

Australia's next silver and zinc producer.

Polymetals Resources Ltd
ACN 644 736 247
Unit 1, 101 Main Street
Alstonville NSW 2477 Australia

polymetals.com

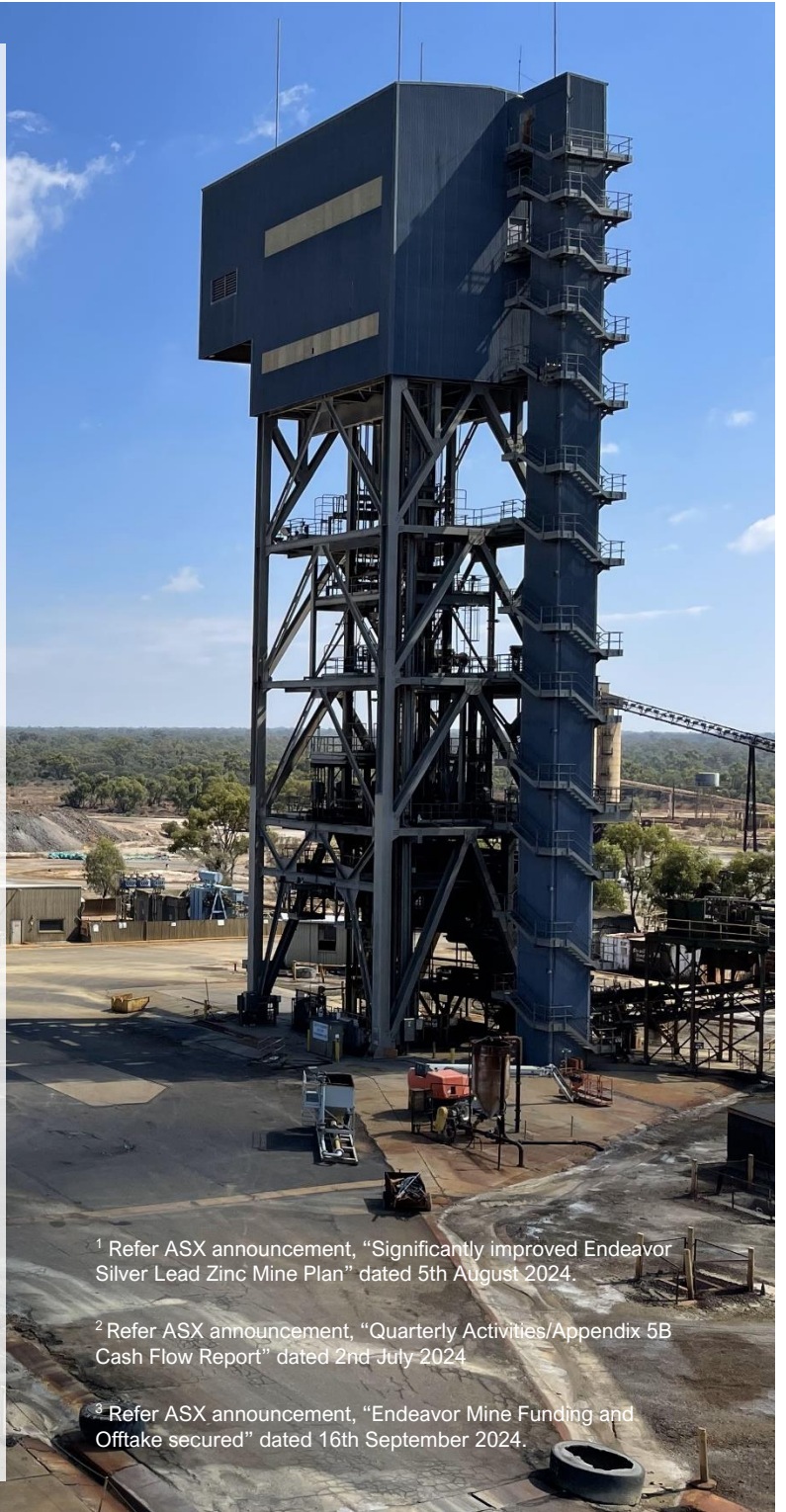
ASX: POL

22 October 2024

Polymetals Resources Ltd is developing the high-grade Endeavor silver zinc lead mine within one of Australia's premier polymetallic mineral provinces the Cobar Basin in New South Wales. First production is on track for H1 2025.

Highlights

- EGM approves the completion of the acquisition of Endeavor.
- Updated Stage 1 10-year Mine Plan: Pre-tax NPV8% = \$414m and IRR = 345%. Free Cashflow = \$609m and EBITDA = \$89m/annum during first five years¹.
- Completion of placements totalling \$9.3 m approximately to fund ongoing work at Endeavor².
- Finalised terms with global commodity trader Ocean Partners for a US\$20 million (~A\$30 million) pre-payment/loan facility³.
- Matthew Gill (Mining Engineer) retires from POL Board and assumes role of GM Endeavor Mine.
- Initiated critical path capital works and advanced senior management team recruitment.
- Completed the next phase of the Carpark near mine drilling.



¹ Refer ASX announcement, "Significantly improved Endeavor Silver Lead Zinc Mine Plan" dated 5th August 2024.

² Refer ASX announcement, "Quarterly Activities/Appendix 5B Cash Flow Report" dated 2nd July 2024

³ Refer ASX announcement, "Endeavor Mine Funding and Offtake secured" dated 16th September 2024.

Chairman's Letter

The September Quarter has been very productive with key goals achieved. The revised mine plan has delivered significant upgrades in the financial metrics of the Endeavor Project which highlights the excellent potential to deliver returns for Polymetals shareholders.

It epitomises the Polymetals can-do and innovative approach to mining projects and the Board has confidence on delivery of the practical and timely path to project cash flow.

Completion of the project financing and offtake arrangement with Ocean Partners supports the restart of Endeavor's production, which remains on track for first concentrate output and cash flow during H1 2025. The partnership with Ocean Partners builds upon an existing 20-year relationship between us, with Endeavor being a perfect fit for our respective capability and experience. The intent is to build a platform for growth and the flexibility provided by the Ocean Partners facility allows us to execute this strategy. Surface and underground refurbishment work will commence during the next quarter, and we very much look forward to realising on the significant Endeavor asset with its substantive remaining ore reserves and exploration potential.

We are also extremely pleased that Matt Gill has accepted the Endeavor Mine General Manager's position. He is highly respected by the management team and ideally qualified to manage the project. Matt is driving the refurbishment of the Endeavor Mine and is developing a highly experienced management team.

David Sproule
Executive Chairman



For personal use only

Endeavor Mine

Cobar, NSW

The acquisition of the Endeavor Mine by Polymetals has been completed. CBH Resources Limited (vendor of the Endeavor Mine) has now transferred the shares in its subsidiary companies, Endeavor Operations Pty Ltd and Cobar Operations Pty Ltd to Polymetals (wholly owned subsidiary Cobar Metals Pty Ltd). Following approval by POL shareholders at an Extraordinary General Meeting (EGM) held on 16th July 2024, one million fully paid POL shares have also been issued to CBH Resources as the final element of the Endeavor Mine acquisition consideration. Polymetals has ramped up planned refurbishment works and continues with its recruitment of key management personnel scheduling first concentrate and sales revenue during H1 2025.

Optimised Endeavor Mine Plan

The optimised Endeavor Mine Plan (EMP) follows the Mine Restart Study (MRS) released to the ASX on 16th October 2023². Since release of the MRS in October 2023⁴, Polymetals has continued to work on optimising the mine plan which has included updating current costs, geotechnical drilling of the Upper North Lode (UNL), further conversion of Mineral Resources to Ore Reserves and completion of detailed mine planning and engineering.



Figure 1. Polymetals' Endeavor Mine is on track to be restarted in May 2024.

⁴ Refer ASX announcement, "Endeavor Silver Lead Zinc Mine Restart Study completed" dated 16th October 2023

For personal use only

The EMP results released during this Quarter demonstrate that the project will generate outstanding financial returns and create substantial value for Polymetals shareholders with significant flow on benefits for the Cobar Region. The EMP generated significant increases in Ore Reserves, Mine Production, Free Cashflow, Net Present Value (NPV) and Internal Rate of Return (IRR) compared to the MRS. The EMP provides the following potential:

- An increase in mining and production rates (compared to the October 2023 MRS) over a 10-year mine life.
- Revenue of \$1.9 billion and a pre-tax cash flow of \$609 million from the sale of 260,000t of zinc, 90,000t of lead and 10.6Moz silver.
- A pre-tax internal rate of return and net present value (IRR of 345% and NPV8% of \$414m), and
- Capital cost of mining recommencement (\$28m), with a payback period of 14 months.

For personal use only

A\$1.85b in revenue to be generated over first 10 years¹.

Payable Zinc

260,000t
US\$2,860/t | A\$4,418/t

Payable Lead

90,000t
US\$2,160/t | A\$3,224/t

Payable Silver

10.6Moz
US\$28/oz | A\$41.9/oz

Total Revenue

A\$1.856b

Pre-tax Free Cashflow

A\$609m

Pre-tax NPV @ 8% discount

A\$414m

Average Annual EBITDA

A\$89m Years 1 -5

Pre-tax IRR

345%

Payback

14 months

Revenue Split %

Zinc

60

Silver

27

Pb

13

Figure 2. Endeavor Mine Plan financial snapshot announced 5 August 2024.

Endeavor Mine Funding & Offtake Secured

Mine restart funding has been secured, and this allows ongoing project work with the target of delivering project cashflow during H1 2025.

Following a competitive project funding process, Polymetals Resources Ltd, has entered into a binding financing Term Sheet and Concentrate offtake arrangement with global precious and base metal commodities trader, Ocean Partners UK Ltd (OP). The financing facility will fund the redevelopment of the Company's Endeavor mine.

OP had initially provided a US\$10 million Pre-payment facility in June 2023 as well as equity⁵. That Pre-payment arrangement has now been replaced by upgrading the facility amount to US\$20 million (~A\$30M)⁴. The following key terms of the upsized facility are as follows:

- US\$20 million (~A\$30 million) pre-payment/loan facility.
- Funds applied to restart of the Endeavor Mine with pre-production capital A\$28m and maximum cash drawdown of A\$30m.
- Strategic Ocean Partners partnership provides flexibility to pursue organic growth in parallel including exploration growth plan and other inorganic opportunities.
- Favourable offtake arrangement with a blended agreement referenced to spot and benchmark terms.

Mine Management and Refurbishment Works

During the September Quarter, POL announced the appointment of Mr Matthew Gill as the GM of the Endeavor Mine⁶. Mr Gill has been a director of Polymetals since 16th May 2023 and has been actively involved in the Endeavor Mine Restart studies and planning.

Mr Gill 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 four First Class Metalliferous Mine Manager's Certificates of Competency and has been instrumental in the development of four mines (Porgera (PNG), Beaconsfield (Tas), Ballarat (Vic) and Morning Star (Vic)). Mr Gill is a three-time winner of the Australian Mine Manager of the Year Award and received the AusIMM Leadership Award in 2008. He was previously CEO and MD of ASX listed White Rock Minerals for seven years, with projects in Victoria, NSW and Alaska. He has also held the role of Group Chief Operating Officer for Singapore-listed LionGold Corp and has worked for Castlemaine Goldfields, Rio Tinto, WMC, Placer Pacific and Renison Goldfields.

Mr Gill is developing a highly experienced senior and technical management team which is attuned into the Polymetals can-do and innovative approach to mining projects. Most of this management team (including Mr Gill) will reside in Cobar, thus providing continuous and strong management control over the Endeavor Project.

To assist with the aims of this management style, Polymetals has allocated Performance Shares⁷ under its existing Loan Funded Share Plan ratified by shareholders at the Company's 2021 Annual General Meeting. A total of 3,525,000 loan funded Performance Shares (from an approved pool of 3,920,000 shares) has been allocated to 15 Polymetals staff, including the Board, Executive and Senior

⁵ Refer ASX announcement, "Amended ASX Release POL secures A\$15 m facility" dated 4th July 2023

⁶ Refer ASX announcement, "Matt Gill - Endeavor Mine General Manager" dated 17th July 2024

⁷ Refer ASX announcement, "Polymetals Performance Share Plan" dated 5th September 2024

Management. The programme aims to provide incentive for the delivery of growth and value to all stakeholders.

Immediately following finalisation of the debt facility documentation during the current quarter, the planned and relatively modest site refurbishment tasks will be ramped up to meet the scheduled mining and processing timeline. Polymetals has already commenced critical path site refurbishment activities; being the Level 6 Substation and Surface ventilation Fans.

Carpark Drilling Program

Near-mine exploration continued at the Carpark Prospect which lies in a sparsely tested zone extending over some 400m south from the Endeavor Mine Main Lode.

Geological observations in combination with semi-quantitative multi-element data collection using a portable XRF analyser indicates a potential 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 March quarter further strengthened the prospectivity of the Carpark Prospect. The follow-up Phase 3 drilling of the Carpark Prospect has been completed which involved drilling of three 500m combination RC / DD holes followed by a Down Hole Electromagnetic survey (DHEM). No significant ore grade intercepts were recorded, however the information gained continues to indicate the potential of a significant massive sulphide occurrence at depth in this prospect area.

For personal use only



Figure 3. Drilling at Carpark prospect, Endeavor Mine.

Upper North Lode (UNI) - Geotechnical Drilling

Planned core drilling of the UNL was designed to intersect UNL mineralisation and surrounding strata to enable geotechnical logging to be completed. The drilling programme and geotechnical investigations have been completed and results are detailed in the ASX announcement released on 9 October 2024⁸.

The drill core and RC samples from this UNL drilling programme were submitted for analysis to ALS Bernie. Metallurgical optimisation testwork is planned on mineralised core from the geotechnical drilling programme.

For personal use only

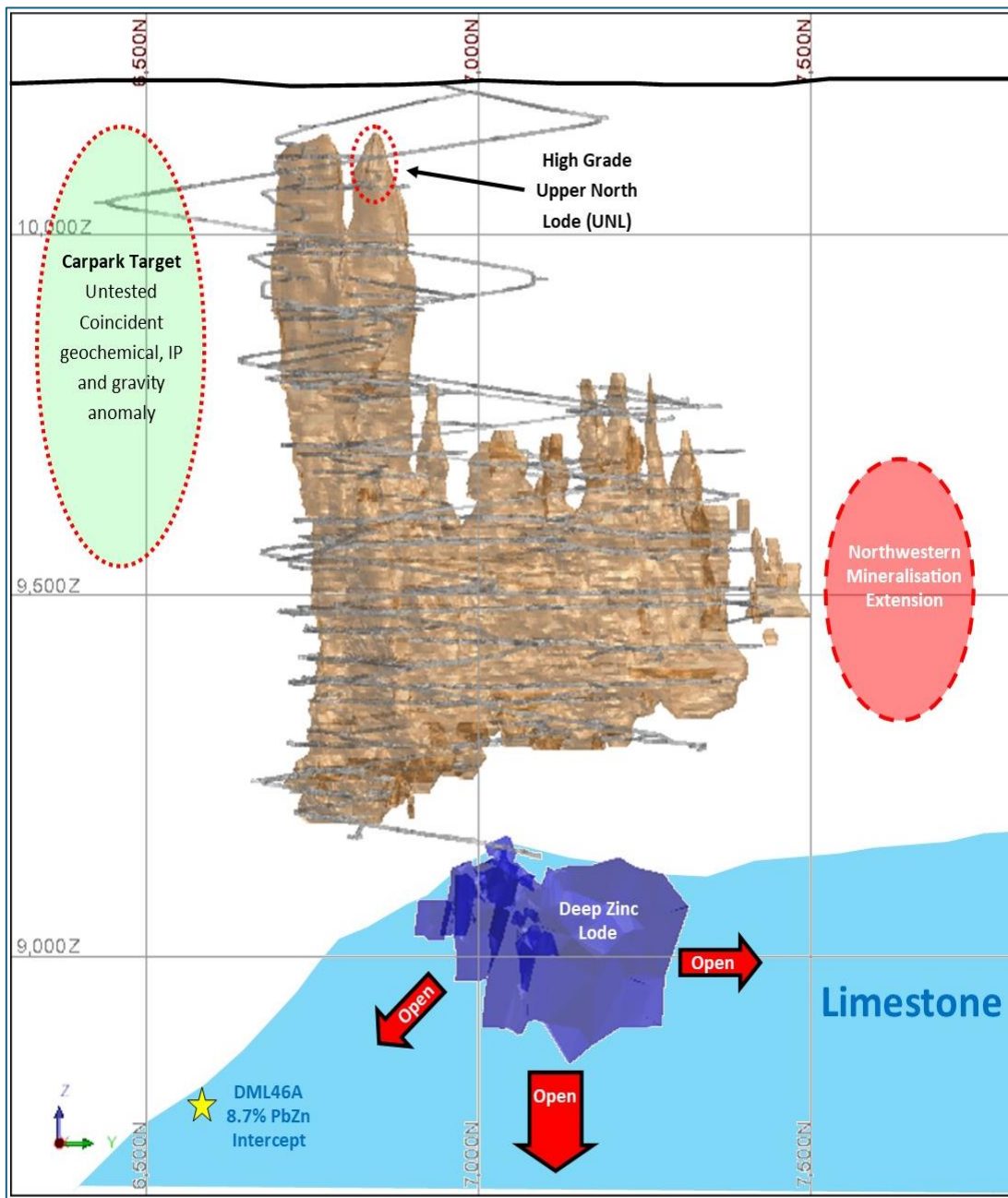


Figure 4. Section of the Endeavor Mine showing location of the high grade Upper North Lode (UNL)

⁸ Refer ASX announcement, “67 m at 517 g/t Silver Equivalent Endeavor Mine” dated 9th October 2024

Corporate

The Endeavor Project planning and pre-development expenditure during the quarter was \$1,381,000, including care and maintenance reimbursement of \$253,000 and electricity costs of \$109,000.

Payments in cash to related parties of the Company and their associates during the quarter was \$169,000 (GST exclusive). This was comprised of non-executive Director fees of \$49,000 and wages of \$120,000.

The Company's cash balance on 30th September was \$4,514,000.

Exploration and evaluation expenses were \$201,000 during the September quarter.

The Company did not acquire or dispose of any tenements in the quarter.



Figure 5. Endeavor Mine has an initial 10-year mine life.

For personal use only

Tenements

In accordance with Listing Rule 5.3.3, Polymetals provides the following Information concerning Its mining tenements:

- (a) no applications were made during the quarter by the Company to acquire new or surrender its existing licences; and
- (b) the following table lists the Company's mining tenements held at the end of the quarter and their location:

Table 5: Polymetals Guinea and Endeavor Exploration and Mining Licences

Project	Licence	Location	Expiry	Ownership
Guinea				
Alahiné	EL22123	Republic of Guinea	Awaiting renewal	100%
Mansala	EL22694	Republic of Guinea	Awaiting renewal	100%
Endeavor				
	EL 5785	NSW	5/10/2027	100%
	EL 8583	NSW	2/6/2029	100%
	EL 8752	NSW	27/6/2027	100%
	ML 158	NSW	20/5/2028	100%
	ML 159	NSW	12/3/2028	100%
	ML 160	NSW	12/3/2028	100%
	ML 161	NSW	12/3/2028	100%
	ML 930	NSW	20/5/2028	100%

This announcement was authorised for release by Polymetals Resources Ltd Board.

For further information, please contact:

Linden Sproule
Corporate Development
Polymetals Resources Ltd
linden.sproule@polymetals.com

Simon Condon
Media & Public Relations
simon@republicpr.com.au
+61 417 021 312

Important Notices

References

The information in this report references to previously released ASX Announcements.

The Company confirms that it is not aware of any information or data that materially affects the information included in the relevant market announcement and all material assumptions and technical parameters underpinning the estimates in the Original Announcement continue to apply and have not materially changed.

Competent Persons Statement

The information supplied in this release regarding Mineral Resources of the Endeavor Project is based on information compiled by Mr Troy Lowien, a Competent Person who is a Member of the Australian Institute of Mining and Metallurgy. Mr Lowien is a full-time employee of Polymetals Resources Ltd and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Lowien consents to the inclusion of matters based on information in the form and context in which it appears.

The information supplied in this release regarding Ore Reserves of the Endeavor Project is based on information compiled by Mr Matthew Gill, a Competent Person who is a Fellow of the Australian Institute of Mining and Metallurgy. Mr Gill is a full-time employee of Polymetals Resources Ltd and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Gill consents to the inclusion of matters based on information in the form and context in which it appears.

Forward Looking Statement

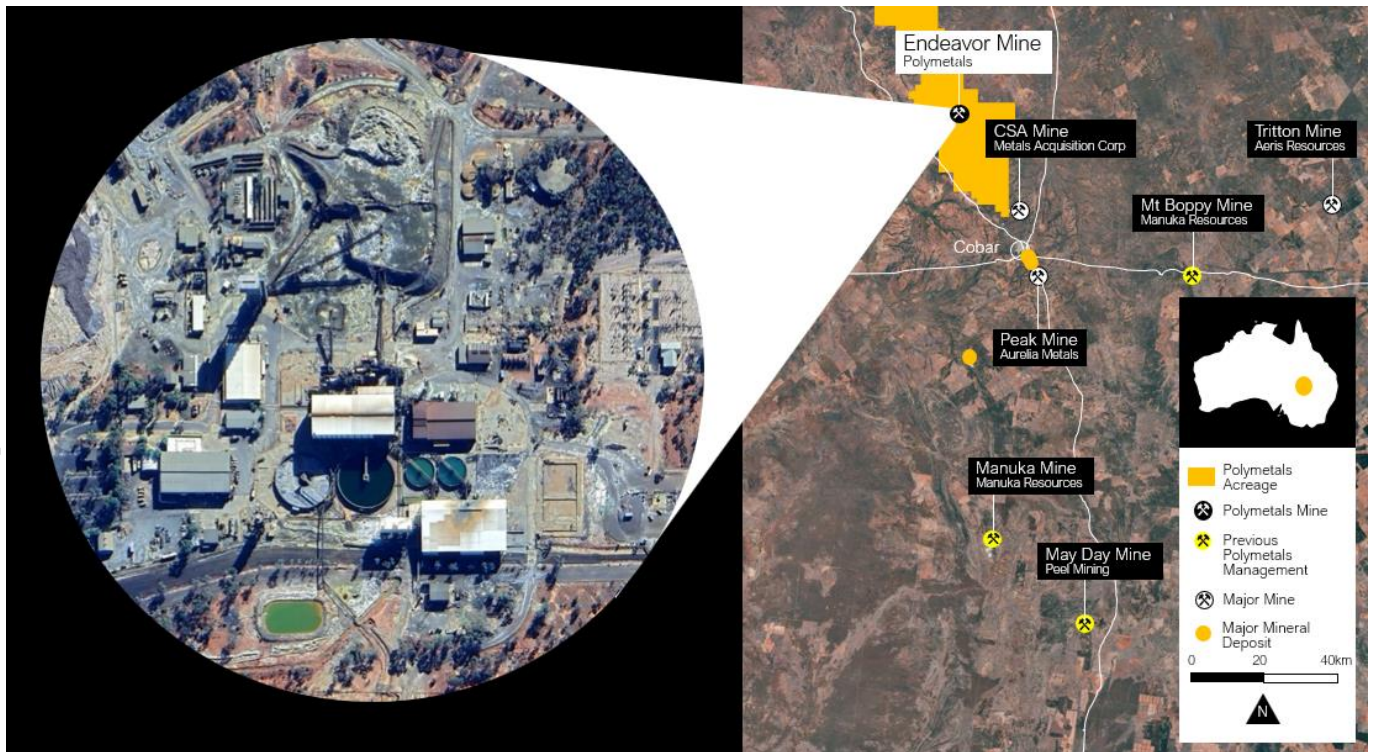
This announcement contains "forward-looking information" that is based on POL's expectations, estimates and projections as of the date on which the statements were made. This forward-looking information includes, among other things, statements with respect to the mine restart study, POL's business strategy, plan, development, objectives, performance, outlook, growth, cashflow, projections, targets and expectations, mineral resources, ore reserves, results of exploration and related expenses. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as 'outlook', 'anticipate', 'project', 'target', 'likely', 'believe', 'estimate', 'expect', 'intend', 'may', 'would', 'could', 'should', 'scheduled', 'will', 'plan', 'forecast', 'evolve' and similar expressions. Persons reading this announcement are cautioned that such statements are only predictions, and that POL's actual future results or performance may be materially different. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause POL's actual results, level of activity, performance, or achievements to be materially different from those expressed or implied by such forward-looking information. Forward-looking information is developed based on assumptions about such risks, uncertainties and other factors set out herein, including but not limited to general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices and demand of iron and other metals; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accident, labour disputes and other risks of the mining industry; and delays in obtaining governmental approvals or financing or in the completion of development or construction activities. This list and the further risk factors detailed in the remainder of this announcement are not exhaustive of the factors that may affect or impact forward-looking information. These and other factors should be considered carefully, and readers should not place undue reliance on such forward-looking information. POL disclaims any intent or obligations to revise any forward-looking statements whether as a result of new information, estimates, or options, future events or results or otherwise, unless required to do so by law. Statements regarding plans with respect to POL's mineral properties may contain forward-looking statements in relation to future matters that can only be made where POL has a reasonable basis for making those statements. Competent Person Statements regarding plans with respect to POL's mineral properties are forward looking statements. There can be no assurance that POL's plans for development of its mineral properties will proceed as expected. There can be no assurance that POL will be able to confirm that any mineralisation will prove to be economic or that a mine will successfully be re-developed.

Company Profile

Polymetals Resources Ltd (ASX: POL) is a mining company developing the high-grade Endeavor silver zinc lead mine within one of Australia's premier polymetallic mineral provinces the Cobar Basin, New South Wales, Australia. Polymetals is on track to become a long term, profitable base and precious metal producer. Polymetals holds a strong exploration portfolio for organic growth with excellent potential for discovery of copper, gold, silver and zinc orebodies.

For more information visit www.polymetals.com

For personal use only



Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Name of entity

POLYMETALS RESOURCES LTD

ABN

73 644 736 247

Quarter ended ("current quarter")

30 September 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(201)	(201)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(536)	(536)
	(e) administration and corporate costs	(399)	(399)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(1,136)	(1,136)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(132)	(132)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) project development-Endeavor	(1,381)	(1,381)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(1,513)	(1,513)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	560	560
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(1,183)	(1,183)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other-EL Bond replacement	(40)	(40)
3.10	Net cash from / (used in) financing activities	(663)	(663)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,846	7,846
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,136)	(1,136)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,513)	(1,513)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(663)	(663)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,514	4,514

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances		346
5.2	Call deposits	4,514	7,500
5.3	Bank overdrafts		-
5.4	Other (provide details)		-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,514	7,846

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1 (Director Fees)
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
0

Note : The above payments to directors reflect fees for services paid during the current quarter. More information concerning the breakdown of the relevant director payments can be found within the accompanying Quarterly Announcement.

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at current quarter end \$A'000	Amount drawn amount at previous quarter \$A'000
7.1 Loan facilities	-	2,580,000
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	2,580,000

This loan facility was provided by Meadowhead Investments Pty. Ltd, an entity associated with Mr. David Sproule, the Executive Chairman of the Company, and Deering Nominees Pty. Ltd, an entity associated with the Spouse of Mr David Sproule. The loan bears interest at the rate of 5% per annum, was unsecured, and was repaid in the quarter ended 30 September 2024.

No further loan facilities (or repayments) have been entered into (made) by the Company since the end of the quarter.

Note: Meadowhead Investments Pty. Ltd, an entity associated with Mr. David Sproule, the Executive Chairman of the Company, converted \$1.4 m of the Loan Facility to share capital (at 28c per share). This was following Shareholder Approval being obtained at the Company's EGM on 16 July 2024.

7.5 Unused financing facilities available at quarter end	Nil
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

Not applicable.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,136)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	Nil
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(1,136)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	4,514
8.5 Unused finance facilities available at quarter end (Item 7.5)	Nil
8.6 Total available funding (Item 8.4 + Item 8.5)	4,514
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	3.97

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

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

Answer:

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 22 October 2024

Authorised by: By the Polymetals Resources Ltd Board

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.