

ASX: **POL**

ASX Announcement

14 May 2024

ENDEAVOR SILVER ZINC LEAD MINE ACQUISITION ACCELERATED

Revised arrangements secure ownership and bring the Endeavor Silver, Zinc & Lead Mine closer to re-commencing production.

Polymetals Resources Ltd (ASX: **POL**) (**Polymetals** or the **Company**) is pleased to announce that revised Endeavor Silver, Zinc & Lead Mine acquisition agreements and ancillary arrangements have been executed and agreed with CBH Resources Ltd (**CBH**), a subsidiary of Toho Zinc Co., Ltd (**Toho**).

HIGHLIGHTS

- **Agreement to defer exchange of the Endeavor Mine Rehabilitation Bond for up to 2 years at a cost of 2% p.a.**
- **New Endeavor Share Sale Agreement to deliver Polymetals ownership of the Endeavor Silver Zinc and Lead Mine.**
- **Polymetals will now proceed to finalise project financing and expedite mine restart activities, targeting Silver, Zinc and Lead production in H1 2025.**

Polymetals Executive Chairman Dave Sproule said:

"This is a major achievement for the Company. The Bond exchange has been a challenging hurdle to overcome in what had been a depressed market over the past 12-months. I would like to thank CBH and Toho for their continuing support of the Company and our plans to return the Endeavor Mine to operation.

Bringing Endeavor back to production will be a great outcome for NSW and the Cobar community, creating over 200 direct jobs and injecting around \$50m a year into the local community for at least another 10-years. This mine life has potential to be increased with exploration success and implementation of value adding treatment options.

On completion of the revised agreements and transfer of ownership to Polymetals, we will expedite project funding and the commencement of planned mine restart activities. Fortunately, we are moving into an increasing base metal price environment which significantly improves the project's economics."

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Polymetals, through its wholly owned subsidiary, Cobar Metals Pty Ltd (**Cobar Metals**), has entered into revised arrangements with CBH for the purchase of the Endeavor Silver, Zinc & Lead Mine near Cobar, NSW (**Endeavor Project**¹).

In addition to delivering Polymetals with 100% ownership of the Endeavor Mine² and 1,100km² of exploration tenements in the Cobar Basin, the revised arrangements provide Polymetals with an additional 2 years to replace the approximately \$28 million Endeavor Mine Rehabilitation Bond (**Bond**).

Completion of the acquisition of the Endeavor Mine is subject to Polymetals shareholder approval of the grant of security associated with the new arrangements, with a Notice of Meeting and accompanying Explanatory Statement to be circulated to shareholders in the coming days. Other conditions to completion are noted below.

Transaction details

The new agreements and associated arrangements (which include an entirely new Endeavor share sale agreement (**New Endeavor Share Sale Agreement**)) provide for the following:

- the termination of the original Endeavor share sale agreement dated 23rd December 2022 (**Original Endeavor Share Sale Agreement**);
- the acquisition by Cobar Metals of all of the shares in each of Cobar Operations Pty Ltd (**Cobar Operations**) and Endeavor Operations Pty Ltd (**Endeavor Operations**) (the two companies that collectively own the Endeavor Mine) held by CBH subject to the satisfaction of the conditions referred to below;
- the extension of the date by which the Bond is due for replacement to the date which is two years after the date on which completion under the New Endeavor Share Sale Agreement occurs (noting that under the Original Endeavor Share Sale Agreement, the Bond needed to be replaced by 30 April 2024)³;
- Cobar Metals option to acquire Cobar Infrastructure Pty Ltd (**Cobar Infrastructure**), subject to completion under the New Endeavor Share Sale Agreement having occurred and the Bond being replaced by Cobar Metals within the above-mentioned two-year period; and

¹ For the purposes of this announcement, the **Endeavor Project** includes the Endeavor Mine (defined below) and the property portfolio owned by Cobar Infrastructure Pty Ltd.

² The "**Endeavor Mine**" owned by Cobar Operations Pty Ltd and Endeavor Operations Pty Ltd, comprises various mining leases and exploration licences, an underground mine with decline, winder and headframe, a 1.2Mtpa processing plant and supporting infrastructure and mining equipment located on site at the Endeavor Mine.

³ Under the Original Endeavor Share Sale Agreement, the failure by Cobar Metals to procure the release and replacement of the Bond would have prevented it from completing the acquisition of the Endeavor Project (or any part of it). Cobar Metals was not however contractually obliged to do so. However, Cobar Metals is now contractually obliged under the New Endeavor Share Sale Agreement to procure the release and replacement of the Bond by the due date. The consequences of not doing so will be set out in detail in the Explanatory Memorandum for the proposed shareholder meeting.

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- the issue of 1 million POL shares to CBH on completion of the New Endeavor Share Sale Agreement.

Under the original Endeavor Share Sale Agreement, Cobar Metals was not entitled to acquire any of the three CBH subsidiaries that collectively own the Endeavor Project until it had procured the release and replacement of the Bond. However, the new arrangements agreed to by CBH and Cobar Metals now provide for Cobar Operations and Endeavor Operations (i.e. the two companies that together own the Endeavor Mine) to be acquired by Cobar Metals as soon as possible after the conditions referred to below are satisfied. The potential acquisition of Cobar Infrastructure (i.e. the company that owns various residential properties in Cobar, NSW) is to be deferred until the Bond is replaced by Cobar Metals.

Conditions under the New Endeavor Share Sale Agreement:

1. Polymetals shareholders must approve Cobar Operations and Endeavor Operations granting security over their assets to CBH; and
2. CBH's bank⁴ must provide its approval of the two-year extension of the date by which Cobar Metals is required to arrange for the release and replacement of the Bond.
3. Toho's directors must approve the transactions the subject of the New Endeavor Share Sale Agreement.

On completion, Cobar Metals, Cobar Operations and Endeavor Operations must enter into various security documents to secure Cobar Metals' obligations under the New Endeavor Share Sale Agreement.

Shareholder approval

As a consequence of the contemporaneous granting of security by each of Cobar Operations and Endeavor Operations over all of their present and future acquired property in favour of CBH on completion of the New Endeavor Share Sale Agreement (i.e. at the time all of the shares in each of these companies are transferred to Cobar Metals), Polymetals shareholder approval is required in accordance with the financial assistance provisions of the *Corporations Act 2001* (Cth).

As noted above, the Notice of Meeting and accompanying Explanatory Statement for the Polymetals shareholder meeting are expected to be sent to shareholders in the coming days, with the general meeting expected to be held in late June 2024. The Explanatory Statement contains considerable detail in relation to the revised arrangements agreed to by the Company, Cobar Metals and CBH and should be read carefully and in its entirety.

<ENDS>

This announcement was authorised for release by Polymetals Resources board.

⁴ CBH's bank is the provider of the Bond instruments held in favour of the Secretary of the NSW Mine Regulator.

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For further information, please contact:

Linden Sproule

Corporate Development

linden.sproule@polymetals.com

John Haley

Chief Financial Officer / Company Secretary

john.haley@polymetals.com

ABOUT POLYMETALS

Polymetals Resources Ltd (**ASX: POL**) is an Australian mining and exploration company with a project portfolio with significant potential for the discovery and development of both precious and base metal resources. With our cornerstone asset the Endeavor Silver Zinc Lead Mine, one of the three large mines in Cobar NSW Australia, Polymetals is seeking to become a long term, consistent and profitable base and precious metal producer. Polymetals holds a strong exploration portfolio for organic growth, are development driven and continually measure strategic acquisition opportunities. For more information visit www.polymetals.com

FORWARD LOOKING STATEMENTS

Certain statements in this document are or maybe “forward-looking statements” and represent Polymetals’ intentions, projections, expectations or beliefs concerning among other things, future exploration activities. The projections, estimates and beliefs contained in such forward-looking statements necessarily involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Polymetals, and which may cause Polymetals’ actual performance in future periods to differ materially from any express or implied estimates or projections. Nothing in this document is a promise or representation as to the future. Statements or assumptions in this document as to future matters may prove to be incorrect and differences may be material. Polymetals does not make any representation or warranty as to the accuracy of such statements or assumptions.



Endeavor Mine, Cobar NSW, Australia

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