

Polymetals Resources Ltd

ABN 73 644 736 247

Annual Report - 30 June 2024

For personal use only

Directors	David Sproule - Executive Chairman Alistair Barton - Non-Executive Director Jess Oram - Non-Executive Director
Company secretary	John Haley
Registered office and principal place of business	Unit 1, 101 Main Street Alstonville NSW 2477
Share register	Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000 Phone: 1300 554 474
Auditor	RSM Australia Partners Level 13, 60 Castlereagh Street Sydney NSW 2000
Lawyers	K&L Gates LLP Level 31, 1 O'Connell St Sydney NSW 2000
Bankers	Commonwealth Bank of Australia 86 Woodlark Street Lismore NSW 2480
Stock exchange listing	Polymetals Resources Ltd shares are listed on the Australian Securities Exchange (ASX code: POL)
Website	www.polymetals.com
Corporate Governance Statement	www.polymetals.com/company/corporate-governance/

For personal use only

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or the 'group') consisting of Polymetals Resources Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

Directors

The following persons were directors of Polymetals Resources Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Current:

David Sproule - Executive Chairman
Alistair Barton - Non-Executive Director
Jess Oram - Non-Executive Director

Former:

Matthew Gill - Non-Executive Director (resigned 18 July 2024)

Principal activities

The principal activities of the consolidated entity during the reporting period were the exploration and development of mineral resources - in particular gold and silver-lead-zinc. During the year, the consolidated entity also completed mine-restart studies on the Endeavor silver-lead-zinc mine in the Cobar Basin, NSW. During the year, the Company also funded the care and maintenance of the Endeavor silver-lead-zinc mine and contributed to the management thereof.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$3,273,241 (30 June 2023: \$7,799,397).

The loss includes exploration and evaluation costs relating to the proposed acquisition of the Endeavor mine of \$1,280,144 (2023: \$751,223), and an impairment of \$86,859 (2023: \$5,699,119) relating to the Company's projects in Guinea.

Summary

During the year, the Company's main focus has been the completion of the Endeavor Mine Restart Study and progression of in-mine exploration with the aim of re-establishing long-term silver, zinc and lead production.

Endeavor Mine Rehabilitation Bond

On the 14 May 2024, Cobar entered into revised arrangements with CBH Resources Ltd (CBH), for the purchase of the Endeavor Silver, Zinc and Lead Mine near Cobar, NSW (**Figure 1**). In addition to delivering the consolidated entity with 100% ownership of Cobar Operations Pty Ltd and Endeavor Operations Pty Ltd (the owners of the Endeavor Mine and 1,100km² of exploration tenements in the Cobar Basin), the revised arrangements provide the consolidated entity with an additional 2 years to replace the \$27.96million Endeavor Mine Rehabilitation Bond. At 30 June 2024, completion of the Endeavor Mine acquisition was subject to shareholder approval of the grant of security associated with the new arrangements. Shareholder approval was obtained on 16 July 2024 and the acquisition of Cobar Operations Pty Ltd and Endeavor Operations Pty Ltd completed on 1 August 2024.

For personal use only

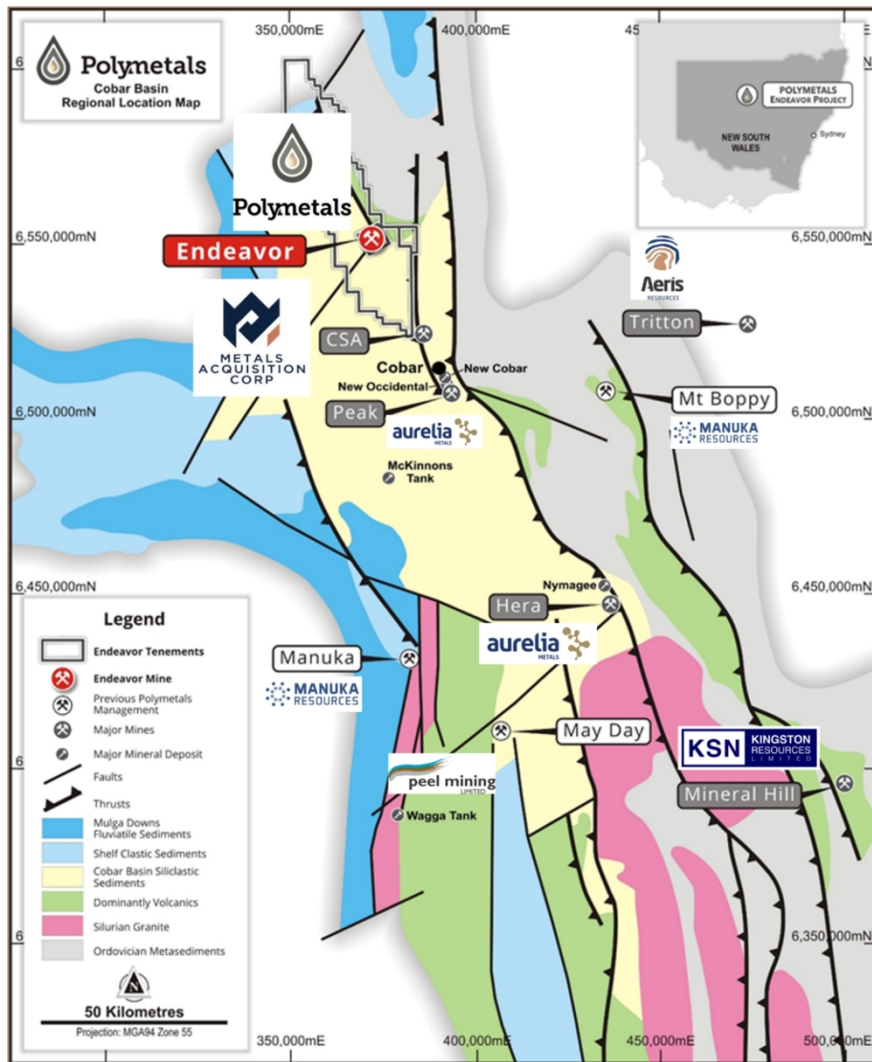


Figure 1 – Cobar Basin Mines and Operating Companies

Mine Restart Study (MRS)

The MRS was formally commenced in June 2023, completed in early October and outcomes announced on 16 October 2023.

Following completion of the MRS in October 2023, the consolidated entity has continued with mine optimisation and planning work in preparation for the recommencement of operations. This work has identified several potential additional ore sources which will be included in an updated mine plan. The recent improvement in metal prices has also significantly strengthened project economics.

Below is a summary of the financial outcomes of the MRS for the first 10 years of its redeveloped operational life:

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

Mine Plan Optimisation

(a) Geotechnical Drilling

Planned geotechnical core drilling of the near surface high-grade Upper North Lode (UNL) resources was 90% complete by the year end. The drilling programme was designed to intersect UNL mineralisation and surrounding strata to enable geotechnical logging to be completed. Geotechnical investigations of the core generated from the drilling programme is aimed at determining if the UNL Ore Resources and Ore Reserve can be enhanced via a change to mining techniques. Should this work prove positive, the Company anticipates that project economics will be significantly enhanced via increased available high grade silver zinc UNL ore, reduced mining costs and faster mining rates.

(b) Main Orebody

Continuing Mine Plan optimisation within the Main Orebody has identified additional mineralisation which was identified after release of the October 2023 MRS. This mineralisation may also materially increase Ore Reserves with study results of this continuing Main Orebody work and the UNL optimisation to be released upon completion. The expectation is a potential uplift in ore tonnage which would extend the Endeavor Mine life and projected financial returns.

(c) Sector 1 Tailings

The October 2023 MRS assumed that the high-grade Sector 1 tailings will be treated following mining and milling of the Endeavor Mine hard rock Ore Reserves. A Sector 1 tailings "Push Drilling" programme was completed during the year to generate metallurgical sample for test work and to better define the high-grade tailing resource.

Near-Mine Exploration

The Company commenced its first near mine (phase 1) exploration drilling during November 2023 and phase 2 drilling commenced in January 2024 at the Carpark Prospect which lies in an undrilled zone extending over some 400m south from the Endeavor Mine Headframe and Main Lode.

Geological observations in combination with semi-quantitative multi-element data collection using a portable pXRF analyser strongly indicates a buried sulphide source within the Carpark Prospect to the immediate south of the Endeavor Main Lode.

The significant zinc anomalism and DHEM survey results from the phase 2 drilling completed during the year has further strengthened the prospectivity of the Carpark Prospect. Phase 3 drilling of the Carpark Prospect will commence immediately following completion of the UNL geotechnical drilling programme. The planned Carpark drilling programme includes three 500m combination RC / DD holes.

Guinea

The Company continues to await Exploration Licence renewals for its Alahiné and Mansala gold Exploration Licences in Guinea, with no visible timeframe to renewal. Having exhausted all reasonable avenues to obtain Licence renewals, the Board has resolved to place the project on care and maintenance until such time as the project can be joint ventured, farmed-out or sold.

For personal use only

Strategic investment

During the year ended 30 June 2024, the Company entered into an alliance with Metals Acquisitions Limited ('Metals Acquisitions') (ASX: MAC). Metals Acquisitions owns and operates the high-grade CSA Copper Mine located 5 km to the north of Cobar NSW with the Endeavor Silver Zinc mine located some 30km to the north of CSA (**Figure 1**).

The alliance will allow each company to exploit synergies between their neighbouring mines, seeking to enhance operational and financial outcomes through knowledge sharing, purchasing leverage and by increasing mine production at both projects.

On 27 May 2024, 7,142,857 shares were issued to Metals Acquisition Corp. (Australia) Pty Ltd, a wholly-owned subsidiary of Metals Acquisitions Limited ("Metals Acquisitions") (ASX: MAC), a company that owns and operates the CSA copper mine located 5km north of Cobar, NSW.

Metals Acquisition has committed to a \$5 million investment in the Company.

The \$5.0 million investment is via two \$2.5 million tranches:

- (1) An initial \$2.5million was received on 27 May 2024 when the Company issued 7,142,857 fully paid ordinary shares to Metals Acquisition at \$0.35 per share for an initial 4.31% interest in the Company.
- (2) Metals Acquisition will subscribe to a further \$2.5m of ordinary shares in the Company at \$0.35 per share subject to the satisfaction of certain conditions precedent as follows:
 - i) the Company securing sufficient funding to restart the Endeavor mine and processing plant;
 - ii) the Company and Metals Acquisitions entering into a tolling agreement to treat zinc ore delivered by Metals Acquisitions to the Company (with a treatment charge of costs plus 35%);
 - iii) the Company and Metals Acquisitions entering into a Water Offtake agreement whereby the Company will allow Metals Acquisitions to draw 150ml of water annually from the Endeavor mine pipeline for a term of 4.5 years. Metals Acquisitions will have the option to extend beyond the initial 4.5 years on terms to be agreed in good faith between parties; and
 - ix) Metals Acquisitions securing any necessary third-party consents (including from its secured lenders and Glencore Plc) to undertake the transactions contemplated.

Metals Acquisition will have the right to appoint one director to the Board once it holds 7% of the issued shares in the Company.

Issued capital

In addition to the \$2.5 million share placement to Metals Acquisitions, the Company also raised a further \$9,911,666 from share placements on 6 July 2023 (\$3,650,888), 7 July 2023 (\$100,762) and 13 June 2024 (\$6,160,016).

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

Significant changes in the state of affairs

On 31 August 2023 and 7 November 2023, 1,185,000 and 1,167,000 options respectively were converted to ordinary shares.

On 14 August 2023, the Company announced the signing of a non-binding Memorandum of Understanding for the replacement of the Endeavor mine Environmental Bonds by Ocean Partners UK Limited totalling \$27,996,000. Ocean Partners UK Limited have proposed to facilitate the bond replacement by providing a surety to the Company for up to 4 years. Once the Environmental Bonds have been replaced, the purchase of the Endeavor mine can be completed.

For other significant changes in the state of affairs, refer to the above *Review of operations*.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

On 17 July 2024, 5,000,000 ordinary shares were issued to a related party, Meadowhead Investments Pty Ltd, in settlement of \$1,400,000 of the loan outstanding at 30 June 2024 (refer to note 14).

On 23 July 2024, 2,000,000 ordinary shares were issued at \$0.28 per share to raise working capital totalling \$560,000.

On 1 August 2024, the consolidated entity completed the acquisition of Cobar Operations Pty Ltd and Endeavor Operations Pty Ltd (refer note 25).

The acquisition will allow the consolidated entity to progress surface and underground refurbishment works on the Endeavor Mine and to progress to production in 2025.

Cobar Operations Pty Ltd and Endeavor Operations Pty Ltd (the 'Endeavor Mine companies') together hold the Endeavor Mine assets. Substantially all of the fair value of the assets acquired are concentrated in a group of similar assets - the mining assets. The mining assets include all capitalised costs relevant to the Endeavor Mine, including exploration, development and production assets that are considered a group of similar assets as they collectively contribute to the extraction and processing of the resources at the Endeavor Mine. Accordingly, the Directors consider the acquisition of the Endeavor Mine companies to be an asset acquisition rather than a business combination under AASB 3 *Business Combinations*.

The total consideration for the acquisition is as follows:

- The \$1,000,000 upfront payment made prior to 30 June 2024.
- \$21,933,519 paid up until the completion of the acquisition relating to the right to acquire the Endeavor Mine.
- 1,000,000 of Polymetals Resources Ltd ordinary shares valued at \$280,000, issued to the vendors on 1 August 2024.

As the final part of the consideration for the acquisition, 1,000,000 ordinary shares in Polymetals Resources Ltd were issued to the vendors on 1 August 2024 valued at \$280,000 in total. The total consideration paid for the Endeavor Mine companies is \$23,213,519.

Under the SSA, from the date of completion of the acquisition of the Endeavor Mine companies (1 August 2024), Cobar Metals Pty Ltd undertakes to replace the Environmental Bonds guarantee of \$27,996,000. Cobar Metals Pty Ltd has two years from the date of completion to procure the replacement of the Environmental Bonds guarantee; otherwise it is liable to pay the full \$27,996,000 in cash to the vendor, who would pay this amount to the NSW Government to release it from its obligations to pay any costs in the future on rehabilitation of the Endeavor Mine site.

At 1 August 2024, it is not probable that the \$27,996,000 will need to be paid to the vendor, therefore it will continue to be disclosed as a contingent liability rather than recognised as a provision.

On 5 September 2024, the Company allocated 3,525,000 performance rights under a Loan Funded Share Plan to 15 staff, including the Board, Executives and Senior Management. The performance rights are subject to the following vesting and exercise conditions:

Performance rights vesting conditions

- 25% upon drawdown of a debt facility to fund the restart of the Endeavor Mine.
- 25% upon Polymetals Resources Ltd share trading at a 30-day VWAP above \$0.50.
- 25% upon the first zinc or silver-lead concentrate shipment from the Endeavor Mine.
- 25% upon the exchange of the \$28m Endeavor Mine rehabilitation bond held by the vendor.

Performance rights exercise conditions

- Exercise price of \$0.35 per share (being a 25% premium to the June 2024 capital raising price).
- 3-year term.
- Participants must remain engaged with the Company throughout the term.
- 100% of shares vest in the event of a change of control transaction.

On 16 September 2024, the Company announced that the US\$10,000,000 pre-payment facility provided by Ocean Partners UK Ltd in June 2023 has been replaced by an upgraded US\$20,000,000 revolving loan facility. The terms of the facility are as follows:

- (i) Facility limit - US\$20,000,000
- (ii) Term - Revolving facility up to 36 months from first drawdown
- (iii) Interest - 12-month Secured Overnight Financing Rate + 6.0%
- (iv) Security - General security over Cobar Operations Pty Ltd ranked pari-passu with rehabilitation bond and parent company guarantee
- (v) Grace period - 6 months
- (vi) Repayment - 10% of facility amount to be repaid quarterly, with the repayment period starting after the 6-month grace period. Repaid amounts can be redrawn on the same terms revolving over the 36-month term. Outstanding balances upon maturity shall be subject to a bullet repayment. Early repayment can be made any time with 5 days' notice.
- (vii) Arrangement fee - 1% of drawn funds
- (viii) Shares and options - 1,118,280 fully paid POL shares and \$2,500,000 options. The options extend over 24 months with an exercise price to be determined upon completion
- (ix) Offtake - 6-year offtake of zinc and silver-lead concentrates produced from the Endeavor Mine. No offtake on toll treated ores.
Zinc: 50% benchmark and 50% at spot references
Silver-lead: benchmark for high silver concentrates
- (x) Conditions precedent - execution of formal documentation

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

On 1 August 2024 the acquisition of Cobar Operations Pty Ltd and Endeavor Operations Pty Ltd was completed. The consolidated entity has two years from completion to replace the \$27.96million Environmental Bonds.

Cobar Operations Pty Ltd and Endeavor Operations Pty Ltd own the mining tenements and exploration licences relating to the plant and equipment located at the Endeavor Mine. As a result of the acquisition, the consolidated entity believes that it will be more likely to be able to access external debt and/or equity funding to support the development of the Endeavor Mine. Following the receipt of any such funding, the consolidated entity believes that it will be able to expeditiously move towards the recommencement of production at the Endeavor Mine with the added benefit that any revenues generated from the project will ultimately be available to support the replacement of the Environmental Bonds. The risk of being unable to replace the Environmental Bonds is detailed in the *Material business risks* below.

The consolidated entity also believes that it will be able to materially reduce the ongoing care and maintenance expenses applicable to the Endeavor Mine.

Material business risks

Access to future funding There is no assurance that the funding required by the consolidated entity from time to time to meet its business requirements and objectives will be available to it on favourable terms, or at all. However, the consolidated entity has a proven ability to raise the necessary funding or settle debts via the issuance of shares, as evidenced by the raising of \$11,212,388 in cash (before share issue transaction costs) from shares issued during the year ended 30 June 2024, plus cash of \$2,599,485 that was received in the prior financial year relating to share placements in the current financial year.

Regulation changes Unforeseen changes to the mining laws, regulations, standards and practices applicable may significantly affect the Exploration Licences in Guinea and the Endeavor Mine tenements in Australia and therefore the ability of the Company to operate in Guinea and Australia. Any such changes in Australia is monitored by the Company's membership of AMEC which maintains a close watching brief of state and federal regulatory changes with regular updates circulated to members. The Company monitors its Guinea interests via its Country Manager, Mr Aguibou Bah.

Exploration and development risk Exploration programmes may or may not be successful and may incur cost overruns if not carefully managed. The consolidated entity is exposed to a significant risk that any proposed exploration activity will be unsuccessful and will not result in the discovery of a viable mineral resource. Careful planning, budgeting and execution of exploration programmes remains in constant focus by Board and Management.

Endeavor mine The acquisition of the Endeavor Mine requires the replacement of Rehabilitation Bonds of approximately A\$28 million within two years of the completion of the acquisition of the two entities that hold the Endeavor Mine (Cobar Operations Pty Ltd and Endeavor Operations Pty Ltd). The Company has signed a non-binding Memorandum of Understanding for the replacement of the Rehabilitation Bonds by Ocean Partners UK Limited. Ocean Partners UK Limited have proposed to facilitate the bond replacement by providing a surety to the Company for up to 4 years. Under the new Share Sale Agreement entered into during the year ended 30 June 2024, security will be granted over assets of Cobar Operations Pty Ltd and Endeavor Operations Pty Ltd in favour of the vendor of the Endeavor Mine, CBH Resources Ltd ('CBH'). If the Company is unable to replace the Rehabilitation Bonds within 2 years then CBH may enforce the security and take ownership of the assets of Cobar Operations Pty Ltd and Endeavor Operations Pty Ltd. If this were to occur, then this would present a significant strategic setback for the Company and could potentially threaten the Company's listing on the ASX and its ability to continue as a going concern.

Occupational health and safety risk Exploration, operations and care and maintenance programs carry occupational health and safety risks which remains well managed by training, site hygiene practices and qualified staff who have implemented industry standard operating and monitoring procedures.

Environmental regulation

The mineral tenements granted, but under renewal at present, to the consolidated entity pursuant to the Guinea Mining Act 1992, are granted subject to various conditions which include standard environmental requirements. The Company adheres to these conditions and the directors are not aware of any non-compliance with environmental laws.

Information on directors

Name:	David Sproule
Title:	Executive Chairman
Qualifications:	BE (Hons, Extractive Metallurgy), Member AusIMM
Experience and expertise:	David Sproule has specialised in value creation within the minerals industry, founding and managing the private Polymetals Group which developed eight Australian gold projects over 25 years. An "owner build" model was applied to all operations significantly reducing typical mine development costs. The projects collectively returned +2,000% in fully franked dividends on initial shareholder investment.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman
Interests in shares:	70,600,000
Interests in options:	nil

For personal use only

For personal use only

Name: **Alistair Barton**
Title: Non-Executive Director
Qualifications: Associate Diploma and Fellowship Diploma in Geology and a Graduate Diploma in Finance and Investment.
Experience and expertise: Alistair has over 45 years' exploration, operational and corporate experience. Alistair has operated his own consultancy practice providing technical and corporate advice to the resources sector, carrying out numerous resource project due diligence studies, feasibility studies and independent experts reports for project funding and developments. Alistair has held the positions of Managing Director for ASX-listed Probe Resources, General Manager of Exploration for Barrack Mines, General Manager of Operations for Barrack Mines, Operations Manager for Mcllwraith Minerals and various Project Management positions.
Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: 695,983
Interests in options: nil

Name: **Jess Oram**
Title: Non-Executive Director
Qualifications: B.Sc.,(Geol), Member AIG
Experience and expertise: Jess is an experienced exploration geologist with over 30 years' practice in mineral exploration and management across a variety of commodities, companies and countries. He has significant experience in uranium, base and precious metals exploration and has been involved in mineral discovery, resource delineation and expansion and mining feasibility studies. Jess is currently the Senior Vice President - Exploration for ASX-listed Paladin Energy Limited.
Other current directorships: None
Former directorships (last 3 years): Cauldron Energy Limited (ASX:CXU) (until 31 May 2022)
Special responsibilities: None
Interests in shares: 38,000
Interests in options: nil

Name: **Matthew Gill** (resigned 18 July 2024)
Title: Non-Executive Director
Qualifications: B.E (Hons, Mining), M Eng Sc, FAusIMM, GAICD
Experience and expertise: Matthew is a mining engineer with over 40 years' experience. He has a strong technical, operational and executive management background; having worked as an underground miner, mine planning engineer, supervisor, general manager and CEO/Managing Director in Australia, Papua New Guinea, India, Ghana and Bolivia. He holds three First Class Metalliferous Mine Manager's Certificates of Competency and has been instrumental in the development of four gold mines. He is a three-time winner of the Australia Mine Manager of the Year Award and received the AusIMM Leadership Award in 2008. Previously, CEO and Managing Director of ASX-listed White Rock Minerals for seven years, he has also held the role of Group Chief Operating Officer for Singapore-listed LionGroup Corp. Matthew has also held the position of board member and president of the Tasmanian Minerals Council, has been chair of the MCA Victorian division, and deputy chair of AMEC Victoria.
Other current directorships: Akora Resources Ltd (ASX:AKO)
Former directorships (last 3 years): White Rock Minerals Ltd (ASX:WRM)
Special responsibilities: General Manager of the Endeavor Mine from 18 July 2024
Interests in shares: nil
Interests in options: nil

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

John Haley is the Company Secretary. John is a Chartered Accountant and has 40 years of extensive Board, company secretarial and corporate finance experience, predominantly within the mining and resources industry. John also acts as the Company Secretary for ASX-listed NewPeak Metals Limited and Clara Resources Australia Ltd.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
David Sproule	9	9
Alistair Barton	9	9
Jess Oram	9	9
Matthew Gill	9	9

Held: represents the number of meetings held during the time the director held office.

There were no meetings of the Audit and Risk Committee during the financial year. As the Board comprised no more than four directors during the financial year, the Board considered it more effective to set aside time at the Board meetings to specifically address the matters that would have been ordinarily attended to by the committee.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The remuneration policy of the consolidated entity has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated entity's financial results. The Board of Directors ("the Board") believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the consolidated entity, as well as create goal congruence between directors, executives and shareholders.

All remuneration paid to directors and executives is valued at the cost to the consolidated entity and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

For personal use only

The Company had previously entered into a Loan Funded Share Plan (LFSP) whereby limited recourse loans had been provided to directors and key management personnel to acquire shares in the Company. The limited recourse loans were provided to Christopher Johnston (former non-executive director), Christopher Schroor (former non-executive director) and Alexander Hanly (former Chief Executive Officer), who all resigned during the year ended 30 June 2023 and were therefore no longer eligible under the plan.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for non-executive directors are not linked to the performance of the consolidated entity. The directors are not required to hold any shares in the Company under the Constitution of the Company; however, to align directors' interest with shareholder interests, the directors are encouraged to hold shares in the Company.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was during the 2021 Annual General Meeting where the shareholders approved a maximum annual aggregate remuneration of \$250,000. The amount paid to non-executive directors of the parent entity (Polymetals Resources Limited) during the year to 30 June 2024 was \$115,013 excluding any remuneration from options (2023: \$112,174).

Executive remuneration

Executive directors can be employed by the consolidated entity on a consultancy basis, on Board approval, with remuneration and terms stipulated in individual consultancy agreements.

The Board reviews executive packages annually by reference to the consolidated entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries. In addition, external consultants may be used to provide analysis and advice to ensure the directors' and senior executives' remuneration is competitive in the market place.

The remuneration of the executives employed by the Company for the year ended 30 June 2024 is detailed in this Remuneration Report.

Consolidated entity performance and link to remuneration

As the Company is still in the exploration and development stage, the link between remuneration, Company performance and shareholder wealth is tenuous. Share prices are subject to the influence of mineral and metals prices and market sentiment toward the sector, and as such increases or decreases may occur quite independent of executive performance or remuneration.

At 30 June 2024 the market price of the Company's ordinary shares was \$0.25 per share (30 June 2023: \$0.38 per share). No dividends were paid during the year ended 30 June 2024.

Remuneration committee

During the year ended 30 June 2024, the Company did not have a separately established remuneration committee. Considering the size of the consolidated entity, the number of directors and the consolidated entity's early stages of its development, the directors are of the view that these functions can be efficiently performed with full Board participation.

Use of remuneration consultants

The Company did not engage remuneration consultants to prepare a formal remuneration report during the financial year ended 30 June 2024.

Voting and comments made at the Company's 30 November 2023 Annual General Meeting ('AGM')

At the 30 November 2023 AGM, 98.6% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2023. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Polymetals Resources Ltd:

- David Sproule
- Alistair Barton
- Jess Oram
- Matthew Gill (resigned on 18 July 2024 and commenced employment as General Manager of the Endeavor Mine)

And the following persons:

- John Haley - Company Secretary and Chief Financial Officer

	Short-term benefits	Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Super-annuation	Long service leave	Equity-settled	Total
2024	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>					
Alistair Barton	30,012	3,001	-	-	33,013
Jess Oram	36,000	-	-	-	36,000
Matthew Gill	46,000	-	-	-	46,000
<i>Executive Directors:</i>					
David Sproule	120,000	-	-	-	120,000
<i>Other Key Management Personnel:</i>					
John Haley	84,000	-	-	-	84,000
	<u>316,012</u>	<u>3,001</u>	<u>-</u>	<u>-</u>	<u>319,013</u>

For personal use only

	Short-term benefits	Post- employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees \$	Super- annuation \$	Long service leave \$	Equity- settled \$	\$
2023					
<i>Non-Executive Directors:</i>					
Alistair Barton ^(a)	31,935	630	-	-	32,565
Jess Oram ^(b)	4,500	-	-	-	4,500
Matthew Gill ^(c)	8,500	-	-	-	8,500
Christopher Johnston ^(d)	3,800	-	-	-	3,800
Christopher Schroor ^(e)	31,500	-	-	-	31,500
<i>Executive Directors:</i>					
David Sproule ^(f)	128,000	-	-	-	128,000
<i>Other Key Management Personnel:</i>					
John Haley ^(g)	31,200	-	-	-	31,200
Vince Fayad and Kurt Laney ^(g)	61,507	-	-	-	61,507
Alexander Hanly ^(h)	120,000	-	-	-	120,000
	<u>420,942</u>	<u>630</u>	<u>-</u>	<u>-</u>	<u>421,572</u>

- (a) Alistair Barton was appointed on 9 August 2022.
(b) Jess Oram was appointed on 16 May 2023.
(c) Matthew Gill was appointed on 16 May 2023.
(d) Christopher Johnston resigned on 8 August 2022.
(e) Christopher Schroor resigned on 12 May 2023.
(f) David Sproule was a Non-Executive Director until 10 November 2022, and Executive Chairman thereafter.
(g) Vince Fayad and Kurt Laney resigned on 31 January 2023 and John Haley was appointed from this date. Vince Fayad and Kurt Laney's remuneration has been disclosed combined in their capacity as Joint Company Secretaries.
(h) Alexander Hanly resigned on 31 January 2023.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2024	2023	2024	2023	2024	2023
<i>Non-Executive Directors:</i>						
Alistair Barton	100%	100%	-	-	-	-
Jess Oram	100%	100%	-	-	-	-
Matthew Gill	100%	100%	-	-	-	-
Christopher Johnston	-	100%	-	-	-	-
Christopher Schroor	-	100%	-	-	-	-
<i>Executive Directors:</i>						
David Sproule	100%	100%	-	-	-	-
<i>Other Key Management Personnel:</i>						
John Haley	100%	100%	-	-	-	-
Vince Fayad	-	100%	-	-	-	-
Kurt Laney	-	100%	-	-	-	-
Alexander Hanly	-	100%	-	-	-	-

Service agreements

All directors and key management personnel invoice the Company under their personal name, except for the following:

- On 10 November 2022, David Sproule was appointed Executive Chairman (previously Non-Executive Chairman) under a contract for services (the Contract) which commenced on 10 November 2022, with no fixed term duration, for an annual fee of \$120,000. No annual leave, long service or other leave is provided for under the Contract. The termination notice period is 1 month and may be paid out in lieu of notice by the Company.
- On 1 February 2023, John Haley was appointed Company Secretary and Chief Financial Officer. John is paid through a contract for services which commenced on 1 February 2023, with no fixed term duration, at a rate of \$100 per hour. On 1 May 2023, the rate per hour was subsequently replaced with a fixed fee of \$7,000 per month. The termination notice period is 1 month.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2024.

Options

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2024.

Performance rights

There were no performance rights over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2024.

There were no performance rights over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2024.

Additional information

The earnings of the consolidated entity for the four years to 30 June 2024 are summarised below:

	2024	2023	2022	2021
	\$	\$	\$	\$
Loss after income tax	(3,273,241)	(7,799,397)	(1,156,988)	(506,932)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2024	2023	2022	2021
Share price at financial year end (cents)	25.0	38.0	8.9	14.5
Basic earnings per share (cents per share)	(2.1)	(8.7)	(1.5)	(1.7)

For personal use only

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Expired/ forfeited	Balance at the end of the year
<i>Ordinary shares</i>					
<i>Directors:</i>					
David Sproule	60,650,770	-	4,349,230	-	65,000,000
Alistair Barton	580,000	-	115,983	-	695,983
Matthew Gill	-	-	-	-	-
Jess Oram	25,000	-	13,000	-	38,000
<i>Other Key Management Personnel:</i>					
John Haley	198,000	-	352,000	-	550,000
	<u>61,453,770</u>	<u>-</u>	<u>4,830,213</u>	<u>-</u>	<u>66,283,983</u>

Option holding

No options over ordinary shares in the Company were held during the financial year by directors or other members of key management personnel of the consolidated entity, including their personally related parties.

Other transactions with key management personnel and their related parties

At the time of the Orana Minerals acquisition in the year ended 30 June 2023, Meadowhead Investments Pty Ltd, an entity controlled by David Sproule, owned 33.48% of Orana Minerals Pty Ltd. Following the resolutions voted at the extraordinary general meeting held on 12 May 2023, Meadowhead Investments Pty Ltd were issued 17,410,714 shares in Polymetals Resources Ltd.

Additionally, Linden Sproule (son of David Sproule) owned 2.23% of Orana Minerals Pty Ltd at the time of the acquisition. Following the resolutions voted at the extraordinary general meeting held on 12 May 2023, Linden Sproule was issued 1,160,714 shares in Polymetals Resources Ltd.

On 31 October 2022, Meadowhead Investments Pty Ltd, an entity controlled by David Sproule, agreed to provide the consolidated entity with a loan facility of up to \$1,350,000. The facility was unsecured, could be drawn down at any time, and incurred interest at 5% per annum. During the year ended 30 June 2024, \$294,488 of the Meadowhead loan was repaid and a further \$500,000 was advanced. The outstanding loan at 30 June 2024 was \$1,555,512. Subsequent to 30 June 2024, \$1,400,000 of the loan was repaid by the issue of 5,000,000 shares in the Company (refer note 27) and the remaining loan was repaid by cash.

In February 2024, a company controlled by David Sproule's spouse, Deering Nominees Pty Ltd, loaned \$950,000 to the consolidated entity. The loan was unsecured and incurred interest at 5% per annum. The outstanding loan at 30 June 2024 was \$950,000. The loan was repaid in full subsequent to 30 June 2024.

Aggregate amounts of each of the above types of other transactions with key management personnel and their related entities are included in the financial statements as follows:

Consolidated statement of profit or loss and other comprehensive income:

Amounts recognised as finance charges:

Interest payable: \$78,103 (2023: \$nil)

For personal use only

Consolidated statement of financial position:

Amounts recognised as borrowings:

Related party loans: \$2,505,512 (2023: \$1,350,000)

Amounts recognised as trade and other payables, being the unpaid or accrued key management personnel remuneration:

Trade payables: \$6,602 (2023: \$105,242)

Other payables: \$160,500 (2023: \$66,000)

Interest payable: \$78,103 (2023: \$nil)

This concludes the remuneration report, which has been audited.

Shares under option

There were no unissued ordinary shares of Polymetals Resources Ltd under option outstanding at the date of this report.

Shares under performance rights

Unissued ordinary shares of Polymetals Resources Ltd under performance rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under rights
5 September 2024	5 September 2027	\$0.35	3,525,000

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options

On 31 August 2023 and 7 November 2023, 1,185,000 and 1,167,000 ordinary shares of Polymetals Resources Ltd respectively were issued on the exercise of options.

Shares issued on the exercise of performance rights

There were no ordinary shares of Polymetals Resources Ltd issued on the exercise of performance rights during the year ended 30 June 2024 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the Company who are former partners of RSM Australia Partners

There are no officers of the Company who are former partners of RSM Australia Partners.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to 'rounding-off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest dollar.

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read "D Sproule", written over a horizontal line.

David Sproule
Executive Chairman

27 September 2024

For personal use only

Auditor's independence declaration	19
Consolidated statement of profit or loss and other comprehensive income	20
Consolidated statement of financial position	21
Consolidated statement of changes in equity	22
Consolidated statement of cash flows	23
Notes to the consolidated financial statements	24
Consolidated entity disclosure statement	49
Directors' declaration	50
Independent auditor's report to the members of Polymetals Resources Ltd	51
Shareholder information	55

General information

The financial statements cover Polymetals Resources Ltd as a consolidated entity consisting of Polymetals Resources Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Polymetals Resources Ltd's functional and presentation currency.

Polymetals Resources Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Unit 1, 101 Main Street
Alstonville
NSW 2477

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 September 2024. The directors have the power to amend and reissue the financial statements.

For personal use only

RSM Australia Partners

Level 13, 60 Castlereagh Street
Sydney
NSW 2000
Australia
T +61 (02) 8226 4500
F +61 (02) 8226 4501
rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Polymetals Resources Ltd and its controlled entities for the year ended 30 June 2024, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

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

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to read "C J Hume".

C J HUME
Partner

Sydney, NSW
Dated: 27 September 2024

THE POWER OF BEING UNDERSTOOD
ASSURANCE | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.
RSM Australia Partners ABN 36 965 185 036
Liability limited by a scheme approved under Professional Standards Legislation

For personal use only

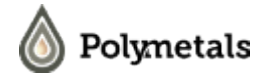
Polymetals Resources Ltd
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2024



	Note	Consolidated 2024 \$	Consolidated 2023 \$
Other income	4	425,000	-
Interest revenue		2,666	1,133
Expenses			
Consultancy and accountancy fees		(153,468)	(168,529)
Depreciation and amortisation expense	5	(4,442)	(8,296)
Employee benefits expense		(1,288,852)	(519,055)
Exploration expenses		(1,280,144)	(751,223)
Impairment of exploration costs	12	(86,859)	(5,699,119)
Legal costs		(235,457)	(265,057)
Professional, registry and listing related expenses		(176,686)	(91,031)
Short term lease expense		(21,490)	(12,091)
Write off of assets	10	-	(119,097)
Other expenses		(375,405)	(167,032)
Finance costs	5	(78,104)	-
Total expenses		<u>(3,700,907)</u>	<u>(7,800,530)</u>
Loss before income tax expense		(3,273,241)	(7,799,397)
Income tax expense	6	-	-
Loss after income tax expense for the year attributable to the owners of Polymetals Resources Ltd		(3,273,241)	(7,799,397)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Polymetals Resources Ltd		<u>(3,273,241)</u>	<u>(7,799,397)</u>
		Cents	Cents
Basic earnings per share	29	(2.1)	(8.7)
Diluted earnings per share	29	(2.1)	(8.7)

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

Polymetals Resources Ltd
Consolidated statement of financial position
As at 30 June 2024



For personal use only

	Note	Consolidated 2024 \$	Consolidated 2023 \$
Assets			
Current assets			
Cash and cash equivalents	7	7,875,287	2,624,195
Trade and other receivables	8	116,595	257,470
Total current assets		<u>7,991,882</u>	<u>2,881,665</u>
Non-current assets			
Property, plant and equipment	10	12,819	21,187
Mine properties	11	22,933,519	18,636,657
Other assets	9	1,900	1,900
Total non-current assets		<u>22,948,238</u>	<u>18,659,744</u>
Total assets		<u>30,940,120</u>	<u>21,541,409</u>
Liabilities			
Current liabilities			
Trade and other payables	13	1,608,040	1,769,818
Borrowings	14	2,505,512	1,350,000
Total current liabilities		<u>4,113,552</u>	<u>3,119,818</u>
Total liabilities		<u>4,113,552</u>	<u>3,119,818</u>
Net assets		<u>26,826,568</u>	<u>18,421,591</u>
Equity			
Issued capital	15	39,765,767	25,488,064
Prepaid capital	16	-	2,599,485
Reserves	17	451,145	451,145
Accumulated losses		(13,390,344)	(10,117,103)
Total equity		<u>26,826,568</u>	<u>18,421,591</u>

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

Polymetals Resources Ltd
Consolidated statement of changes in equity
For the year ended 30 June 2024



Consolidated	Issued capital \$	Prepaid capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	7,462,460	-	451,145	(2,317,706)	5,595,899
Loss after income tax expense for the year	-	-	-	(7,799,397)	(7,799,397)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(7,799,397)	(7,799,397)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 15)	18,025,604	-	-	-	18,025,604
Contributions of prepaid capital (note 16)	-	2,599,485	-	-	2,599,485
Balance at 30 June 2023	<u>25,488,064</u>	<u>2,599,485</u>	<u>451,145</u>	<u>(10,117,103)</u>	<u>18,421,591</u>
Consolidated	Issued capital \$	Prepaid capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	25,488,064	2,599,485	451,145	(10,117,103)	18,421,591
Loss after income tax expense for the year	-	-	-	(3,273,241)	(3,273,241)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(3,273,241)	(3,273,241)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 15)	11,678,218	-	-	-	11,678,218
Transfer from prepaid capital to issued capital upon issue of shares (note 16)	2,599,485	(2,599,485)	-	-	-
Balance at 30 June 2024	<u>39,765,767</u>	<u>-</u>	<u>451,145</u>	<u>(13,390,344)</u>	<u>26,826,568</u>

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

Polymetals Resources Ltd
Consolidated statement of cash flows
For the year ended 30 June 2024



	Note	Consolidated	
		2024	2023
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(3,683,481)	(1,682,543)
Interest received		1,333	1,133
Government grants		425,000	-
Interest and other finance costs paid		<u>(78,104)</u>	<u>-</u>
Net cash used in operating activities	28	<u>(3,335,252)</u>	<u>(1,681,410)</u>
Cash flows from investing activities			
Net cash acquired in asset acquisition	25	-	4,932
Payments for property, plant and equipment	10	-	(15,369)
Payments for exploration expenditure	12	(86,859)	(1,549,803)
Payments for security deposits		-	(1,900)
Payments for mine properties		<u>(4,160,527)</u>	<u>(835,635)</u>
Net cash used in investing activities		<u>(4,247,386)</u>	<u>(2,397,775)</u>
Cash flows from financing activities			
Proceeds from issue of shares	15	12,144,048	1,287,000
Share issue transaction costs	15	(465,830)	(36,531)
Proceeds received in advance for issue of shares	16	-	2,599,485
Proceeds from borrowings	14	1,450,000	1,350,000
Repayment of borrowings	14	<u>(294,488)</u>	<u>-</u>
Net cash from financing activities		<u>12,833,730</u>	<u>5,199,954</u>
Net increase in cash and cash equivalents		5,251,092	1,120,769
Cash and cash equivalents at the beginning of the financial year		<u>2,624,195</u>	<u>1,503,426</u>
Cash and cash equivalents at the end of the financial year	7	<u><u>7,875,287</u></u>	<u><u>2,624,195</u></u>

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

Note 1. Material accounting policy information

The accounting policies that are material to the consolidated entity are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Adoption of these new and amended accounting standards and interpretations did not have a material impact to the financial statements.

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

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity recorded a loss after tax of \$3,273,241 and had net cash outflows from operating and investing activities of \$3,335,252 and \$4,247,386 respectively for the year ended 30 June 2024. At 30 June 2024, the consolidated entity had net current assets of \$3,878,330 and had a commitment to pay \$27,996,000 in Environmental Bonds (refer note 22).

The ability of the consolidated entity to continue as a going concern is principally dependent upon raising additional capital or securing other forms of financing, as and when necessary to meet the levels of expenditure required for the consolidated entity to continue to progress the exploration of the tenements in which it has an interest and to meet the consolidated entity's working capital requirements. The consolidated entity's ability to continue as a going concern is also dependent on its ability to replace the \$27,996,000 Environmental Bonds within 2 years of the completion of the acquisition of the share capital of the 2 entities that hold the Endeavor Mine (Cobar Operations Pty Ltd and Endeavor Operations Pty Ltd).

Under the new Share Sale Agreement entered into during the year ended 30 June 2024, security will be granted over the assets of Cobar Operations Pty Ltd and Endeavor Operations Pty Ltd (the companies that own the Endeavor Mine) in favour of the vendor, CBH Resources Ltd ('CBH'). If the Company is unable to replace the Rehabilitation Bonds within 2 years then CBH may enforce the security and take ownership of the assets of Cobar Operations Pty Ltd and Endeavor Operations Pty Ltd. If this were to occur, then this would present a significant strategic setback for the consolidated entity and could potentially threaten the Company's listing on the ASX and the consolidated entity's ability to continue as a going concern.

These factors indicate significant uncertainty as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Note 1. Material accounting policy information (continued)

The Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- As at the date of this report, the consolidated entity had cash on hand of \$7,875,287.
- Proven ability of the consolidated entity to raise the necessary funding or settle debts via the issuance of shares, as evidenced by the raising of \$11,212,388 in cash (before share issue transaction costs) from shares issued during the year ended 30 June 2024, plus cash of \$2,599,485 that was received in the prior financial year relating to share placements in the current financial year.
- The consolidated entity has access to 2 financing facilities for \$2,505,512 (working capital) and US\$10,000,000 to be used to fund the recommencement of mining and processing operation at the mine in Cobar, NSW (refer note 14).
- On 14 August 2023, the Company announced the signing of a non-binding Memorandum of Understanding for the replacement of the Endeavor mine Environmental Bonds by Ocean Partners UK Limited totalling \$27,996,000 (refer note 22). Ocean Partners UK Limited have proposed to facilitate the bond replacement by providing a surety to the Company for up to 4 years. Once the Environmental Bonds have been replaced, the purchase of Cobar Infrastructure Pty Ltd (the entity that holds various residential properties in Cobar, NSW) can be completed and the vendor of the Endeavor Mine will no longer hold security over the assets in the 2 entities that hold the Endeavor Mine (refer note 25).
- The consolidated entity has the ability to reduce exploration activities and other discretionary spending, subject to meeting the expenditure commitments disclosed in note 22.

Based on the above, the Directors are of the opinion that at the date of signature of the financial report there are reasonable and supportable grounds to believe that the consolidated entity will be able to meet its liabilities from its assets in the ordinary course of business, for a period of not less than 12 months from the date of this financial report and has accordingly prepared the financial report on a going concern basis.

Should the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and liabilities other than in the ordinary course of business, and at amounts that may differ from those stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amount and classification of liabilities that might be required should the consolidated entity not be able to continue as a going concern.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 24.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Polymetals Resources Ltd ('Company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Polymetals Resources Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Note 1. Material accounting policy information (continued)

The consolidated financial statements have been prepared on the basis that the wholly-owned subsidiary, Golden Guinea Resources SARL, is the accounting parent entity.

Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to 'rounding-off' of amounts in the report. Amounts in the report have been rounded off in accordance with the instrument to the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2024. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 18 Presentation and Disclosure in Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces AASB 101 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The consolidated entity will adopt this standard from 1 July 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made. During the current and prior year, the consolidated entity impaired all its exploration and evaluation assets (refer note 12).

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Right to acquire the Endeavor Mine

The right to acquire the Endeavor Mine (the Mine) has been valued at acquisition on 12 May 2023 at \$17,276,822 (refer note 11 and note 25). After subsequent costs have been capitalised, the value of the right to acquire the Mine at 30 June 2024 was \$22,933,519. Subsequent to the acquisition, care and maintenance costs relating to the Mine have been capitalised on the basis that the consolidated entity is obligated to pay these costs under the agreement to acquire the Mine. Other discretionary costs relating to the Mine have been expensed on the basis that these costs are not required to be incurred under the agreement to acquire the Mine.

At 30 June 2024, the Directors expected that the acquisition of the Mine would be finalised by the end of July 2024, and no impairment to the intangible asset was considered necessary. The acquisition completed subsequent to the year end on 1 August 2024. The Directors have applied judgement in assessing the impairment of the intangible asset and the additional costs capitalised subsequent to the acquisition of the right.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity operated in two operating segments during the year - being gold exploration within Guinea, West Africa and a silver-zinc-lead mine located in Cobar, NSW. The operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The consolidated entity is currently conducting an exploration of tenements considered prospective for gold. No income has been derived from the recovery of gold during the year ended 30 June 2024 (2023: nil).

The consolidated entity entered into a share sale agreement to purchase the shares in a company (Cobar Metals Pty Ltd) that currently owns a right to acquire a silver-lead-and zinc mine in Cobar, NSW (refer note 25). A drilling program has been completed in the year and, until the completion of the agreement, care and maintenance costs are payable by the consolidated entity.

The information reported to the CODM is on at least a quarterly basis.

Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- interest revenue;
- income tax benefit;
- corporate costs;
- cash at bank of Polymetals Resources Ltd; and
- receivables and payables associated with corporate costs.

Note 3. Operating segments (continued)

Operating segment information

	Silver-Zinc- Lead \$	Gold \$	Unallocated \$	Total \$
Consolidated - 2024				
Operating loss	(1,922,912)	(85,613)	(1,262,940)	(3,271,465)
Depreciation and amortisation	(218)	-	(4,224)	(4,442)
Interest revenue	-	-	2,666	2,666
Loss before income tax expense	<u>(1,923,130)</u>	<u>(85,613)</u>	<u>(1,264,498)</u>	<u>(3,273,241)</u>
Income tax expense				-
Loss after income tax expense				<u>(3,273,241)</u>
Assets				
Segment assets	<u>23,173,722</u>	<u>403</u>	<u>7,765,995</u>	<u>30,940,120</u>
Total assets				<u>30,940,120</u>
<i>Total assets includes:</i>				
Acquisition of non-current assets	<u>4,296,862</u>	<u>86,859</u>	<u>-</u>	<u>4,383,721</u>
Liabilities				
Segment liabilities	<u>1,584,889</u>	<u>-</u>	<u>2,528,663</u>	<u>4,113,552</u>
Total liabilities				<u>4,113,552</u>
Consolidated - 2023				
Operating loss	(763,869)	(5,818,216)	(1,210,149)	(7,792,234)
Depreciation and amortisation	(263)	(6,286)	(1,747)	(8,296)
Interest revenue	-	-	1,133	1,133
Loss before income tax expense	<u>(764,132)</u>	<u>(5,824,502)</u>	<u>(1,210,763)</u>	<u>(7,799,397)</u>
Income tax expense				-
Loss after income tax expense				<u>(7,799,397)</u>
Assets				
Segment assets	<u>18,898,598</u>	<u>403</u>	<u>2,642,408</u>	<u>21,541,409</u>
Total assets				<u>21,541,409</u>
<i>Total assets includes:</i>				
Acquisition of non-current assets	<u>18,636,658</u>	<u>1,549,803</u>	<u>15,369</u>	<u>20,201,830</u>
Liabilities				
Segment liabilities	<u>1,344,538</u>	<u>-</u>	<u>1,775,280</u>	<u>3,119,818</u>
Total liabilities				<u>3,119,818</u>

Geographical information

	Geographical non-current assets	
	2024	2023
	\$	\$
Australia	22,948,238	18,659,744
Guinea	-	-
	<u>22,948,238</u>	<u>18,659,744</u>

For personal use only

Note 3. Operating segments (continued)

The geographical non-current assets above are exclusive of, where applicable, financial instruments and deferred tax assets.

Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 4. Other income

	Consolidated	
	2024	2023
	\$	\$
Government grants	425,000	-

Government grants relate to the NSW Critical Minerals Activation Fund matched expenditure program.

Note 5. Expenses

	Consolidated	
	2024	2023
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	4,442	2,010
Motor vehicles	-	4,637
Field equipment	-	1,649
Total depreciation	4,442	8,296
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	78,104	-
<i>Superannuation expense</i>		
Defined contribution superannuation expense	105,039	22,900

Note 6. Income tax

	Consolidated	
	2024	2023
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(3,273,241)	(7,799,397)
Tax at the statutory tax rate of 30%	(981,972)	(2,339,819)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	70,637	76,756
Current year tax losses and temporary differences not recognised	911,335	2,263,063
Income tax expense	-	-

Note 6. Income tax (continued)

	Consolidated	
	2024	2023
	\$	\$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	911,335	2,239,332
Potential tax benefit @ 30%	273,401	671,800

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Accounting policy for income tax

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 7. Cash and cash equivalents

	Consolidated	
	2024	2023
	\$	\$
<i>Current assets</i>		
Cash at bank	7,875,287	2,624,195

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 8. Trade and other receivables

	Consolidated	
	2024	2023
	\$	\$
<i>Current assets</i>		
Interest receivable	1,333	-
BAS receivable	115,262	257,470
	<u>116,595</u>	<u>257,470</u>

Note 9. Other assets

	Consolidated	
	2024	2023
	\$	\$
<i>Non-current assets</i>		
Security deposits	1,900	1,900

Note 10. Property, plant and equipment

	Consolidated	2023
	2024	2023
	\$	\$
<i>Non-current assets</i>		
Plant and equipment - at cost	21,962	25,888
Less: Accumulated depreciation	<u>(9,143)</u>	<u>(4,701)</u>
	<u><u>12,819</u></u>	<u><u>21,187</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Plant and equipment \$	Motor vehicles \$	Field equipment \$	Total \$
Balance at 1 July 2022	7,828	92,494	32,889	133,211
Additions	15,369	-	-	15,369
Write off of assets	-	(87,857)	(31,240)	(119,097)
Depreciation expense	<u>(2,010)</u>	<u>(4,637)</u>	<u>(1,649)</u>	<u>(8,296)</u>
Balance at 30 June 2023	21,187	-	-	21,187
Disposals	(3,926)	-	-	(3,926)
Depreciation expense	<u>(4,442)</u>	<u>-</u>	<u>-</u>	<u>(4,442)</u>
Balance at 30 June 2024	<u><u>12,819</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>12,819</u></u>

Accounting policy for property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a diminishing value basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Plant and equipment	10% per annum
Motor vehicles	10% per annum
Field equipment	10% per annum

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Note 11. Mine properties

	Consolidated	2023
	2024	2023
	\$	\$
<i>Non-current assets</i>		
Right to acquire the Endeavor Mine	<u><u>22,933,519</u></u>	<u><u>18,636,657</u></u>

Note 11. Mine properties (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Right to acquire Endeavor mine \$
Balance at 1 July 2022	-
Additions	1,359,835
Additions through asset acquisition (note 25)	<u>17,276,822</u>
Balance at 30 June 2023	18,636,657
Additions	<u>4,296,862</u>
Balance at 30 June 2024	<u><u>22,933,519</u></u>

Right to acquire the Endeavor Mine

On 12 May 2023 the Company acquired the right to purchase the shares in three companies holding the Endeavor lead/zinc/silver mine in Cobar, NSW (the Mine). During the year ended 30 June 2024, the terms of the agreement were amended to entitle the consolidated entity to acquire two of the three companies, with the acquisition of the third subsidiary holding residential properties deferred until the Environmental Bonds of \$27,996,000 have been replaced (refer note 25).

Since the purchase of the right to acquire the Mine, as part of the agreement, the consolidated entity has been paying for the care and maintenance of the Mine. The costs have been capitalised to the intangible asset. Any other costs incurred on the Mine that are not required in the agreement have been expensed.

Accounting policy for mine properties

Care and maintenance costs are capitalised to the right to acquire the Endeavor Mine. The right to acquire the Endeavor Mine asset is not amortised and is subsequently measured at cost less any impairment.

Note 12. Exploration and evaluation

	Consolidated	
	2024	2023
	\$	\$
<i>Non-current assets</i>		
Exploration and evaluation - at cost	5,785,978	5,699,119
Less: Impairment	<u>(5,785,978)</u>	<u>(5,699,119)</u>
	<u><u>-</u></u>	<u><u>-</u></u>

Note 12. Exploration and evaluation (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	\$
Balance at 1 July 2022	4,149,316
Additions	1,549,803
Impairment of assets*	<u>(5,699,119)</u>
Balance at 30 June 2023	-
Additions	86,859
Impairment of assets*	<u>(86,859)</u>
Balance at 30 June 2024	<u><u>-</u></u>

* This represents a full impairment of the carrying value of the consolidated entity's Guinea tenements, which are under renewal at present. Having exhausted all reasonable avenues to obtain the renewals, the Board has resolved to place Guinea tenements on care and maintenance until such time as the project can be joint ventured, farmed-out or sold.

Accounting policy for exploration and evaluation assets

A regular review has been undertaken on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Note 13. Trade and other payables

	Consolidated	
	2024	2023
	\$	\$
<i>Current liabilities</i>		
Trade payables	910,462	1,109,473
Other payables	<u>697,578</u>	<u>660,345</u>
	<u><u>1,608,040</u></u>	<u><u>1,769,818</u></u>

Included in *Other payables* is \$160,500 (2023: \$66,000) and in *Trade payables* is \$6,602 (2023: \$105,242) payable to directors at 30 June 2024.

Refer to note 19 for further information on financial instruments.

Accounting policy for trade and other payables

Due to their short-term nature, trade and other payables are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 14. Borrowings

	Consolidated	
	2024	2023
	\$	\$
<i>Current liabilities</i>		
Related party loans	<u>2,505,512</u>	<u>1,350,000</u>

Refer to note 19 for further information on financial instruments.

Note 14. Borrowings (continued)

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2024	2023
	\$	\$
Total facilities		
Related party loans	<u>2,505,512</u>	<u>1,350,000</u>
Used at the reporting date		
Related party loans	<u>2,505,512</u>	<u>1,350,000</u>
Unused at the reporting date		
Related party loans	<u>-</u>	<u>-</u>

Related party loans

On 31 October 2022, a related party, Meadowhead Investments Pty Ltd ('Meadowhead'), agreed to provide the consolidated entity with a loan facility of up to \$1,000,000. In April 2023 the facility was extended up to \$1,350,000. The loan is unsecured and can be drawn down at any time. The key terms of the facility are as follows:

- (i) Repayment date - the earlier of the next capital raising or 18 months from the first drawdown date
- (ii) Interest rate - 5% per annum, compounded monthly until the end of the loan

During the year ended 30 June 2024, \$294,488 of the Meadowhead loan was repaid and a further \$500,000 was advanced. The outstanding loan at 30 June 2024 was \$1,555,512. Subsequent to 30 June 2024, \$1,400,000 of the loan was repaid by the issue of 5,000,000 shares in the Company (refer note 27) and the remaining loan was repaid by cash.

In February 2024, a related party, Deering Nominees Pty Ltd ('Deering') loaned \$950,000 to the consolidated entity. The loan was unsecured and could be drawn down at any time. The outstanding loan at 30 June 2024 was \$950,000. The loan was repaid in full subsequent to 30 June 2024. The key terms of the facility were as follows:

- (i) Repayment date - the earlier of the next capital raising or 18 months from the first drawdown date
- (ii) Interest rate - 5% per annum, compounded monthly until the end of the loan

Other loan facilities (subject to conditions-see below)

On 27 June 2023 the consolidated entity announced that it has entered into a binding Term Sheet with Ocean Partners UK Limited (OPUK) for an unsecured US\$10,000,000 (A\$15,096,618) pre-payment funding facility which will provide development funding and working capital for the recommencement of mining and processing operation at the Company's underground Silver-Zinc-Lead, Endeavor Mine in the Cobar basin, NSW.

The key terms of the facility are as follows:

- (i) Facility limit - US\$10,000,000 (at 30 June 2023, this translates to A\$15,082,956)
- (ii) Contract - 5-year offtake of zinc and silver-lead concentrates
- (iii) Interest - 12-month Secured Overnight Financing Rate + 7.0%
- (iv) Term - Up to 36 months
- (v) Share subscription - A\$500,000 equity investment
- (vi) Key conditions:
 1. Signed Zinc & Silver-Lead Concentrate Offtake Contracts
 2. Executed Concentrate Prepayment Facility Agreement
 3. Third-party confirmation of Mine Restart Study (MRS) confirming the economics of the Endeavor Mine restart

Key condition 3 listed above has been satisfied during the year ended 30 June 2024.

Subsequent to the year-end, the above pre-payment funding facility was replaced by an upgraded US\$20,000,000 revolving loan facility (refer note 27).

For personal use only

Note 15. Issued capital

	2024 Shares	Consolidated 2023 Shares	2024 \$	2023 \$
Ordinary shares - fully paid	<u>186,760,665</u>	<u>137,714,126</u>	<u>39,765,767</u>	<u>25,488,064</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	79,440,000		7,462,460
Shares issued to settle debts (a)	17 August 2022	1,126,126	\$0.12	135,135
Placement (b)	21 December 2022	4,000,000	\$0.25	1,000,000
Shares issued to vendor of Orana Minerals Pty Ltd (refer note 25)	12 May 2023	52,000,000	\$0.32	16,640,000
Options exercised (c)	30 June 2023	1,148,000	\$0.25	287,000
Share issue costs				<u>(36,531)</u>
Balance	30 June 2023	137,714,126		25,488,064
Placement (b)	6 July 2023	11,777,057	\$0.31	3,650,888
Placement (b)	7 July 2023	325,040	\$0.31	100,762
Options exercised (c)	31 August 2023	1,185,000	\$0.25	296,250
Options exercised (c)	7 November 2023	1,167,000	\$0.25	291,750
Rights issue (d)	8 January 2024	5,449,585	\$0.32	1,743,867
Placement (b)	27 May 2024	7,142,857	\$0.35	2,500,000
Placement (b)	13 June 2024	22,000,000	\$0.28	6,160,016
Share issue costs				<u>(465,830)</u>
Balance	30 June 2024	<u>186,760,665</u>		<u>39,765,767</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(a) Shares issued to settle debts

30 June 2023

On 17 August 2022, the consolidated entity issued 1,126,126 ordinary shares to Sahara Natural Resources for part-payment of its contract drilling fees at \$0.12 per share. The market share price at the date of issue was \$0.15 however the rate that the shares were issued was agreed between the parties.

(b) Placement

30 June 2023

On 21 December 2022, the consolidated entity issued 4,000,000 ordinary shares to a sophisticated investor at 25 cents per share. The issue price per share represents a 6.4% premium to the closing price on the ASX of \$0.235 per share on 19 December 2022 and a 15.3% premium to the 30-day VWAP of \$0.217 per share.

30 June 2024

On 6 July 2023 and 7 July 2023, the Company issued 11,777,057 and 325,040 ordinary shares respectively at \$0.31 per share. The issue price per share represented a 6% discount to the 30-day VWAP. The funds raised were applied to the Endeavor Mine Restart Study.

Note 15. Issued capital (continued)

On 27 May 2024, 7,142,857 shares were issued to Metals Acquisition Corp. (Australia) Pty Ltd, a wholly-owned subsidiary of Metals Acquisitions Limited ("Metals Acquisitions") (ASX: MAC), a company that owns and operates the CSA copper mine located 5km north of Cobar, NSW. During the year ended 30 June 2024, the Company entered into an alliance with Metals Acquisitions to allow each company to exploit synergies between the neighbouring mines.

Under the alliance, Metals Acquisitions:

- (1) Subscribed to \$2.5m of ordinary shares in the Company at \$0.35 per share for an initial 4.31% interest in the Company.
- (2) Will subscribe to a further \$2.5m of ordinary shares in the Company at \$0.35 per share subject to the satisfaction of certain conditions precedent as follows:
 - i) the Company securing sufficient funding to restart the Endeavor mine and processing plant;
 - ii) the Company and Metals Acquisitions entering into a tolling agreement to treat zinc ore delivered by Metals Acquisitions to the Company (with a treatment charge of costs plus 35%);
 - iii) the Company and Metals Acquisitions entering into a Water Offtake agreement whereby the Company will allow Metals Acquisitions to draw 150ml of water annually from the Endeavor mine pipeline for a term of 4.5 years. Metals Acquisitions will have the option to extend beyond the initial 4.5 years on terms to be agreed in good faith between parties; and
 - ix) Metals Acquisitions securing any necessary third-party consents (including from its secured lenders and Glencore Plc) to undertake the transactions contemplated.
- (3) Will have the right to appoint one director to the Board once it holds 7% of the issued shares in the Company.

On 13 June 2024, 22,000,000 shares were issued at \$0.28 per share to sophisticated and professional investors to raise funds to continue with the Endeavor Project restart studies, to fund mine exploration activities and for working capital purposes.

(c) Options exercised

30 June 2023

On 30 June 2023, 1,148,000 options were converted to ordinary shares.

30 June 2024

On 31 August 2023 and 7 November 2023, 1,185,000 and 1,167,000 options respectively were converted to ordinary shares.

(d) Rights issue

30 June 2024

On 8 January 2024, the Company issued 5,449,585 ordinary shares through the 1 for 6 non-renounceable rights issue offered to existing shareholders on 5 December 2023. The rights issue has raised \$1,743,867 at \$0.32 per share, and these funds are to be used to advance the exploration at and development of the Endeavor project. An entity controlled by David Sproule, the Executive Chairman, subscribed for \$1,000,000 worth of shares.

Options

On 31 August 2023 and 7 November 2023, 1,185,000 and 1,167,000 options respectively were converted to ordinary shares. At 30 June 2024 there were no further share options on issue.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

The consolidated entity is not exposed to externally imposed capital requirements.

Note 15. Issued capital (continued)

The consolidated entity monitors capital through the gearing ratio, which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is defined as equity per the statement of financial position plus net debt.

The Board reviews the capital structure on an annual basis. As a part of this review the Board considers the cost of capital and risks associated with each class of capital. A high gearing ratio will be expected as the consolidated entity enters into its development stage and more debts are required to fund the operation and development activities.

The capital risk management policy remains unchanged from the 2023 Annual Report.

The consolidated entity monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'trade and other payables' and 'borrowings' as shown in the statement of financial position) less 'cash and cash equivalents' as shown in the statement of financial position. Total capital is calculated as 'total equity' as shown in the statement of financial position (including non-controlling interest) plus net debt.

The gearing ratio at the reporting date was as follows:

	Consolidated	
	2024	2023
	\$	\$
Current liabilities - trade and other payables (note 13)	1,608,040	1,769,818
Current liabilities - borrowings (note 14)	2,505,512	1,350,000
Total borrowings	<u>4,113,552</u>	<u>3,119,818</u>
Current assets - cash and cash equivalents (note 7)	<u>(7,875,287)</u>	<u>(2,624,195)</u>
Net debt/(Cash and cash equivalents, net of debt)	<u>(3,761,735)</u>	<u>495,623</u>
Total equity	<u>26,826,568</u>	<u>18,421,591</u>
Total capital	<u><u>23,064,833</u></u>	<u><u>18,917,214</u></u>
Gearing ratio	(16%)	3%

Note 16. Prepaid capital

	Consolidated	
	2024	2023
	\$	\$
Prepaid share capital	<u>-</u>	<u>2,599,485</u>

Prepaid capital at 30 June 2023 related to proceeds received in advance for the Endeavor Mine Restart Study share placement, which was completed on 6 July 2023 (refer to note 27). Upon the issue of the related shares on 6 July 2023, the proceeds converted to issued capital.

Note 17. Reserves

	Consolidated	
	2024	2023
	\$	\$
Share-based payments reserve	206,145	206,145
Options reserve	<u>245,000</u>	<u>245,000</u>
	<u><u>451,145</u></u>	<u><u>451,145</u></u>

Note 17. Reserves (continued)

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration.

Options reserve

The reserve is used to recognise the value of share options provided to other parties as part of their compensation for services.

Note 18. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 19. Financial instruments

Financial risk management objectives

In common with all other businesses, the consolidated entity is exposed to risks that arise from its use of financial instruments. This note describes the consolidated entity's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the consolidated entity's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in this note.

The consolidated entity's financial instruments consist mainly of cash and cash equivalents, receivables, payables, and borrowings.

The Board has overall responsibility for the determination of the consolidated entity's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the consolidated entity's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the consolidated entity's competitiveness and flexibility. Further details regarding these policies are set out below.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Apart from the Alahiné and Mansala projects in the Republic of Guinea, the consolidated entity has no significant exposure to foreign exchange risk as there are effectively no foreign currency deals outstanding. However, the likely impact of this risk is at this stage considered to be minimal due to the exploration nature of this asset.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

Interest rate risk arises principally from cash and cash equivalents. The consolidated entity's borrowings are all at fixed rates which expose the consolidated entity to fair value interest rate risk. At 30 June 2024, borrowings totalled \$2,505,512. The objective of interest rate risk management is to manage and control interest rate risk exposures within acceptable parameters while optimising the return.

Note 19. Financial instruments (continued)

The consolidated entity performed multiple capital raisings during the year ended 30 June 2024 which has led to a large closing cash at bank balance of \$7,875,287 at 30 June 2024. These balances are subject to interest rate risk as changes in market interest rates can affect the interest income earned on these balances.

Exposure to interest rate risk arises on financial assets and financial liabilities at reporting date whereby a future change in interest rates will affect future cash flows.

Consolidated - 2024	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Cash and cash equivalents	100	78,753	78,753	(100)	(78,753)	(78,753)
Borrowings	100	(25,055)	(25,055)	(100)	25,055	25,055
		<u>53,698</u>	<u>53,698</u>		<u>(53,698)</u>	<u>(53,698)</u>

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. This usually occurs when debtors fail to settle their obligations owing to the consolidated entity. The consolidated entity's objective is to minimise the risk of loss from credit risk exposure.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Credit risk is reviewed regularly by the Board. It arises from exposure to receivables as well as through deposits with financial institutions.

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity and at the reporting date.

The consolidated entity's cash at bank is wholly held with the Commonwealth Bank of Australia.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by monitoring forecast cash flows for the possible need to obtain debt or equity finance.

Related parties agreed to provide the consolidated entity with a loan facility of up to \$2,505,512 (2023: \$1,350,000) (refer note 14). The facilities were fully utilised at 30 June 2024.

The consolidated entity has entered into a binding Term Sheet with Ocean Partners UK Limited (OPUK) for an unsecured US\$10,000,000 (A\$15,096,618) concentrate pre-payment funding facility which will provide development funding and working capital for the recommencement of mining and processing operation at the Company's underground Silver-Zinc-Lead, Endeavor Mine in the Cobar basin, NSW (refer note 14).

For personal use only

Note 19. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Consolidated - 2024					
Non-derivatives					
<i>Non-interest bearing</i>					
Trade and other payables	1,608,040	-	-	-	1,608,040
<i>Interest-bearing - fixed rate</i>					
Borrowings	2,505,512	-	-	-	2,505,512
Total non-derivatives	<u>4,113,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,113,552</u>
Consolidated - 2023					
Non-derivatives					
<i>Non-interest bearing</i>					
Trade and other payables	1,769,818	-	-	-	1,769,818
<i>Interest-bearing - fixed rate</i>					
Borrowings	1,350,000	-	-	-	1,350,000
Total non-derivatives	<u>3,119,818</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,119,818</u>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 20. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2024 \$	2023 \$
Short-term employee benefits	316,012	420,942
Post-employment benefits	3,001	630
	<u>319,013</u>	<u>421,572</u>

For personal use only

Note 21. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Company:

	Consolidated 2024	Consolidated 2023
	\$	\$
<i>Audit services - RSM Australia Partners</i>		
Audit or review of the financial statements	<u>50,000</u>	<u>30,500</u>

Note 22. Commitments

	Consolidated 2024	Consolidated 2023
	\$	\$
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	<u>27,996,000</u>	<u>27,996,000</u>

The consolidated entity is required to pay \$27,996,000 of Environmental Bonds in favour of the Minister of the Government of New South Wales to meet the environmental obligations of the Endeavor Mine tenements. During the year ended 30 June 2023, the consolidated entity entered into a share sale agreement ('SSA') to purchase the shares in three companies that currently own the rights to the Endeavor Mine tenements and other assets (refer note 25). During the year ended 30 June 2024, the former SSA was replaced to amend the terms of the agreement. Under the new SSA, the consolidated entity is entitled to acquire two of the three companies, with the acquisition of the third subsidiary holding residential properties deferred until the Environmental Bonds have been replaced. The new SSA allows a further 2 years from completion of the acquisition of the two subsidiaries that hold the Endeavor mine (Cobar Operations Pty Ltd and Endeavor Operations Pty Ltd) to replace the Environmental Bonds (refer note 25).

On 14 August 2023, the Company announced the signing of a non-binding Memorandum of Understanding for the replacement of the Endeavor mine Environmental Bonds by Ocean Partners UK Limited. Ocean Partners UK Limited have proposed to facilitate the bond replacement by providing a surety to the Company for up to 4 years. Once the Environmental Bonds have been replaced, the purchase of the Endeavor mine can be completed.

Note 23. Related party transactions

Legal parent entity

Polymetals Resources Ltd is the legal parent entity.

Accounting parent entity

Golden Guinea Resources SARL is the accounting parent of the group.

Subsidiaries

Interests in subsidiaries are set out in note 26.

Key management personnel

Disclosures relating to key management personnel are set out in note 20 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

At the time of the Orana Minerals acquisition in the year ended 30 June 2023, Meadowhead Investments Pty Ltd, an entity controlled by David Sproule, owned 33.48% of Orana Minerals Pty Ltd. Following the resolutions voted at the extraordinary general meeting held on 12 May 2023, Meadowhead Investments Pty Ltd were issued 17,410,714 shares in Polymetals Resources Ltd.

Note 23. Related party transactions (continued)

Additionally, Linden Sproule (son of David Sproule) owned 2.23% of Orana Minerals Pty Ltd at the time of the acquisition. Following the resolutions voted at the extraordinary general meeting held on 12 May 2023, Linden Sproule was issued 1,160,714 shares in Polymetals Resources Ltd.

	Consolidated	
	2024	2023
	\$	\$
Payment for other expenses:		
Interest payable to other related party	78,103	-
Other transactions:		
Subscription for ordinary shares under rights issue by key management personnel, including their personally related parties	1,115,938	-

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2024	2023
	\$	\$
Current payables:		
Trade payables to key management personnel	6,602	105,242
Other payables to key management personnel	160,500	66,000
Interest payable to other related party	78,103	-

Loans to/from related parties

On 31 October 2022, Meadowhead Investments Pty Ltd, an entity controlled by David Sproule, agreed to provide the consolidated entity with a loan facility of up to \$1,350,000 (refer note 14). The facility was unsecured, could be drawn down at any time, and incurred interest at 5% per annum. The repayment date was the earlier of the next capital raising or 18 months from the first drawdown date. During the year ended 30 June 2024, \$294,488 of the Meadowhead loan was repaid and a further \$500,000 was advanced. The outstanding loan at 30 June 2024 was \$1,555,512. Subsequent to 30 June 2024, \$1,400,000 of the loan was repaid by the issue of 5,000,000 shares in the Company (refer note 27) and the remaining loan was repaid by cash.

During the year ended 30 June 2024, \$294,488 of the Meadowhead loan was repaid and a further \$500,000 was advanced. The outstanding loan at 30 June 2024 was \$1,555,512. Subsequent to 30 June 2024, \$1,400,000 of the loan was repaid by the issue of 5,000,000 shares in the Company (refer note 27) and the remaining loan was repaid by cash.

In February 2024, a company controlled by David Sproule's spouse, Deering Nominees Pty Ltd, loaned \$950,000 to the consolidated entity. The loan was unsecured and incurred interest at 5% per annum. The repayment date was the earlier of the next capital raising or 18 months from the first drawdown date. The outstanding loan at 30 June 2024 was \$950,000. The loan was repaid in full subsequent to 30 June 2024.

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2024	2023
	\$	\$
Current borrowings:		
Loan from other related party - Meadowhead Investments Pty Ltd	1,555,512	1,350,000
Loan from other related party - Deering Nominees Pty Ltd	950,000	-

For personal use only

Note 24. Parent entity information

Set out below is the supplementary information about the legal parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2024	2023
	\$	\$
Loss after income tax	(4,112,708)	(13,227,674)
Total comprehensive income	(4,112,708)	(13,227,674)

Statement of financial position

	Parent	
	2024	2023
	\$	\$
Total current assets	24,511,738	19,261,058
Total assets	29,272,052	20,753,159
Total current liabilities	2,728,664	1,775,280
Total liabilities	2,728,664	1,775,280
Net assets	26,543,388	18,977,879
Equity		
Issued capital	44,906,872	30,629,168
Prepaid capital	-	2,599,485
Share-based payments reserve	206,145	206,145
Options reserve	245,000	245,000
Accumulated losses	(18,814,629)	(14,701,919)
Total equity	26,543,388	18,977,879

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2024 and 30 June 2023.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

Legal parent entity disclosures

The above information has been extracted from the books and records of the legal parent entity, Polymetals Resources Ltd. Accordingly, the information does not relate to the 'accounting parent' - Golden Guinea Resources SARL.

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 25. Asset acquisition

30 June 2023

On 12 May 2023, the Company acquired 100% of the ordinary shares of Orana Minerals Pty Ltd (Orana Minerals) for the total consideration transferred of 52,000,000 ordinary shares at \$0.32 per share, totalling \$16,640,000. This is a mining exploration business and Orana Minerals' wholly-owned subsidiary, Cobar Metals Pty Ltd, has entered into a legally-binding SSA to purchase 3 entities holding the Endeavor lead/zinc/silver mine and other assets in Cobar, NSW. Under the former SSA, the purchase of the Endeavor Mine would not complete until Cobar Metals Pty Ltd had paid Environmental Bonds of \$27,996,000.

At the time of the Orana Minerals acquisition, Meadowhead Investments Pty Ltd, an entity controlled by David Sproule, owned 33.48% of Orana Minerals Pty Ltd. Following the resolutions voted at the extraordinary general meeting held on 12 May 2023, Meadowhead Investments Pty Ltd were issued 17,410,714 shares.

Additionally, Linden Sproule (son of David Sproule) owned 2.23% of Orana Minerals Pty Ltd at the time of the acquisition. Following the resolutions voted at the extraordinary general meeting held on 12 May 2023, Linden Sproule was issued 1,160,714 shares.

The shares issued as consideration were released from Voluntary Escrow Agreement on 12 May 2024.

The acquisition was approved by shareholders at the general meeting held on 12 May 2023.

With reference to AASB 3 *Business combinations*, it has been determined that the acquisition is not a business combination and the transaction has therefore been accounted for as an asset acquisition. The cost of the acquisition, including the consideration paid to the vendor, and liabilities assumed, has been allocated across the relative fair value of the assets acquired.

Details of the acquisition are as follows:

	Fair value \$
Cash and cash equivalents	4,932
BAS receivable	110,050
Right to acquire Endeavor mine	17,276,822
Other loans	<u>(751,804)</u>
Acquisition-date fair value of the total consideration transferred	<u>16,640,000</u>
Representing:	
Polymetals Resources Ltd shares issued to vendor	<u>16,640,000</u>
Cash used to acquire Orana Minerals, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	16,640,000
Less: cash and cash equivalents	(4,932)
Less: shares issued by the Company as consideration	<u>(16,640,000)</u>
Net cash received	<u>(4,932)</u>

During the year ended 30 June 2024, the former SSA was replaced to amend the terms of the agreement. Under the new SSA, the consolidated entity is entitled to acquire two of the three companies, with the acquisition of the third subsidiary holding residential properties deferred until the Environmental Bonds have been replaced. The new SSA allows a further 2 years from completion of the acquisition of the two subsidiaries that hold the Endeavor Mine (Cobar Operations Pty Ltd and Endeavor Operations Pty Ltd) to replace the Environmental Bonds.

The new SSA requires the consolidated entity to issue 1,000,000 ordinary shares in the Company to the vendors of the Endeavor Mine as consideration for the purchase of Cobar Operations Pty Ltd and Endeavor Operations Pty Ltd. This acquisition and the share issue completed subsequent to 30 June 2024 on 1 August 2024 (refer note 27).

Note 26. Interests in subsidiaries

Polymetals Resources Ltd is the legal parent entity of the consolidated entity and Golden Guinea Resources SARL is the accounting parent entity.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2024 %	2023 %
Golden Guinea Resources SARL	Guinea, Africa	100%	100%
Société Oro Tree Guinea Resources SARL	Guinea, Africa	100%	100%
Orana Minerals Pty Ltd*	Australia	100%	100%
Cobar Metals Pty Ltd**	Australia	100%	100%

* The Company acquired Orana Minerals Pty Ltd and its subsidiary Cobar Metals Pty Ltd during the year ended 30 June 2023 (refer note 25).

** Subsidiary of Orana Minerals Pty Ltd.

Unless otherwise stated, the subsidiaries have share capital consisting solely of ordinary shares that are held directly by the consolidated entity, and the proportion of ownership interests is equal to the proportion of voting rights held by the consolidated entity.

Note 27. Events after the reporting period

On 17 July 2024, 5,000,000 ordinary shares were issued to a related party, Meadowhead Investments Pty Ltd, in settlement of \$1,400,000 of the loan outstanding at 30 June 2024 (refer to note 14).

On 23 July 2024, 2,000,000 ordinary shares were issued at \$0.28 per share to raise working capital totalling \$560,000.

On 1 August 2024, the consolidated entity completed the acquisition of Cobar Operations Pty Ltd and Endeavor Operations Pty Ltd (refer note 25).

The acquisition will allow the consolidated entity to progress surface and underground refurbishment works on the Endeavor Mine and to progress to production in 2025.

Cobar Operations Pty Ltd and Endeavor Operations Pty Ltd (the 'Endeavor Mine companies') together hold the Endeavor Mine assets. Substantially all of the fair value of the assets acquired are concentrated in a group of similar assets - the mining assets. The mining assets include all capitalised costs relevant to the Endeavor Mine, including exploration, development and production assets that are considered a group of similar assets as they collectively contribute to the extraction and processing of the resources at the Endeavor Mine. Accordingly, the Directors consider the acquisition of the Endeavor Mine companies to be an asset acquisition rather than a business combination under AASB 3 *Business Combinations*.

The total consideration for the acquisition is as follows:

- The \$1,000,000 upfront payment made prior to 30 June 2024.
- \$21,933,519 paid up until the completion of the acquisition relating to the right to acquire the Endeavor Mine.
- 1,000,000 of Polymetals Resources Ltd ordinary shares valued at \$280,000, issued to the vendors on 1 August 2024.

As the final part of the consideration for the acquisition, 1,000,000 ordinary shares in Polymetals Resources Ltd were issued to the vendors on 1 August 2024 valued at \$280,000 in total. The total consideration paid for the Endeavor Mine companies is \$23,213,519.

For personal use only

Note 27. Events after the reporting period (continued)

Under the SSA, from the date of completion of the acquisition of the Endeavor Mine companies (1 August 2024), Cobar Metals Pty Ltd undertakes to replace the Environmental Bonds guarantee of \$27,996,000. Cobar Metals Pty Ltd has two years from the date of completion to procure the replacement of the Environmental Bonds guarantee; otherwise it is liable to pay the full \$27,996,000 in cash to the vendor, who would pay this amount to the NSW Government to release it from its obligations to pay any costs in the future on rehabilitation of the Endeavor Mine site.

At 1 August 2024, it is not probable that the \$27,996,000 will need to be paid to the vendor, therefore it will continue to be disclosed as a contingent liability rather than recognised as a provision.

On 5 September 2024, the Company allocated 3,525,000 performance rights under a Loan Funded Share Plan to 15 staff, including the Board, Executives and Senior Management. The performance rights are subject to the following vesting and exercise conditions:

Performance rights vesting conditions

- 25% upon drawdown of a debt facility to fund the restart of the Endeavor Mine.
- 25% upon Polymetals Resources Ltd share trading at a 30-day VWAP above \$0.50.
- 25% upon the first zinc or silver-lead concentrate shipment from the Endeavor Mine.
- 25% upon the exchange of the \$28m Endeavor Mine rehabilitation bond held by the vendor.

Performance rights exercise conditions

- Exercise price of \$0.35 per share (being a 25% premium to the June 2024 capital raising price).
- 3-year term.
- Participants must remain engaged with the Company throughout the term.
- 100% of shares vest in the event of a change of control transaction.

On 16 September 2024, the Company announced that the US\$10,000,000 pre-payment facility provided by Ocean Partners UK Ltd in June 2023 has been replaced by an upgraded US\$20,000,000 revolving loan facility. The terms of the facility are as follows:

- Facility limit - US\$20,000,000
- Term - Revolving facility up to 36 months from first drawdown
- Interest - 12-month Secured Overnight Financing Rate + 6.0%
- Security - General security over Cobar Operations Pty Ltd ranked pari-passu with rehabilitation bond and parent company guarantee
- Grace period - 6 months
- Repayment - 10% of facility amount to be repaid quarterly, with the repayment period starting after the 6-month grace period. Repaid amounts can be redrawn on the same terms revolving over the 36-month term. Outstanding balances upon maturity shall be subject to a bullet repayment. Early repayment can be made any time with 5 days' notice.
- Arrangement fee - 1% of drawn funds
- Shares and options - 1,118,280 fully paid POL shares and \$2,500,000 options. The options extend over 24 months with an exercise price to be determined upon completion
- Offtake - 6-year offtake of zinc and silver-lead concentrates produced from the Endeavor Mine. No offtake on toll treated ores.
Zinc: 50% benchmark and 50% at spot references
Silver-lead: benchmark for high silver concentrates
- Conditions precedent - execution of formal documentation

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 28. Cash flow information

Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2024	2023
	\$	\$
Loss after income tax expense for the year	(3,273,241)	(7,799,397)
Adjustments for:		
Depreciation and amortisation	4,442	8,296
Impairment	86,859	5,699,119
Share-based payments	-	135,135
Write off of assets	3,926	119,097
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	140,875	(120,701)
Decrease in prepayments	-	19,200
Decrease/(increase) in other operating assets	(136,335)	1
Increase/(decrease) in trade and other payables	<u>(161,778)</u>	<u>257,840</u>
Net cash used in operating activities	<u>(3,335,252)</u>	<u>(1,681,410)</u>

Non-cash investing and financing activities

	Consolidated	
	2024	2023
	\$	\$
Shares issued in relation to asset acquisition	<u>-</u>	<u>16,640,000</u>

Changes in liabilities arising from financing activities

Consolidated	Borrowings
	\$
Balance at 1 July 2022	-
Net cash from financing activities	<u>1,350,000</u>
Balance at 30 June 2023	1,350,000
Net cash from financing activities	<u>1,155,512</u>
Balance at 30 June 2024	<u><u>2,505,512</u></u>

Note 29. Earnings per share

	Consolidated	
	2024	2023
	\$	\$
Loss after income tax attributable to the owners of Polymetals Resources Ltd	<u>(3,273,241)</u>	<u>(7,799,397)</u>

For personal use only

Note 29. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>155,690,782</u>	<u>89,559,192</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>155,690,782</u>	<u>89,559,192</u>
	Cents	Cents
Basic earnings per share	(2.1)	(8.7)
Diluted earnings per share	(2.1)	(8.7)

Note 30. Share-based payments

A Loan Funded Share Plan (the plan) has been established by the consolidated entity whereby the consolidated entity may, at the discretion of the Board, grant Restricted Shares in the Company to certain key management personnel of the consolidated entity. The Plan was established to attract, motivate and retain current and prospective directors, employees and certain contractors of the consolidated entity and provide them with an incentive to deliver growth and value to all shareholders.

Under Accounting Standard AASB 2 *Share-based Payment*, the issuance of these shares has been accounted for as an in-substance option award. The fair value of these equity instruments was assessed by Directors based on an independent valuation (using an option-pricing model) and were recorded in the Share-based payments reserve (note 17).

During the year ended 30 June 2023, the 3,100,000 in-substance options expired as the directors and the CEO that held the options resigned and therefore were no longer eligible under the plan.

For personal use only

Basis of preparation

The Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the Corporations Act 2001. It includes certain information for each entity that was part of the consolidated entity at the end of the financial year.

Determination of tax residency

Section 295 (3A) of the Corporation Acts 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

(a) Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

(b) Foreign tax residency

Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in determining tax residency and ensure compliance with applicable foreign tax legislation.

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Polymetals Resources Ltd (parent entity)	Body corporate	Australia		Australia
Golden Guinea Resources SARL	Body corporate	Guinea, Africa	100%	Guinea
Société Oro Tree Guinea Resources SARL	Body corporate	Guinea, Africa	100%	Guinea
Orana Minerals Pty Ltd	Body corporate	Australia	100%	Australia
Cobar Metals Pty Ltd	Body corporate	Australia	100%	Australia

For personal use only

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



David Sproule
Executive Chairman

27 September 2024

For personal use only

RSM Australia Partners

Level 13, 60 Castlereagh Street
Sydney
NSW 2000
Australia
T +61 (02) 8226 4500
F +61 (02) 8226 4501
rsm.com.au

INDEPENDENT AUDITOR'S REPORT

To the Members of Polymetals Resources Ltd and its controlled subsidiaries

Opinion

We have audited the financial report of Polymetals Resources Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit 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 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, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

THE POWER OF BEING UNDERSTOOD
ASSURANCE | TAX | CONSULTING

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group recorded a loss after tax of \$3,273,241 and had net cash outflows from operating and investing activities of \$3,335,252 and \$4,247,386 respectively for the year ended 30 June 2024. At 30 June 2024, the Group had a commitment to pay \$27,996,000 in Environmental Bonds (refer to Note 22). The ability of the Group to continue as a going concern is principally dependent upon raising additional capital or securing other forms of financing.

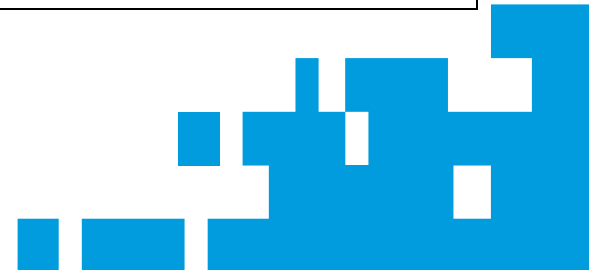
As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed this matter
<p>Carrying value of Mine Properties Asset Refer to Note 11 in the financial statements</p>	
<p>On 12 May 2023 the Company acquired the right to purchase the shares in three companies holding the Endeavor lead/zinc/silver mine in Cobar, NSW (the Mine). During the year ended 30 June 2024, the terms of the agreement were amended to entitle the consolidated entity to acquire two of the three companies, with the acquisition of the third subsidiary holding residential properties deferred until the Environmental Bonds of \$27,996,000 have been replaced (refer Note 22).</p> <p>Since the purchase of the right to acquire the Mine, as part of the agreement, the consolidated entity has been paying for the care and maintenance of the Mine. The costs have been capitalised to the intangible asset. Any other costs incurred on the Mine that are not required in the agreement have been expensed.</p> <p>As disclosed in Note 11, care and maintenance costs relating to the Endeavor Mine have been capitalised as Mine properties asset. The Mine properties asset is not amortised and is subsequently measured at cost less any impairment.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Assessing care and maintenance costs capitalised since the purchase of the right to acquire the Endeavor Mine to determine if there are any negative indicators that would suggest a potential impairment of the carrying value of the mine properties asset at 30 June 2024; and Reviewing the adequacy of the relevant disclosures in the financial statements.



Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and
- b. the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 16 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Polymetals Resources Ltd, for the year ended 30 June 2024, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in blue ink that reads "RSM".

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink that reads "C J Hume".

C J HUME

Partner

Sydney, NSW

Dated: 27 September 2024

For personal use only



The shareholder information set out below was applicable as at 2 September 2024.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares	
	Number of holders	% of total shares issued
1 to 1,000	20	-
1,001 to 5,000	73	0.11
5,001 to 10,000	106	0.51
10,001 to 100,000	233	4.41
100,001 and over	109	94.97
	<u>541</u>	<u>100.00</u>
Holding less than a marketable parcel	<u>39</u>	<u>0.03</u>

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
MEADOWHEAD INVESTMENTS PTY LTD	25,661,197	13.18
DEERING NOMINEES PTY LTD	21,499,848	11.04
MEADOWHEAD INVESTMENTS PTY LTD	19,997,431	10.27
MR STEPHEN LEE JACKSON	15,863,355	8.15
P & D SUPER AUSTRALIA PTY LTD - P & D SUPER FUND	10,928,989	5.61
SPARTA AG	8,450,000	4.34
METALS ACQUISITION CORP. (AUSTRALIA) PTY LTD	8,096,621	4.16
TA SECURITIES HOLDINGS BERHAD	7,531,421	3.87
ANG HUI YING	4,662,938	2.39
BNP PARIBAS NOMS PTY LTD	4,286,950	2.20
AGUIBOU BAH	3,781,358	1.94
MR PAUL ROBERT MCCALLUM	3,116,078	1.60
MRS JASMINE LEE CREIGHTON - CREIGHTON FAMILY A/C	2,824,699	1.45
NABLA GLOBAL LIMITED	2,354,908	1.21
DEERING NOMINESS PTY LTD - THE DEERING FAMILY A/C	2,142,194	1.10
MR NEIL FRANCIS STUART	1,905,695	0.98
OCEAN PARTNERS UK LIMITED	1,881,720	0.97
SL JACKSON CONTRACTING PTY LTD	1,834,521	0.94
MR DREW ROBERT FOSTER MCCALLUM	1,500,000	0.77
BOSTON AND BAXTER PTY LTD	1,450,000	0.74
	<u>149,769,92</u>	
	<u>3</u>	<u>76.91</u>

Unquoted equity securities

There are no unquoted equity securities.

For personal use only

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
MEADOWHEAD INVESTMENTS PTY LTD	25,661,197	13.18
DEERING NOMINEES PTY LTD	21,499,848	11.04
MEADOWHEAD INVESTMENTS PTY LTD	19,997,431	10.27
MR STEPHEN LEE JACKSON	15,863,355	8.15
P & D SUPER AUSTRALIA PTY LTD - P & D SUPER FUND	10,928,989	5.61

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Tenements

As at the date of this report, the Company has an interest in the following tenements:

Tenement	Holder	% Interest	Expiry date	Term
EL22123 - Alahiné	Golden Guinea Resources SARL	-	30/04/2022	
EL22694 - Mansala	Golden Guinea Resources SARL	-	31/10/2022	

Both of the above licences are under renewal and the Board has resolved to place the Guinea tenements on care and maintenance (refer note 12).