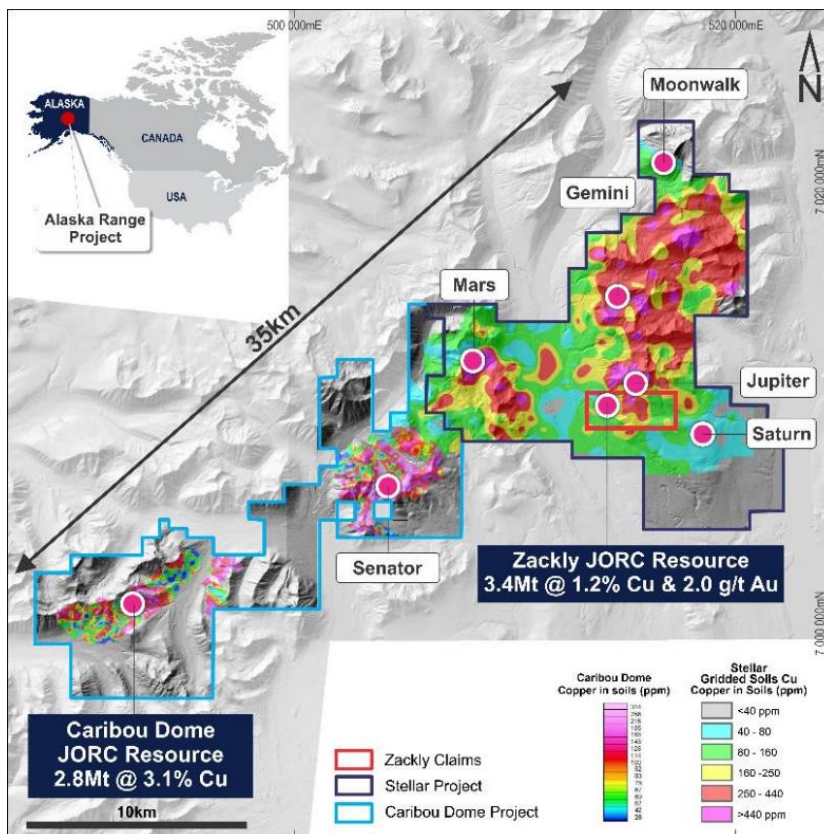


Figure 1 Map showing the Saturn and Mars targets with respect to copper in soil anomalism in the Stellar Project claims

Table 1. Alaska Range Project Resource Estimates (JORC 2012), 0.5% Cu cut-off grade

	Category	Million Tonnes	Cu %	Au g/t	Ag g/t	Contained Cu (t)	Contained Cu (M lb)	Contained Au (oz)	Contained Ag (oz)
ZACKLY	Inferred	3.4	1.2	2.0	14.0	41,200	91	213,000	1,500,000
CARIBOU	Inferred	1.6	3.2	-	-	52,300	115	-	-
DOME	Indicated	0.6	2.2	-	-	13,000	29	-	-
	Measured	0.6	3.6	-	-	20,500	45	-	-
	<b>TOTAL</b>					<b>127,000</b>	<b>280</b>	<b>213,000</b>	<b>1,500,000</b>

Exploration Program

The HY2020 exploration program commenced in July 2019, comprising:

- 417m diamond drill hole at the Mars porphyry target
- IP program and data interpretation at the Saturn porphyry target to define drill targets
- 2,642m core drilling program to test the Saturn porphyry target
- Gravity survey over the Saturn porphyry target
- Trenching, mapping and sampling program at Zackly

The main focus was the preliminary program of core drilling to evaluate the Saturn and Mars porphyry targets, which was undertaken in August and September 2019 (Table 2) and reported to the ASX on 1 October 2019, 21 October 2019 and 19 November 2019.

The Mars and Saturn porphyry targets occur in the Stellar Project (Figure 1). Mars occurs at the western end of a 12km-long mineralised corridor, which also hosts the high-grade Zackly Cu-Au skarn (Figure 2) and, at the eastern end, the Saturn porphyry target.

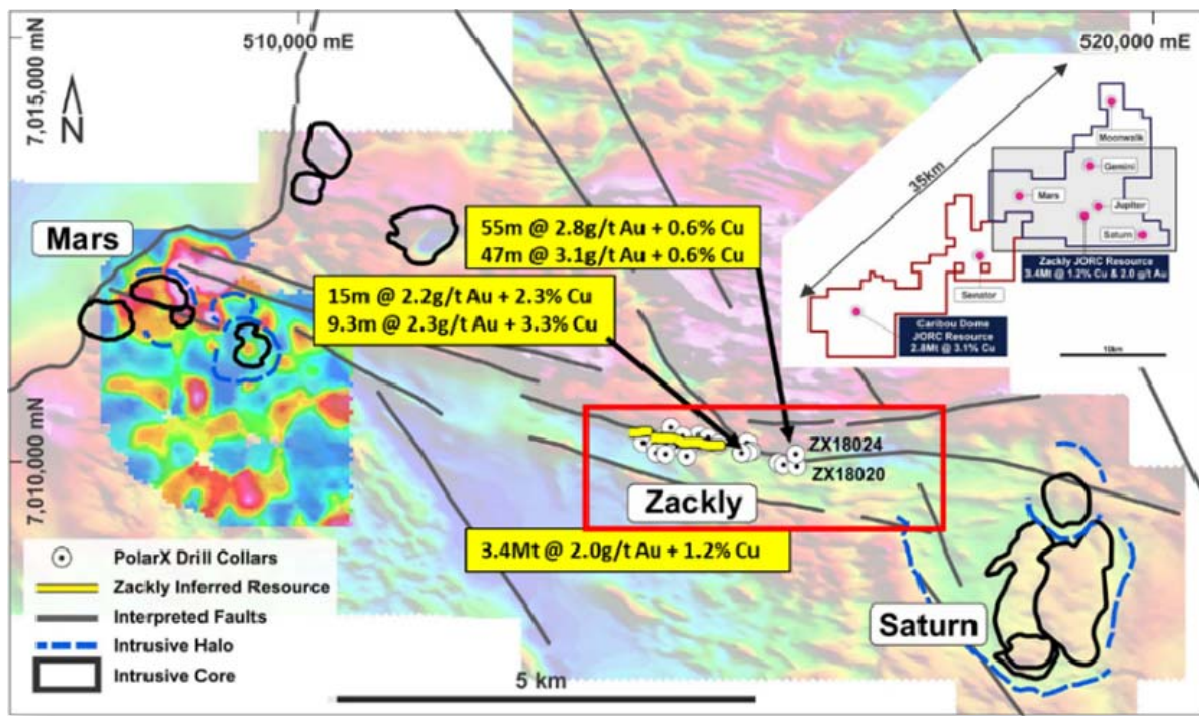


Figure 2. The Mars-Saturn corridor showing the location of the Zackly deposit and the Zackly claims which were excluded from the former strategic partnership (red outline).

Table 2. Drill Collar Locations (reported in NAD83\_UTM6N coordinates)

Hole ID	Easting	Northing	Elevation	Azimuth	Dip	Depth (m)
19SAT001	518460	7008368	1325	90	-60	556.1
19SAT002	518124	7008368	1307	90	-60	423.2
19SAT003	519059	7008954	1315	180	-75	598.8
19SAT004	518599	7008769	1328	90	-75	666.9
19SAT005	517689	7008370	1311	0	-90	379.2
19MAR001	508716	7011969	1219	0	-60	417.0
<b>TOTAL</b>						<b>3,041.2</b>

### MARS ASSAYS CONFIRM CU AND AU IN PORPHYRY B- and C-VEINS

The Mars target comprises an aeromagnetic anomaly with an associated Cu-Au-Mo-As soil anomaly which extends over an area covering 1,500m x 800m. These anomalies are co-incident with a chargeability high defined in a previous Induced Polarisation (IP) survey (Figure 3 and refer ASX release dated 19 November 2018). A single angled drill hole to a final down-hole depth of 417m has been drilled into the Mars target by PolarX (Figures 3 and 4, Tables 2 and 3).

Key observations to date are:

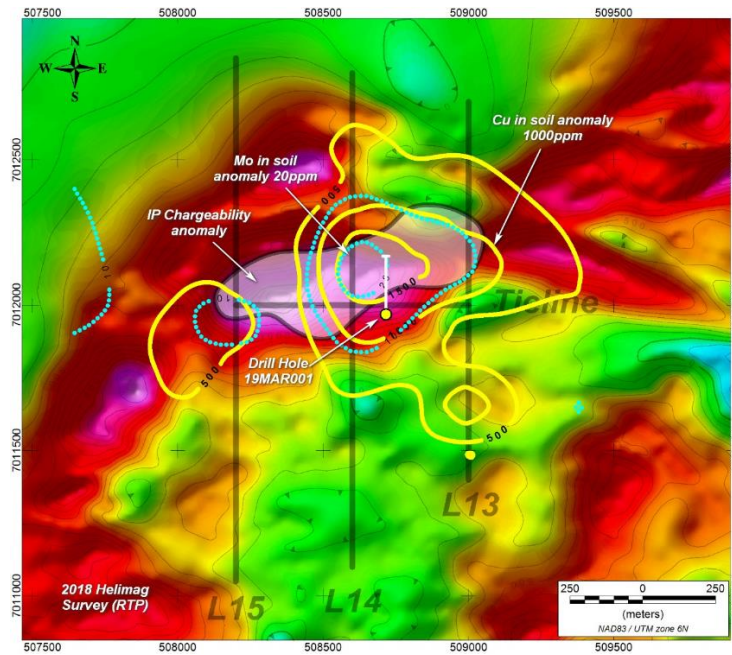
- Mineralised porphyry-style veins occur from within 6m of the surface to the end of the hole at 417m down-hole depth.
- Six phases of veining have been identified, four of which contain copper mineralisation and two of these also contain molybdenum.
- The mineralisation intensity increases with down-hole depth, but quite noticeably increases from 321m to the end of the hole (417m).
- The veins cross-cut strongly magnetic andesitic lavas and dioritic to gabbroic intrusions which are strongly altered to chlorite, epidote and carbonate, locally with more intense sericite-carbonate-silica alteration.
- Alteration minerals show an abrupt change from chlorite-dominated to gypsum-dominated across a fault zone which marks the start of the strongly mineralised lower part of the hole (Figure 4). This indicates that the more intense mineralisation is associated with strongly oxidised fluids which precipitated anhydrite (subsequently hydrated to gypsum).
- The lack of felsic intrusive rocks in the mineralised intersections suggest this is not in the hottest core of the system where the highest grades are often located. **Further drilling is required to determine the extent of the mineralisation and to find the location of the potentially higher-grade core of the system.**

Table 3. Mineralised intersections in drill hole 19MAR001:

From (m)	To (m)	Down-hole Interval (m)*	Cu %	Au g/t	Mo ppm
175.96	177.96	2.0	0.24%	0.05	11
263.86	265.86	2.0	0.24	0.15	57
<b>308.02</b>	<b>410.09</b>	<b>102.07</b>	<b>0.22%</b>	<b>0.07</b>	<b>20</b>
incl 322.02	329.02	<b>7.00</b>	<b>0.32%</b>	<b>0.10</b>	6
and 347.86	384.09	36.23	0.26%	0.08	43
incl 355.85	384.09	<b>28.24</b>	<b>0.28%</b>	<b>0.09</b>	52
and 365.91	384.09	18.18	0.30%	0.09	24

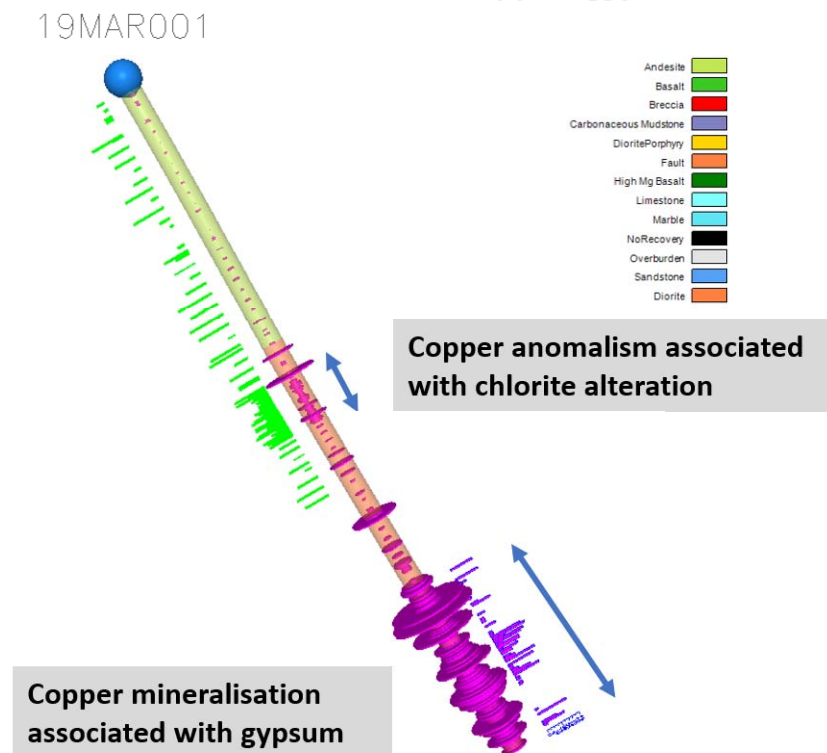
\* Thickness of mineralisation reported is down-hole thickness.  
There is insufficient interpretation of the mineralisation to confidently report "true widths".





**Figure 3.** Aeromagnetic image showing the magnetic anomaly at Mars, the outline of the core of the IP chargeability anomaly and contours of copper (500ppm, 1,000ppm and 1,500ppm) and molybdenum (10ppm, 20 ppm) anomalism in soil sampling. The location of drill hole 19MAR001 is also depicted.

### 3-D drill hole visualisation of copper, gypsum

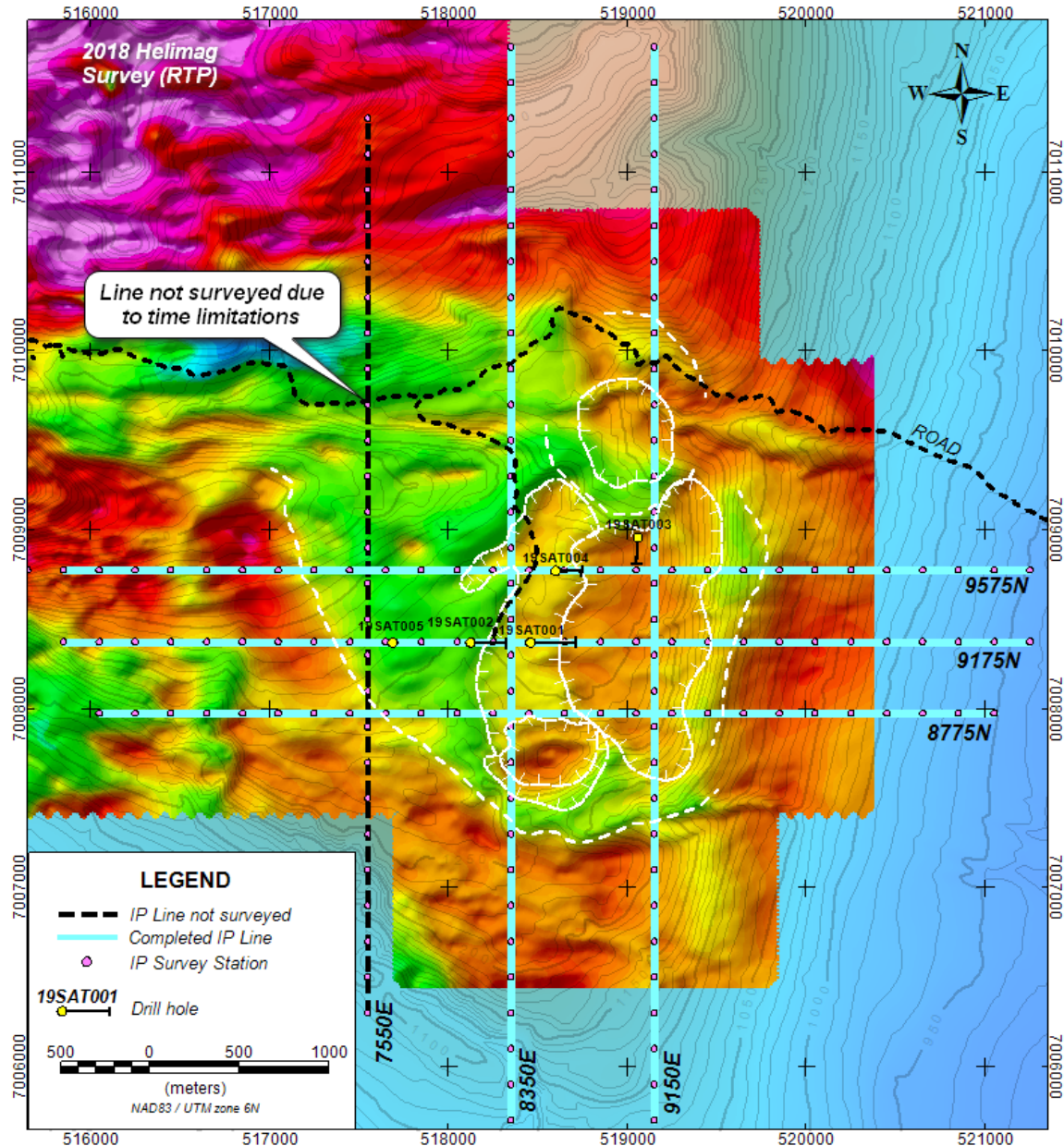


**Figure 4.** Down hole visualisation of copper assays (magenta discs), chlorite alteration (green histogram) and gypsum alteration (magenta histogram).

**IP Survey Over The Saturn Porphyry Target**

The Saturn target comprises a blind magnetic anomaly which is buried under transported cover. The target area lies approximately 3km to the ESE of the high-grade Cu-Au skarn mineralisation at Zackly with a number of exploration vectors such as grade, thickness and intensity of alteration increasing from west to east at Zackly, heading towards the magnetic anomaly at Saturn.

A program of induced polarisation ground geophysics (**IP survey**) was undertaken in July 2019 to collect data along several profiles (Figures 5, 6 and 7). Collection of data occurred along 2 N-S lines and 3 x W-E lines for a total length of 28.6 line km. The survey identified areas of anomalous chargeability on all sections.



**Figure 5** Plan view of IP survey lines and projections of chargeability highs delineated at the Saturn target. The collar positions of the follow up diamond drill holes are also shown.



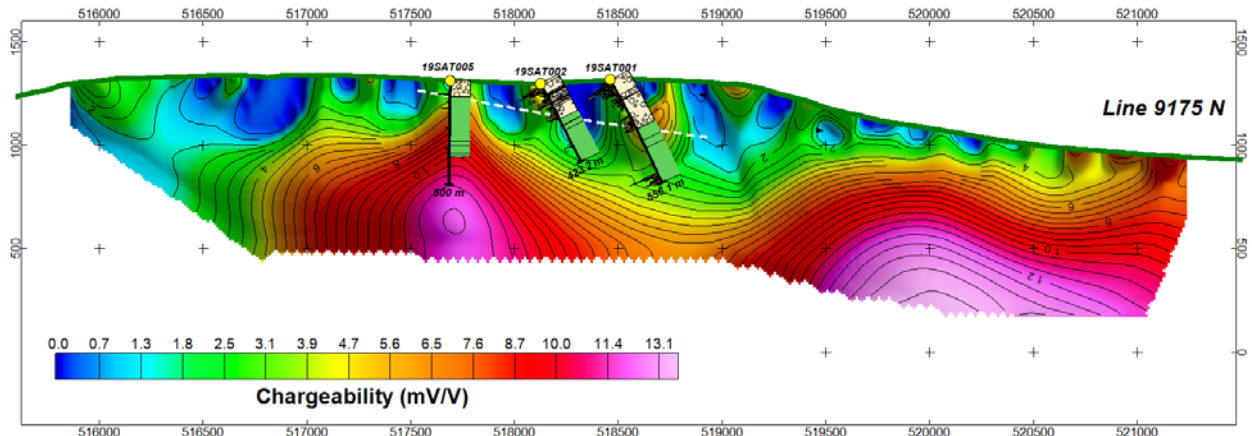


Figure 6 IP Line 9175N Inversion model showing chargeability response

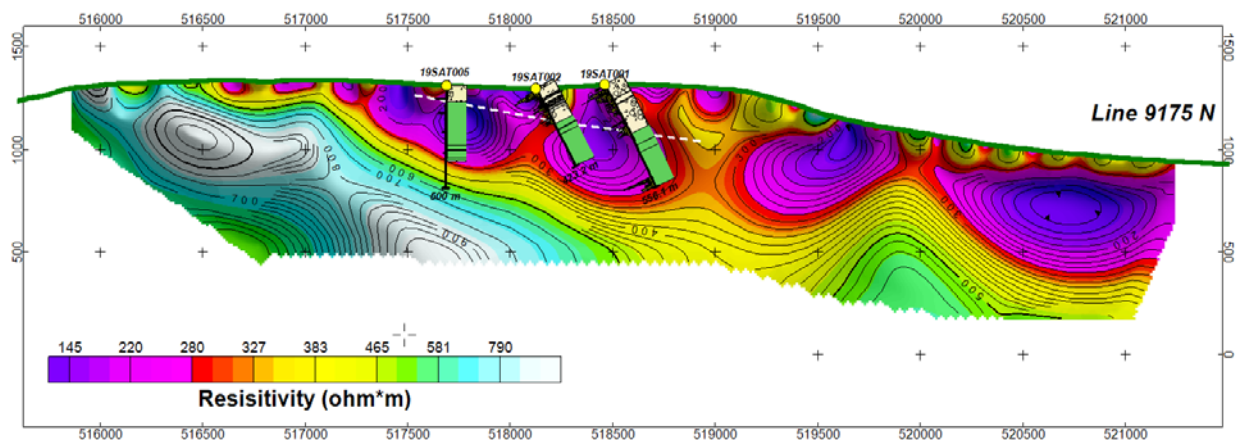


Figure 7 IP Line 9175N Inversion model showing resistivity response. Warm colours indicative more conductive material.

### Drilling at Saturn Porphyry Cu-Au Target

Following completion of the IP survey in July 2019, five deep core holes were drilled into Saturn targeting different combinations of IP and magnetic anomalies, for a total of 2,624m (Figures 8, 9 and 10 and Table 2).

Key observations were as follows:

- The Saturn target is covered by a thick layer of post mineral unconsolidated gravels which range from 76.5m vertical thickness in drill hole 19SAT005 to approximately 225m in 19SAT001. This considerably slowed drilling progress.
- Holes 19SAT001 and 19SAT002 were targeting deep IP responses but were terminated due to decreasing rank of alteration down-hole, along with slow drilling caused by swelling clays in the upper parts of the hole which jammed the rod string on numerous occasions.
- These two holes intersected zones of intense clay alteration immediately below the gravels, with down hole thickness of clay of approximately 35m in 19SAT002 and 100m in 19SAT001. Spectral analysis of the clays indicates the presence of kaolinite and smectites (interpreted to represent low-temperature hydrothermal argillic alteration, Figure 11) locally overprinting structural zones with relict sericite and chlorite alteration in altered volcanic rocks (initially interpreted as relict zones of phyllic alteration).
- Both holes then passed into non-magnetic epidote-chlorite-carbonate altered andesites (interpreted as propylitic alteration).
- Hole 19SAT005 targeted a non-magnetic chargeability high to the west of holes 19SAT001 and 19SAT002 and intersected propylitically altered andesites below the cover sequence.
- **Interpretation of this cross section suggests a possible deep porphyry source below and to the south and/or east of the current drilling.**
- Local zones with moderate to intense pyrite veinlets with chlorite-sericite-carbonate haloes occur at depth (e.g. Figure 12). These may represent distal narrow zones of phyllic alteration from a deeper porphyry source.

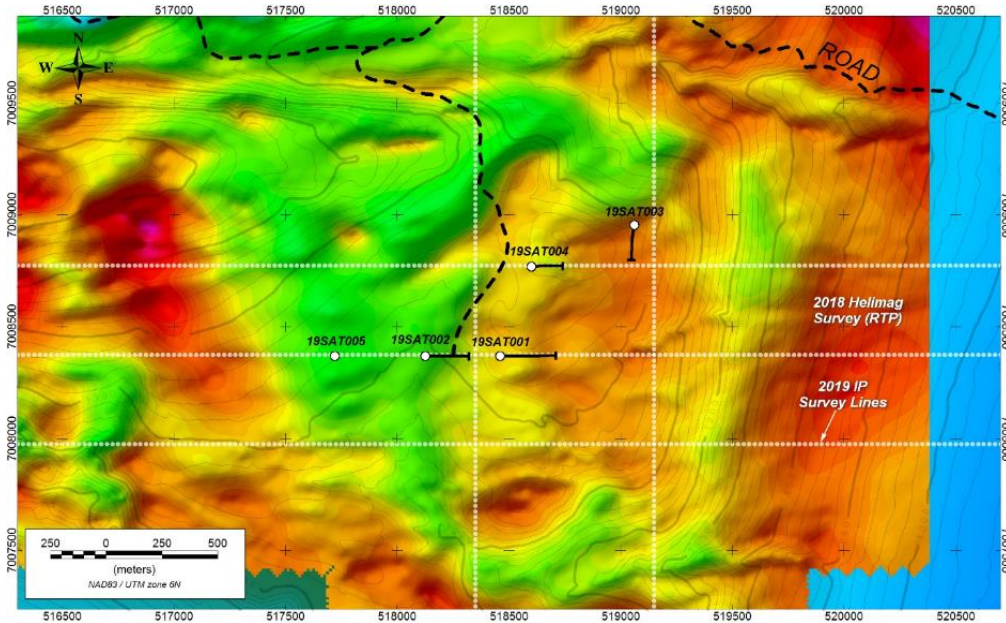


Figure 8 Drill plan for the Saturn target showing the locations of IP lines, drill collars and the aeromagnetic data

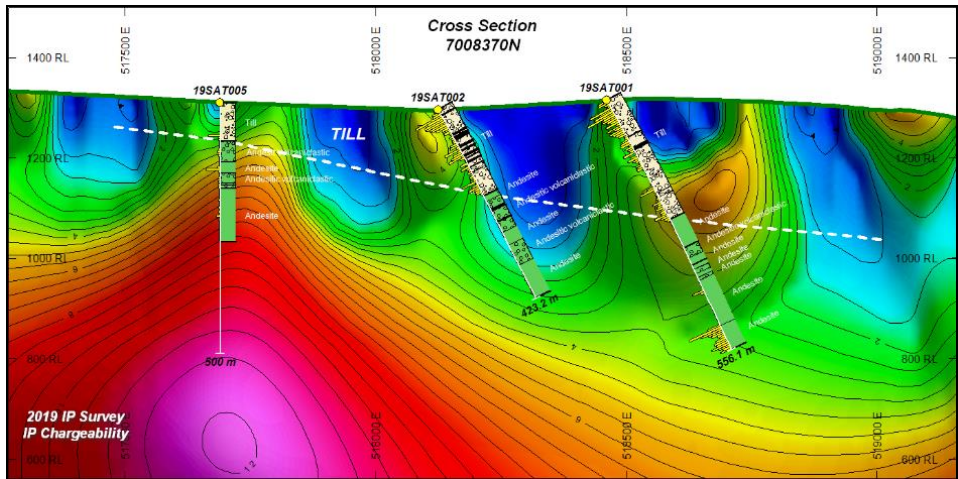


Figure 9 Drill cross section showing holes 19SAT001, 19SAT002 and 19SAT005 (in progress) plotted on inverted IP chargeability (mv/V).

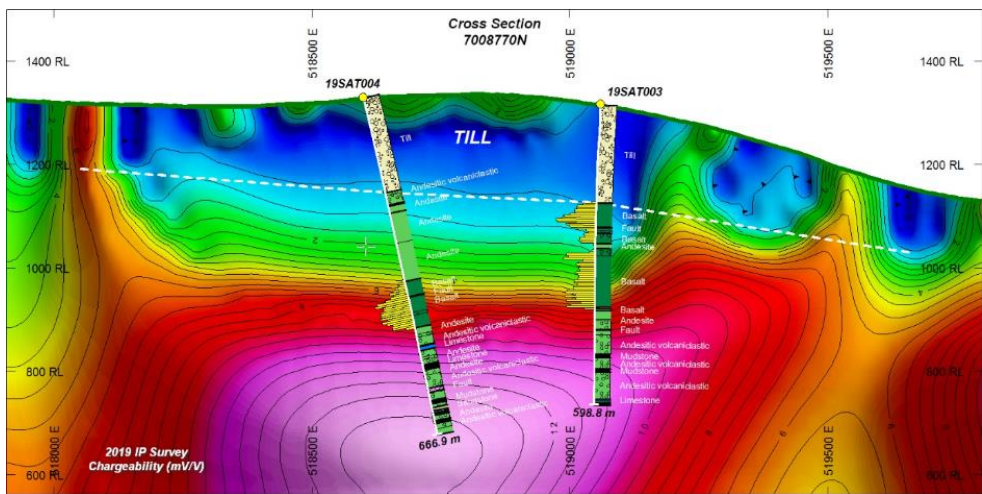


Figure 10 Drill cross section showing holes 19SAT003 and 19SAT004 plotted on inverted IP chargeability (mv/V).





Figure 11 19SAT001 at 332m depth. Argillic alteration overprinting brecciated andesite.



Figure 12 19SAT004 at 540m depth. Quartz-sericite-pyrite veining and alteration overprinting andesitic volcanic rocks.

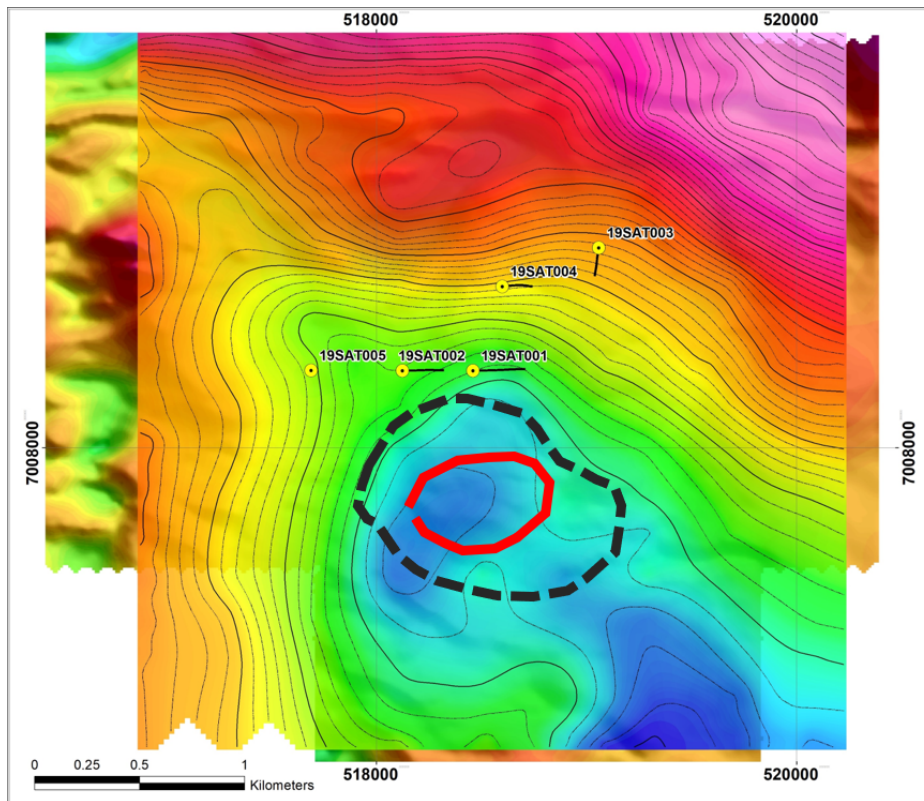
### Saturn Gravity Survey

A ground gravity survey over the Saturn prospect, which was completed in late-September 2019, collected data on a 400m (E-W) by 200m (N-S) grid over an area of approximately 10km<sup>2</sup>. More detailed data at 100m spacings was collected along the line of drilling which contained drill holes 19SAT001, 19SAT002 and 19SAT003.

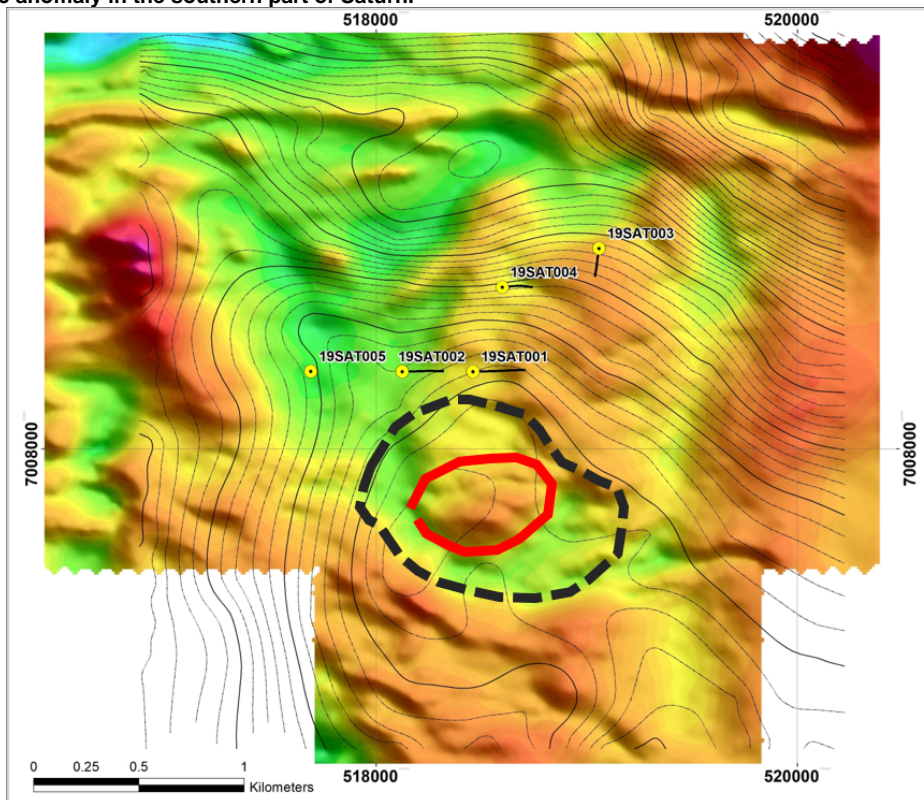
Preliminary imaging of the bouguer gravity data using a general specific gravity of 2.77 highlights a significant gravity low to the immediate south of the drilling (Figure 13). This low coincides with a prominent magnetic high within the broader Saturn target (Figure 14).

Evaluation of the alteration zoning in the Saturn drilling highlights that the most intense alteration occurs in holes 19SAT001 and 19SAT002 where 30-100m of intense clay (argillic) alteration overlies propylitic alteration containing epidote, chlorite and carbonates.

The data are consistent with an intrusive centre where the gravity low is associated with a magnetic high, and where the alteration in 19SAT001 and 19SAT002 is consistent with the northern edge of a porphyry system. Further drilling is required to validate this target.



**Figure 13.** Saturn Bouguer Gravity image (SG 2.77) showing drill hole collars and traces and the outline of a prominent magnetic anomaly in the southern part of Saturn.



**Figure 14.** Saturn Bouguer Gravity contours (SG 2.77) plotted on an image of RTP magnetic data, showing drill hole collars and traces and the outline of a prominent magnetic anomaly in the southern part of Saturn



Mapping and Trenching Program at Zackly Deposit

Trenching, mapping and sampling undertaken at the Zackly Deposit, during the HY2020 field season, identified potential for ~600m of mineralised strike length at the Zackly East skarn.

The work was undertaken as a result of diamond drill holes ZX-18020 and ZX-18024 which discovered a new mineralised skarn (Zackly East Skarn) in 2018 which dips gently to the north and is mineralised over much thicker zones than the previously known subvertical dipping Main Skarn (Figures 15 and 16).

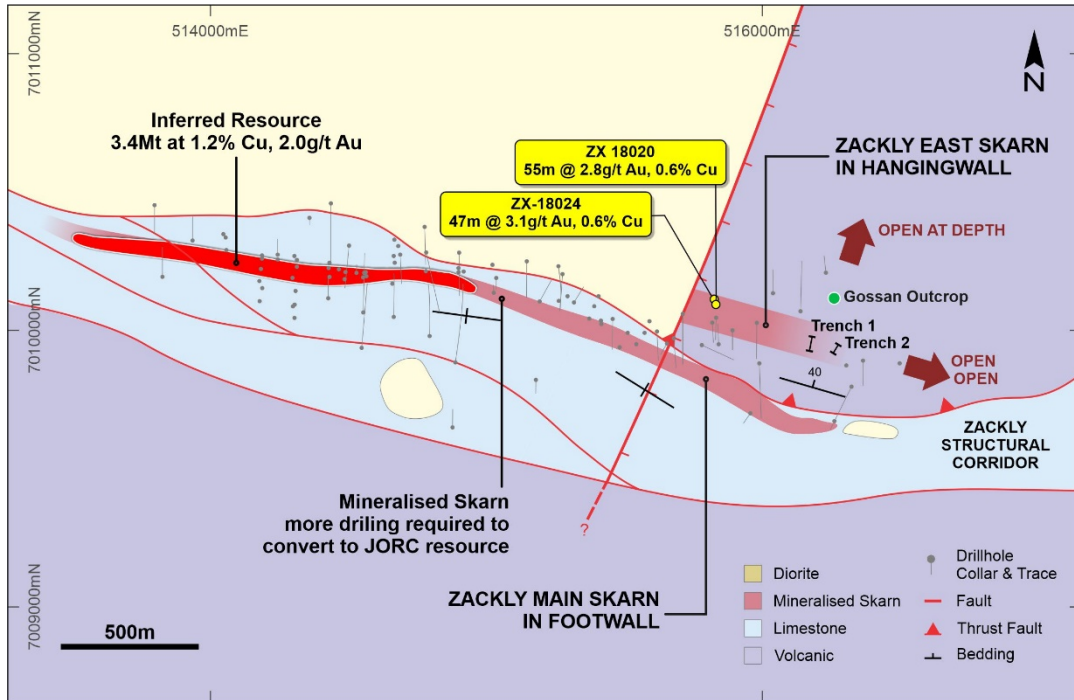


Figure 15 Geological map showing Zackly East Skarn in the hanging wall above a thrust plane, and the Main Skarn in the footwall. The East Skarn remains open down- dip to the north and along strike to the east and west (up to the normal fault).

The Zackly East Skarn host unit (originally a limestone) was emplaced via thrust faulting and sits in the hanging wall (above the thrust fault). The Main Skarn lies below the thrust fault in the footwall (see Figure 16). The deformation and thrusting pre-dates mineralisation. Both skarns were formed when mineralised fluids derived from a deeper porphyry source travelled up the fault system and reacted with the limestones to form copper, gold and silver mineralised skarns.



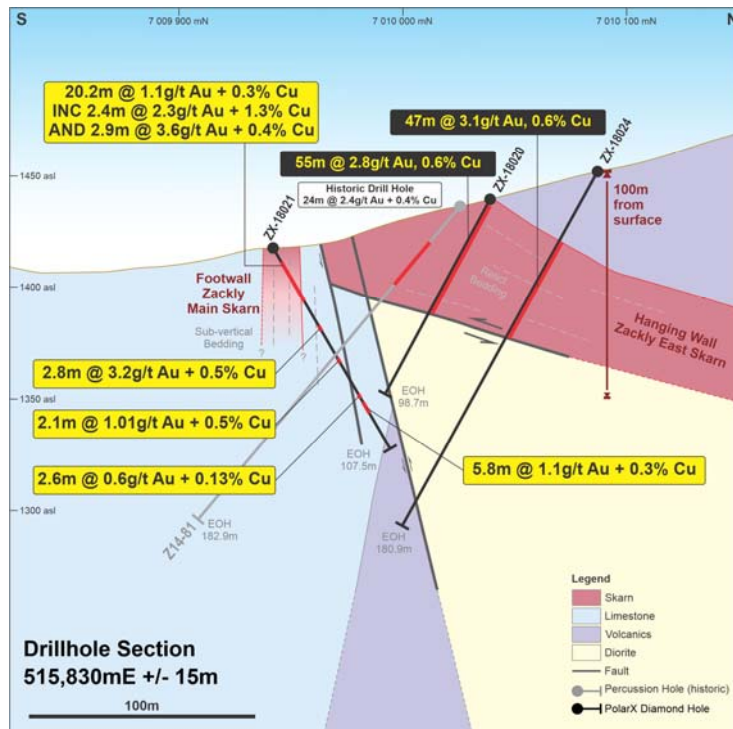
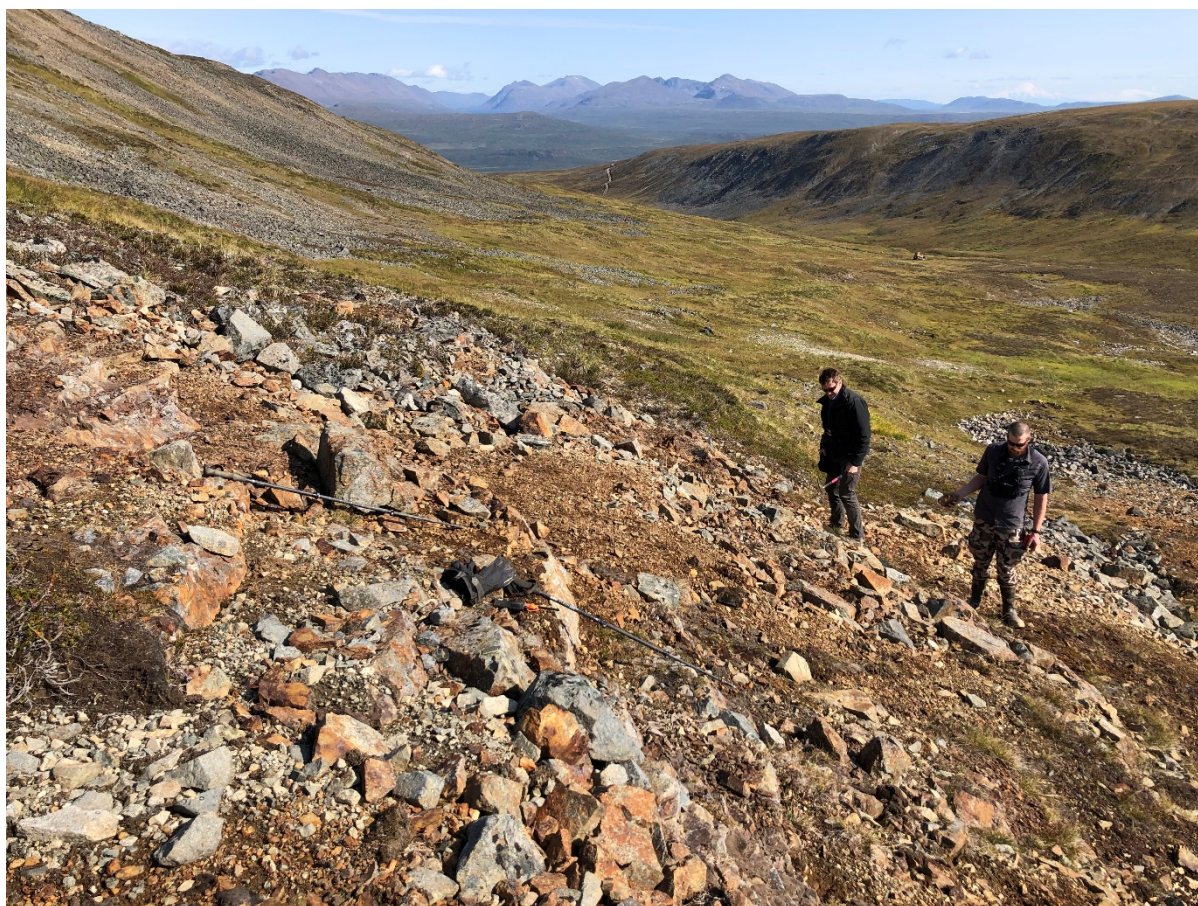


Figure 16 Cross-section showing assay results at Zackly East highlighting thick, near-surface, low angle mineralisation with potential for open pit extraction

### Trenching and Geological Mapping Program

In 2019, PolarX geologists undertook field mapping (Figure 17) and trenching to identify the possible extensions to the Zackly East Skarn. An excavator was used to cut two trenches (**Trench 1** -19ZE\_TR01, 50m long, azimuth 180° and **Trench 2** -19ZE\_TR02, 25m long, azimuth 226°) approximately 450 m east of the 2018 drill holes ZX-18020 (55m @ 2.8g/t Au and 0.6% Cu) and ZX-18024 (47m @ 3.1g/t Au and 0.6% Cu). The objective of the trenches was to identify rock types, structures (such as bedding and faults), alteration, veining and mineralisation to help plan follow up drill holes at Zackly East.



**Figure 17 – PolarX geologists at Zackly East inspecting bedding and copper mineralisation outcropping in a gossan (view East along the Zackly structural corridor, 516130E/7010110N)**

Both trenches intersected andesitic volcanic rocks where the beds strike east-southeast and dip moderately to the north-northeast ( $40^\circ$ ). All andesites displayed strong siliceous alteration and disseminated pyrite, chalcopyrite and pyrrhotite.

PolarX geologists interpret that the north dipping andesites occur in the thrust hanging wall and stratigraphically overlie the mineralised Zackly East Skarn in the same manner as observed in drill hole ZX-18020 and ZX-18024 (see Figure 16).

Rock type, bedding direction, mineralisation, veining and fault controls on mineralisation are all consistent across trenches 1 and 2. Copper mineralisation is observed to be related to moderately to steeply dipping NW-SE trending faults that cut across the andesite rocks and clearly post-dating the thrust emplacement. Figure 18 shows strong surface copper mineralisation discovered in rock-chip samples collected along the trenches. Strong copper assay results were obtained from both Trenches. Trench 1 contained two mineralised zones with 16m @ 509 ppm Cu and 20m @ 566 ppm Cu. Trench 2 had one strongly mineralised zone with 14m @ 1265 ppm Cu. These are considered significant assays for trenches that are situated in the overlying volcanic rocks i.e. above the underlying limestone/skarn target.



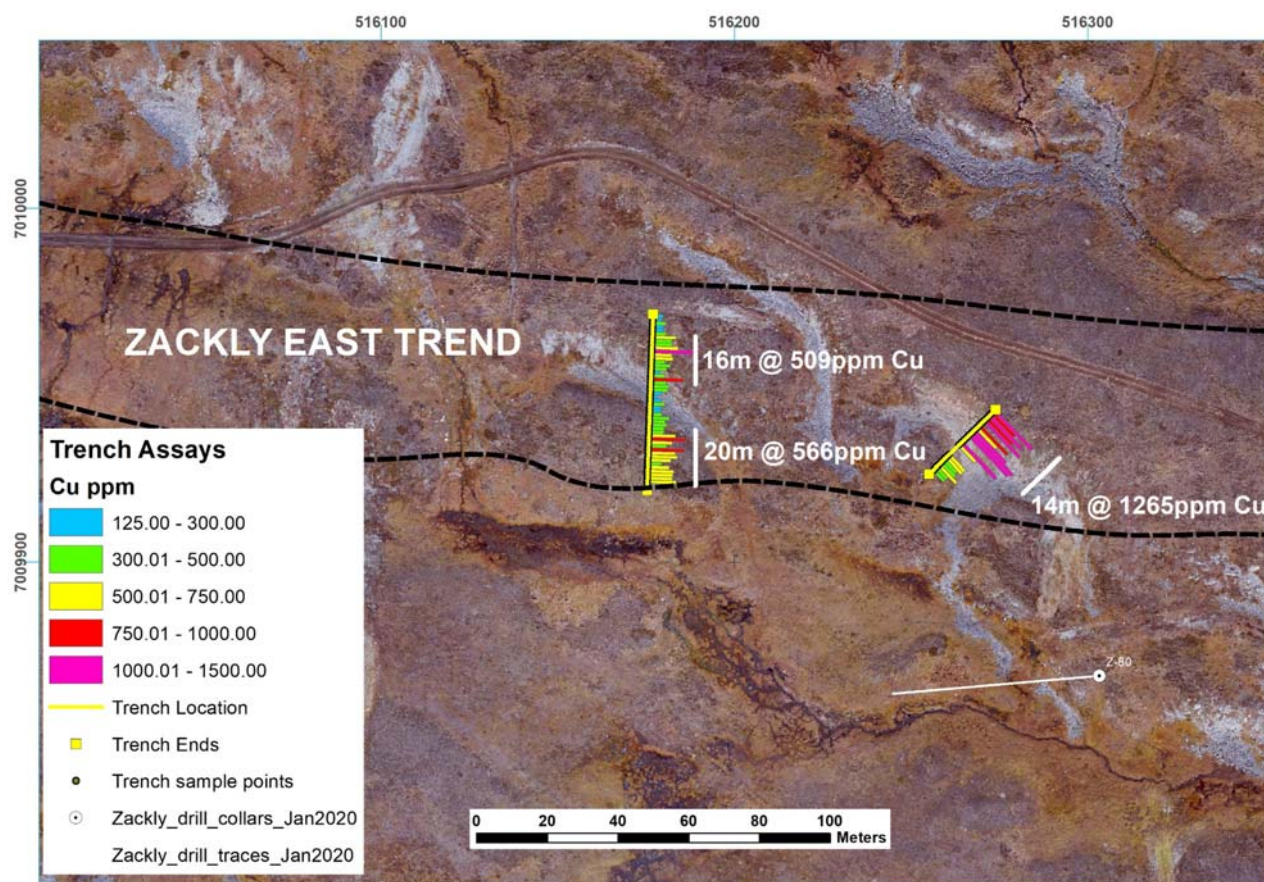


Figure 18 – Copper assay results in Trench 1 and Trench 2 overlain on high-resolution drone photography.

In addition to the above activities, further environmental baseline studies were undertaken during the period to monitor surface and ground water at the Zackly Deposit for future mine permitting purposes.

### Caribou Dome Deposit

Further environmental baseline studies were undertaken during the period to monitor surface and ground water at the Caribou Dome Project for future mine permitting purposes.

### Corporate

On 4 July 2019, the Company completed a non-renounceable rights issue, which raised gross proceeds of ~A\$3.46M pursuant to the issue of 43,203,922 Shares at an issue price of \$0.08 per Share.

In January 2020, the Company announced that it had been informed by Lundin Mining Corporation (**Lundin Mining**) that its right to commence an earn-in program on the Stellar claims (refer Figure 1) would expire unexercised. Lundin Mining remains as PolarX's largest shareholder with a ~12.8% interest in the Company. The Company now intends to pursue the porphyry targets at Mars and Saturn with funding to be provided via an earn-in joint venture arrangement. Discussions have commenced with multiple interested parties. The Company will continue to fund its own resource expansion drilling at Zackly and Zackly East.

As of 31 December 2019, the Company had on issue 416,222,115 ordinary shares and 33,800,000 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 36 of this report. There were no non-audit services provided by the Company's auditor for the half-year ended 31 December 2019.

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



**Mark Bojanjac**  
Executive Chairman  
13 March 2020

## ADDITIONAL DISCLOSURE

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC Code') sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves. The information contained in this announcement has been presented in accordance with the JORC Code.

Information in this report relating to Exploration results is based on information compiled by Dr Frazer Tabearth (an employee and shareholder of PolarX Limited), who is a member of The Australian Institute of Geoscientists. Dr Tabearth has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person under the 2012 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Tabearth consents to the inclusion of the data in the form and context in which it appears.

There is information in this report relating to:

- (i) the Mineral Resource Estimate for the Caribou Dome Deposit (Alaska Range Project), which was previously announced on 5 April 2017;
- (ii) the Mineral Resource Estimate for the Zackly Deposit (Alaska Range Project), which was previously announced on 20 March 2018; and
- (iii) exploration results which were previously announced on 5 November 2018, 12 November 2018, 29 January 2019, 25 March 2019, 5 August 2019, 1 October 2019, 21 October 2019, 19 November 2019 and 20 January 2020.

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.

### Forward Looking Statements:

Any forward-looking information contained in this report is made as of the date of this news release. 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.

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Notes	Consolidated	
		Six months ended	
		2019	2018
		\$	\$
<b>Interest Revenue &amp; Other Income</b>		<b>\$ 5,960</b>	<b>\$ 310</b>
Public company costs		(23,918)	(21,872)
Consulting and directors fees		(213,795)	(210,129)
Share-based compensation		(33,664)	(1,830)
Legal fees		(22,004)	(6,527)
Staff costs		(41,464)	(27,309)
Serviced office and outgoings		(18,000)	(18,000)
Foreign exchange loss		39,888	2,703
Write off of exploration and evaluation assets	7	(17,376)	-
Other expenses	4	(688,564)	(535,324)
		<b>(1,018,897)</b>	<b>(818,288)</b>
<b>Loss from operations</b>		<b>\$ (1,012,937)</b>	<b>\$ (817,978)</b>
Income tax expense		-	-
<b>Loss after Income Tax</b>		<b>\$ (1,012,937)</b>	<b>\$ (817,978)</b>
<b>Other comprehensive income</b>			
Items that may be reclassified to profit and loss in subsequent periods		-	-
Foreign currency translation	11	(34,766)	837,149
<b>Other comprehensive (loss) / income for the period</b>		<b>(34,766)</b>	<b>837,149</b>
<b>Total comprehensive (loss) / income for the period</b>		<b>\$ (1,047,703)</b>	<b>\$ 19,171</b>
<b>Loss per share:</b>			
Basic and diluted loss per share (cents per share)		\$ (0.24)	\$ (0.28)
<b>Weighted Average Number of Shares:</b>			
Basic and diluted number of shares		415,181,467	293,789,138

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



**Consolidated Statement of Financial Position**

	Notes	Consolidated	
		As at	
		31 December 2019	30 June 2019
		\$	\$
<b>Current Assets</b>			
Cash and cash equivalents		\$ 1,782,498	\$ 4,254,493
Other receivables and prepayments	5	256,569	152,650
<b>Total current assets</b>		<b>2,039,067</b>	<b>4,407,143</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	6	\$ 46,456	\$ 6,518
Deferred exploration and evaluation assets	7	30,524,635	25,961,956
<b>Total Non-Current Assets</b>		<b>30,571,091</b>	<b>25,968,474</b>
<b>Total Assets</b>		<b>\$ 32,610,158</b>	<b>\$ 30,375,617</b>
<b>Current liabilities</b>			
Trade and other payables	8	144,878	279,193
<b>Total Current Liabilities</b>		<b>144,878</b>	<b>279,193</b>
<b>Total Liabilities</b>		<b>\$ 144,878</b>	<b>\$ 279,193</b>
<b>NET ASSETS</b>		<b>\$ 32,465,280</b>	<b>\$ 30,096,424</b>
<b>Equity</b>			
Contributed equity	9	\$ 90,088,210	\$ 86,874,320
Reserves	11	6,958,659	6,790,756
Accumulated losses	10	(64,581,589)	(63,568,652)
<b>TOTAL EQUITY</b>		<b>\$ 32,465,280</b>	<b>\$ 30,096,424</b>
Commitments	16		
Contingent Liability	17		

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

**Consolidated Statement of Cash Flows**

	Notes	Consolidated	
		Six months ended	
		2019	2018
		\$	\$
<b>Cash flows from Operating activities</b>			
Payments to suppliers and employees		\$ (929,231)	\$ (879,235)
Interest received and other income		5,960	310
<b>Net cash flows used in operating activities</b>		<b>(923,271)</b>	<b>(878,925)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(48,636)	-
Payments for expenditure on exploration		(4,687,023)	(3,269,122)
<b>Net cash flows used in investing activities</b>		<b>(4,735,659)</b>	<b>(3,269,122)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		3,456,314	5,148,914
Share issue costs		(309,387)	(302,382)
<b>Net cash flows generated from financing activities</b>		<b>3,146,927</b>	<b>4,846,532</b>
Net (decrease) / increase in cash and cash equivalents		(2,512,003)	698,485
Cash and cash equivalents at beginning of the period		4,254,493	528,997
Foreign exchange variances on cash and cash equivalents		40,008	53,929
<b>Cash and cash equivalents at end of the period</b>		<b>\$ 1,782,498</b>	<b>\$ 1,281,411</b>

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

**Consolidated Statement of Changes in Equity**

<b>Consolidated</b>	Notes	<b>Number of Shares</b>	<b>Issued Capital</b>	<b>Accumulated Losses</b>	<b>Foreign Currency Translation Reserves</b>	<b>Warrant Reserves</b>	<b>Share Based Payment Reserves</b>	<b>Option Premium Reserve</b>	<b>Total</b>
At 1 July 2019		372,712,638	\$ 86,874,320	\$(63,568,652)	\$ 1,310,982	\$ 1,190,098	\$ 4,286,676	\$ 3,000	\$ 30,096,424
Loss for the period		-	-	(1,012,937)	-	-	-	-	(1,012,937)
Other comprehensive loss		-	-	-	(34,766)	-	-	-	(34,766)
<b>Total comprehensive loss for the period</b>		-	\$ -	\$(1,012,937)	\$ (34,766)	\$ -	\$ -	\$ -	-\$ (1,047,703)
<b>Transactions with owners in their capacity as owners</b>									
Shares issued	9	43,203,922	3,456,314	-	-	-	-	-	3,456,314
Share issue costs	9	-	(270,230)	-	-	-	-	-	(270,230)
Shares issued to consultants	9	305,555	27,806	-	-	-	-	-	27,806
Share-based compensation	11, 13	-	-	-	-	-	202,669	-	202,669
<b>Balance at 31 December 2019</b>		<b>416,222,115</b>	<b>\$ 90,088,210</b>	<b>\$(64,581,589)</b>	<b>\$ 1,276,216</b>	<b>\$ 1,190,098</b>	<b>\$ 4,489,345</b>	<b>\$ 3,000</b>	<b>\$ 32,465,280</b>

<b>Consolidated</b>	Notes	<b>Number of Shares</b>	<b>Issued Capital</b>	<b>Accumulated Losses</b>	<b>Foreign Currency Translation Reserves</b>	<b>Warrant Reserves</b>	<b>Share Based Payment Reserves</b>	<b>Option Premium Reserve</b>	<b>Total</b>
At 1 July 2018		262,871,510	\$ 77,805,986	\$(61,868,347)	\$ 406,328	\$ 1,190,098	\$ 4,206,498	\$ 3,000	\$ 21,743,563
Loss for the period		-	-	(817,978)	-	-	-	-	(817,978)
Other comprehensive income		-	-	-	837,149	-	-	-	837,149
<b>Total comprehensive (loss)/income for the period</b>		-	\$ -	\$(817,978)	\$ 837,149	\$ -	\$ -	\$ -	\$ 19,171
<b>Transactions with owners in their capacity as owners</b>									
Shares issued		56,399,128	5,148,914	-	-	-	-	-	5,148,914
Share issue costs		-	(295,612)	-	-	-	-	-	(295,612)
Options issued to consultants	13	-	-	-	-	-	483	-	483
Share-based compensation	13	-	-	-	-	-	3,715	-	3,715
<b>Balance at 31 December 2018</b>		<b>319,270,638</b>	<b>\$ 82,659,288</b>	<b>\$(62,686,325)</b>	<b>\$ 1,243,477</b>	<b>\$ 1,190,098</b>	<b>\$ 4,210,696</b>	<b>\$ 3,000</b>	<b>\$ 26,620,234</b>

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

# PolarX Limited

## Condensed notes to the financial statements for the half-year ended 31 December 2019

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### 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 2019 was authorised for issue in accordance with a resolution of the Directors on 13 March 2020.

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 2019, the Group incurred a loss of \$1,012,937 (2018: \$817,978) and generated net cash outflows of (\$2,512,003) (2018: cash inflows \$698,485). At 31 December 2019, the Group had net current assets of \$1,894,189 (30 June 2019: \$4,127,950).

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:

- 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 2019 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 2019 (**2019 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 2019 Annual Financial Report except for those as described in Note 3(c) below.

**(c) New and Amended Standards Adopted by the Group**

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current half year.

The Company has considered the implications of new and amended Accounting Standards which have become applicable for the current financial reporting period. The Group had to change its accounting policies and make adjustments as a result of adopting the following Standard:

- AASB 16: *Leases*

The impact of the adoption of this Standard and the respective accounting policies is disclosed in Note 3 (d) below.

**(d) Changes in Accounting Policies**

This note describes the nature and effect of the adoption of AASB 16: *Leases* on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019, where they are different to those applied in prior periods.

The Group has adopted AASB 16: *Leases* using the modified retrospective approach with the cumulative effect of initially applying AASB 16 recognised as at 1 July 2019. The new accounting policy on leases is as follows:

**Leases**

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. leases with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses incremental borrowing rate.



Lease payments included in the measurement of the lease liability are as follows;

- fixed lease payments less any lease incentives;
- variable lease payments that depend on index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of options to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the costs of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

**(e) Initial application of AASB 16: Leases**

The adoption of AASB 16 does not have a significant impact on the Group as it has leases, relating to rental of office premises and equipment, which are on a short-term basis. Hence, no adjustment to the opening balance of accumulated losses have been made and no right of use assets and lease liabilities have been recognized as at 1 July 2019.

	<b>Consolidated</b>	
	For the six months ended	
	31 December 2019 \$	31 December 2018 \$
<b>4. Other expenses</b>		
Accounting and audit fees	39,616	15,423
Analysts	-	1,192
Bank fees	5,985	2,338
Business expenses	44,991	37,055
Corporate finance	219,523	142,796
Computer expenses	1,001	832
Conferences	65,684	65,400
Insurance	33,218	23,235
Investor relations	25,500	23,925
Media coverage	99,692	51,892
Printing and stationary	935	3,355
Postage	2,065	3,729
Rent and accommodations	33,062	36,997
Subscriptions	2,783	9,535
Telephone	-	265
Travel expenses	82,306	101,452
Depreciation	40	54
Other	32,163	15,849
	<b>688,564</b>	<b>535,324</b>

	<b>Consolidated</b>	
	31 December 2019 \$	30 June 2019 \$
	<b>5. Other Receivables and Prepayments</b>	
<b>Current</b>		
GST / VAT receivable	29,281	22,273
Prepayments	227,288	130,377
	<b>256,569</b>	<b>152,650</b>

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.

**PolarX Limited****Condensed notes to the financial statements for the half-year ended 31 December 2019**

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	<b>Consolidated</b>	
	31 December	30 June
	2019	2019
	\$	\$
<b>6. Property, Plant and Equipment</b>		
<b>Plant and Equipment</b>		
Cost	16,734	17,628
Accumulated depreciation	(11,440)	(11,413)
Net carrying amount	<u>5,294</u>	<u>6,215</u>
<b>Motor Vehicles</b>		
Cost	47,636	-
Accumulated depreciation	(6,737)	-
Net carrying amount	<u>40,899</u>	<u>-</u>
<b>Office Furniture and Fixtures</b>		
Cost	519	519
Accumulated depreciation	(373)	(357)
Net carrying amount	<u>146</u>	<u>162</u>
<b>Computer Equipment</b>		
Cost	1,946	1,946
Accumulated depreciation	(1,829)	(1,805)
Net carrying amount	<u>117</u>	<u>141</u>
<b>Total property, plant and equipment</b>		
Cost	66,835	20,093
Accumulated depreciation	(20,379)	(13,575)
Net carrying amount	<u>46,456</u>	<u>6,518</u>

## PolarX Limited

### Condensed notes to the financial statements for the half-year ended 31 December 2019

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

	Consolidated	
	31 December 2019 \$	30 June 2019 \$
<b>Plant and Equipment</b>		
Carrying amount at beginning of period	6,215	8,422
Depreciation expense	(957)	(2,618)
Net exchange differences on translation	36	411
Carrying amount at end of period	<b>5,294</b>	<b>6,215</b>
<b>Motor Vehicles</b>		
Carrying amount at beginning of the period	-	-
Additions	49,417	-
Depreciation expense	(6,737)	-
Net exchange differences on translation	(1,781)	-
Carrying amount at end of period	<b>40,899</b>	-
<b>Office Furniture and Fixtures</b>		
Carrying amount at beginning of the period	162	202
Depreciation expense	(16)	(40)
Net exchange differences on translation	-	-
Carrying amount at end of period	<b>146</b>	<b>162</b>
<b>Computer Equipment</b>		
Carrying amount at beginning of the period	141	210
Depreciation expense	(23)	(69)
Net exchange differences on translation	(1)	-
Carrying amount at end of period	<b>117</b>	<b>141</b>
Total property, plant and equipment	<b>46,456</b>	<b>6,518</b>

## PolarX Limited

### Condensed notes to the financial statements for the half-year ended 31 December 2019

	Consolidated	
	31 December	30 June
	2019	2019
	\$	\$
<b>7. Deferred Exploration and Evaluation Assets</b>		
<b>Exploration and evaluation expenditure</b>		
At cost	31,835,555	27,255,500
Accumulated provision for impairment	(1,310,920)	(1,293,544)
Total exploration and evaluation assets	<b>30,524,635</b>	<b>25,961,956</b>

	Consolidated	
	31 December	30 June
	2019	2019
	\$	\$
Carrying amount at beginning of the period	25,961,956	20,308,946
Acquisition cost	17,376	-
Exploration and evaluation expenditure during the period	4,668,246	4,765,350
Net exchange differences on translation	(105,567)	887,660
Carrying amount at end of period	30,542,011	25,961,956
Write-off of exploration and evaluation assets	(17,376)	-
Net carrying amount at end of period	<b>30,524,635</b>	<b>25,961,956</b>

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 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.

It was determined the carrying amount of the generative project cost incurred during the half year ended 31 December 2019 to evaluate potential new projects was not recoverable and therefore was written down.

	Consolidated	
	31 December	30 June
	2019	2019
	\$	\$
<b>8. Trade and other payables</b>		
Trade payables	44,154	146,966
Accruals	100,724	132,227
	<b>144,878</b>	<b>279,193</b>

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

# PolarX Limited

## Condensed notes to the financial statements for the half-year ended 31 December 2019

### Consolidated

31 December 2019	30 June 2019
No. of shares	No. of shares

### 9. Contributed Equity

#### (a) Issued and paid up capital

Ordinary shares fully paid	<b>416,222,115</b>	<b>372,712,637</b>
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	31 December 2019		30 June 2019	
	Number of shares	\$	Number of shares	\$
<b>(b) Movements in ordinary shares on issue</b>				
Balance at beginning of the period	372,712,638	86,874,320	262,871,510	77,805,986
Share issues (net of costs)	43,203,922	3,186,084	109,841,128	9,068,334
Share issues to consultants	305,555	27,806	-	-
Balance at end of the period	<b>416,222,115</b>	<b>90,088,210</b>	<b>372,712,638</b>	<b>86,874,320</b>

### Consolidated

31 December 2019	30 June 2019
\$	\$

### 10. Accumulated losses

Movements in accumulated losses were as follows:

Balance at beginning of the period	63,568,652	61,868,347
Loss for the period	1,012,937	1,700,305
Balance at end of the period	<b>64,581,589</b>	<b>63,568,652</b>

### Consolidated

31 December 2019	30 June 2019
\$	\$

### 11. Reserves

Foreign currency translation reserve	1,276,216	1,310,982
Warrant reserves	1,190,098	1,190,098
Share based payments reserves	4,489,345	4,286,676
Option premium reserve	3,000	3,000
Balance at end of period	<b>6,958,659</b>	<b>6,790,756</b>

## PolarX Limited

### Condensed notes to the financial statements for the half-year ended 31 December 2019

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	Consolidated	
	31 December	30 June
	2019	2019
	\$	\$
<b>Movement in reserves:</b>		
<i>Share based payments and option premium reserve</i>		
Balance at beginning of period	4,286,676	4,206,498
Options issued to consultants	134,315	9,223
Options issued to employees and directors	68,354	70,955
Balance at end of period	<u>4,489,345</u>	<u>4,286,676</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
	2019	2019
	\$	\$
<i>Foreign currency translation reserve</i>		
Balance at beginning of period	1,310,982	406,328
Foreign currency translation	<u>(34,766)</u>	<u>904,654</u>
Balance at end of period	<u>1,276,216</u>	<u>1,310,982</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
	2019	2019
	\$	\$
<i>Warrant reserve</i>		
Balance at beginning of period	1,190,098	1,190,098
Warrants exercised	-	-
Balance at end of period	<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 Fraser Tabear is a Director and Principal, provided the Company with consulting services totalling \$19,386 (2018: \$13,031) and serviced office fees totalling \$6,000 (2018: \$6,000) of which \$7,380 was outstanding at period end (30 June 2019: \$4,910).

There were no other related party disclosures for the half-year ended 31 December 2019 (2018: Nil).

**13. Share Based Payment Plans**

**(a) Recognised share based payment expenses**

Total expenses arising from share based payment transactions recognised during the half-year as part of share based payment expense were as follows:

	<b>Consolidated</b>	
	31 December 2019	31 December 2018
	\$	\$
<b>Operating expenditure</b>		
Options issued to employees and directors	68,354	3,715
Options issued to consultants	134,315	483
Balance at end of period	<u>202,669</u>	<u>4,198</u>

**(b) Share based payment - options**

The Group has established an employee share option plan (**Plan**) and also issues options to consultants outside the Plan (collectively the **Options**). The objective of the Options 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 options or nominate a relative or associate to receive the options. Details of Options granted are as follows:

**2019**

Grant date	Expiry date	Exercise price	Balance at start of the period Number	Granted during the period Number	Exercise d during the period Number	Expired during the period Number	Balance at end of the period Number	Exercisable at end of the period Number
20 Feb 2015	19 Feb 2020	A\$0.0715	4,000,000	-	-	-	4,000,000	4,000,000
18 Jun 2015	17 Jun 2020	A\$0.175	400,000	-	-	-	400,000	400,000
31 Aug 2016	31 Aug 2019	A\$0.195	400,000	-	-	(400,000)	-	-
19 Sept 2017	18 Sept 2020	A\$0.12	400,000	-	-	-	400,000	400,000
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	-
31 December 2019			<u>23,450,000</u>	<u>10,750,000</u>	-	<u>(400,000)</u>	<u>33,800,000</u>	<u>4,800,000</u>
Weighted remaining contractual life (years)			2.08				1.72	0.21
Weighted average exercise price			\$ 0.12				\$ 0.12	\$ 0.08

On 31 July 2019, the Company issued 10,750,000 options, each exercisable at \$0.125 on or before 20 December 2021, in lieu of cash remuneration to consultants. Refer further to Note 14.



## PolarX Limited

### Condensed notes to the financial statements for the half-year ended 31 December 2019

#### 2018

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
20 Feb 2015	19 Feb 2020	A\$0.0715	4,000,000	-	-	-	4,000,000	4,000,000
18 Jun 2015	17 Jun 2020	A\$0.175	400,000	-	-	-	400,000	400,000
31 Aug 2016	31 Aug 2019	A\$0.195	400,000	-	-	-	400,000	400,000
19 Sept 2017	18 Sept 2020	A\$0.12	400,000	-	-	-	400,000	400,000
21 Dec 2018	20 Dec 2021	A\$0.125	-	18,250,000	-	-	18,250,000	-
31 December 2018			5,200,000	18,250,000	-	-	23,450,000	5,200,000

Weighted remaining contractual life (years)	1.67	2.57	1.17
Weighted average exercise price	\$ 0.09	\$ 0.12	\$ 0.09

On 21 December 2018, the Company issued 18,250,000 options, each exercisable at \$0.125 on or before 20 December 2021, in lieu of cash remuneration to employees, directors, and consultants. Refer further to Note 14.

#### 14. Issue of Options

On 31 July 2019, 10,750,000 Options with a fair value of \$527,223 were issued to consultants as part remuneration for their services. The fair value at grant date of options granted during the period and in previous reporting periods, 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 options granted during the period ended 31 December 2019 included:

- options were issued with an exercise price of \$0.125;
- expected life of options is 2.4 years;
- share price at grant date was \$0.12;
- expected volatility of 89%, based on the history of the Company's share prices for the expected life of the options;
- expected dividend yield of nil; and
- a risk-free interest rate of 0.73%

Options vest based on various market and performance milestones.

#### Prior year issue of Options

On 21 December 2018, 18,250,000 Options with a fair value of \$429,484 were issued to directors, employees and consultants as part remuneration for their services. The fair value at grant date of options granted during the period and in previous reporting periods, 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 options granted during the period ended 31 December 2018 included:

- options were issued with an exercise price of \$0.125;
- expected life of options is 3 years;
- share price at grant date was \$0.052;
- expected volatility of 101%, based on the history of the Company's share prices for the expected life of the options;

## PolarX Limited

### Condensed notes to the financial statements for the half-year ended 31 December 2019

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- e) expected dividend yield of nil; and
- f) a risk-free interest rate of 2.04%

Options vest based on various market and performance milestones.

#### 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 2019	30 June 2019
	\$	\$
<b>Assets</b>		
Australia	2,300,227	4,809,156
United States	30,309,931	25,566,461
Total Assets	<u>32,610,158</u>	<u>30,375,617</u>
<b>Liabilities</b>		
Australia	91,794	207,108
United States	53,084	72,085
Total Liabilities	<u>144,878</u>	<u>279,193</u>
	31 December 2019	31 December 2018
	\$	\$
<b>Operating Result</b>		
Australia	(953,951)	(798,928)
United States	(58,986)	(19,050)
Total loss from operations	<u>(1,012,937)</u>	<u>(817,978)</u>

**16. Expenditure commitments****Tenement expenditure commitments****Caribou Dome Property**

Remaining commitments related to the Caribou Dome Property at reporting date but not recognised as liabilities below include the following:

- (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) expending a minimum of US\$2,000,000 in each of the periods (i) 2 September 2017 to 1 September 2020; and (ii) 2 September 2020 to 6 June 2023 (unless the earn-in deadline of 6 June 2023 is extended);
- (iii) expending a total of US\$9,000,000 on the property (inclusive of the payments in (ii) above) or completing a feasibility study on the Project by 6 June 2023 (unless the earn-in deadline of 6 June 2023 is extended); and
- (iv) making annual payments to the underlying vendors of the property in the amounts of:

Due Date	Payment
6 June 2020	US\$100,000
6 June 2021	US\$100,000
6 June 2022	US\$100,000
Earn-in deadline (currently 6 June 2023)	US\$1,360,000

and

- (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%.

**Stellar Copper Gold Property**

Remaining commitments related to the Stellar Copper Gold Property at reporting date but not recognised as liabilities below include the following:

- (i) Vista will pay USD \$1,000,000 cash to Millrock Resources Inc. (**Millrock**) if a JORC Indicated Resource of 1Moz contained Au or more is delineated;
- (ii) Vista will pay 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 2020	US\$25,000
31 March 2021	US\$30,000
31 March 2022	US\$35,000
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.

### **Uncle Sam 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.

The Company is currently reviewing its options in relation to this matter, including whether GAME has complied with its obligations under the Option Agreement, but notes that the Uncle Sam Gold Project:

- is considered a non-core asset and had a \$nil carrying value in the Company's financial statements at the time of receipt of the DNR Notice; and
- is independent of the Company's Alaska Range Project.

**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 contingent liability was recognised as at 31 December 2019.

**18. Subsequent events**

On 2 January 2020, the Company announced that Lundin Mining's right to earn-in to the Stellar Claims within the Alaska Range Project, had expired unexercised.

On 19 February 2020, 4,000,000 options with an exercise price of \$0.0715 lapsed.

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 financial statements and notes, as set out on pages 16 to 34, 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 2019 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 'M. Bojanjac', is written over a light grey rectangular background.

**Mark Bojanjac**  
Executive Chairman  
13 March 2020



13 March 2020

Board of Directors  
PolarX Limited  
1/100 Railway Road  
Subiaco WA 6008

Dear Directors

**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 2019 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 sincerely

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**



**Martin Michalik**  
Director

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

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of PolarX Limited, which comprises the consolidated statement of financial position as at 31 December 2019, 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 for PolarX Limited (the consolidated entity). The consolidated entity comprises of PolarX Limited (the Company) and the entities it controlled during the half year.

*Directors' Responsibility for the Half-Year 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 (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 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*. As the auditor of PolarX Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of PolarX Limited on 13 March 2020.

**Conclusion**

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 2 to the half year financial report, which describes the financial report being prepared on a going concern basis. As at 31 December 2019, the consolidated entity had cash and cash equivalents of \$1,782,498 and had incurred a loss after tax of \$1,012,937 for the half year then ended.

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

Our conclusion is not modified in respect of this matter.

**Material Uncertainty Regarding the Recoverability of Deferred Exploration and Evaluation Assets**

The consolidated entity is carrying capitalised exploration and evaluation expenditure held as non-current amounting to \$30,524,635 (refer to Note 7) as at 31 December 2019. The recoverability of the consolidated entity's carrying value of capitalised deferred exploration and evaluation assets, is dependent on the successful commercial exploitation of the assets and/or sale of the assets to generate sufficient funds to at least that of their carrying values. In the event that the consolidated entity is not successful in the commercial exploitation and/or sale of the assets, the realisable value of the consolidated entity's capitalised deferred exploration and evaluation assets may be significantly less than their current carrying values.

Our conclusion is not modified in respect of this matter.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**

*Stantons International Audit & Consulting Pty Ltd*



**Martin Michalik**  
**Director**

West Perth, Western Australia  
13 March 2020