

Interim Financial Report

For the half year ended 31 December 2024

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

polymetals.com

ASX: **POL**

5 March 2025



Polymetals Resources Ltd

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Corporate Directory

Board of Directors

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

Company Secretary

John Haley

Registered Office and Principal Business Office

Unit 1, 101 Main Street
Alstonville NSW 2477

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

Share Registry

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

Securities Exchange Listing

ASX Limited (Australian Securities Exchange)
ASX Codes: POL

Website

www.polymetals.com.au

Corporate Governance Statement

www.polymetals.com/company/corporate-governance

ACN

ACN 644 736 247

Polymetals Resources Ltd
Directors' report
31 December 2024

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 half-year ended 31 December 2024.

Directors

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

Current:

David Sproule - Executive Chairman

Jess Oram - Executive Director (appointed as Executive Director on 13 January 2025)

Alistair Barton - Non-Executive Director

Former:

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

Company secretary

John Haley

Principal activities

The principal activities of the consolidated entity during the reporting period were the exploration and development of mineral resources - in particular gold, copper, silver and zinc. During the half-year, the consolidated entity also completed mine restart studies on the Endeavor silver-zinc mine in the Cobar Basin, NSW. During the half-year, the Company also funded the care and maintenance of the Endeavor silver-zinc mine and contributed to the management thereof and acquired the two companies that together owned the Endeavor Mine assets, Cobar Operations Pty Ltd and Endeavor Operations Pty Ltd.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$6,901,421 (31 December 2023: \$1,603,062).

The acquisition of the Endeavor Mine by Polymetals has been completed during the half-year. 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 an Extraordinary General Meeting (EGM) approval by POL shareholders, one million fully paid POL shares have also been issued to CBH Resources as the final element of the Endeavor Mine acquisition consideration.

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

Endeavor Mine

During the half-year, the Company announced the appointment of Mr Matt Gill as the GM of the Endeavor Mine. 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.

Redevelopment activities for the restart of the underground Endeavor Mine have been accelerated during the half-year. The mine was discovered by Electrolytic Zinc of Australia in 1974. The mine was constructed by Fluor Daniel Engineering, commissioned in 1982 and operated continuously for 38 years before being placed on care and maintenance in 2020. During this operational period, some 32 million tonnes of ore was mined and processed, recovering 92 million ounces of silver, 2.6 million tonnes of zinc and 1.6 million tonnes of lead. The saleable metal in concentrate is valued at more than A\$20 billion at today's metal prices. Mineral Resources (reported under guidelines of JORC 2012) of 21.5 million tonnes remain at the Endeavor project.

The Company formally acquired the Endeavor Mine in August 2024 after restructuring a prohibitive 100% silver streaming royalty down to 4% net smelter royalty on lead, zinc and silver and is now executing on its Restart Plan with an initial mine life of 10 years.

Polymetals Resources Ltd
Directors' report
31 December 2024

Formal completion of the US\$20 million pre-payment loan facility with Ocean Partners provides funding for 100% of the pre-production capital required to restart the Endeavor Mine. First drawdown of this facility occurred in December in keeping with the budget.

Mine restart activities and refurbishment work ramped up during the half-year as planned. Three distinct areas of work are: Site Establishment, Surface Refurbishment and Underground Readiness Work.

Key areas of work completed as at the date of this report include:

- The identification and implementation commencement of the necessary safety, training, environmental and accounting systems;
- Recruitment of senior management, onboarding and training of various staff roles;
- Improvement and allocation of housing and unit accommodation;
- Operational readiness with a focus on site offices, workshop and change rooms;
- Structural & electrical audits;
- Clean-up of surface infrastructure;
- Electrical re-energising of the site;
- Modification of the mine portal entrance to allow access for larger 65t trucks;
- Inspection and refurbishment of ventilation fans and replacement of foundations;
- Ground support rehabilitation works on an underground electrical substation;
- Underground mine decline and access LIDAR survey;
- General underground clean-up and clearing of redundant services;
- Check scaling programme commenced on all mine access areas and early stope identification; and
- First blast to establish ventilation to mine the Upper North Lode.

Polymetals is progressing with an owner/operator mining model. Detailed investigations have been completed to determine the most optimal mobile equipment configuration which was sourced and secured during the half-year. The fleet includes new, refurbished and hire equipment with delivery to site scheduled to meet Mine Plan requirements.

Equipment selected includes 65t trucks, which are larger than previously used and will enhance mining efficiencies compared to historic performance. At the end of December, two jumbos (development drills), one new 65t truck, one large second-hand loader and one used 45t truck had been delivered to site.

There have been several modifications to roof height and floor within the mine as well as removal of an unnecessary concrete apron at the portal (mine entrance) to allow the larger 65 tonne trucks to operate within the mine.

An amount of rehabilitation was completed during December to facilitate the installation of ventilation services and access to the high-grade silver Upper North Lode (UNL). High grade silver ore is scheduled to be extracted from this area during the early stages of mining which is to commence in Q2 2025.

Upper North Lode (UNL) - Geotechnical Drilling

Polymetals completed a programme of five diamond drill holes targeting the Upper North Lode (UNL) for the purpose of collecting geotechnical data, metallurgical samples and drill core assays. The drill core obtained was sent to ALS for assay, and a representative sample for metallurgical optimisation test work, which is currently ongoing with positive results to date.

PGNL001 (54.1m @ 455 g/t silver equivalent)

- 54.1m @ 1.24 g/t Au, 334 g/t Ag, 6.05% Zn and 5.06% Pb from 98.75m to 152.8m (*ending in mineralisation*)

PGNL002 (45.1m @ 483 g/t silver equivalent)

- 45.1m @ 2.01 g/t Au, 345 g/t Ag, 5.97% Zn and 6.61% Pb from 72.5m to 117.6m including 6.1m @ 8.77g/t Au (*ending in mineralisation*)

PGNL003 (53.8m @ 551 g/t silver equivalent)

- 53.8m @ 1.19 g/t Au, 405 g/t Ag, 7.28% Zn and 6.24% Pb from 96m to 149.8m (*ending in mineralisation*)

PGNL005 (67.1m @ 517 g/t silver equivalent)

- 67.1m @ 1.04 g/t Au, 395 g/t Ag, 7.19% Zn and 4.57% Pb from 66m to 133.1m (*ending in mineralisation*)

Geotechnical drilling shows that a portion of the UNL is likely to be sufficiently competent to support open stoping and backfilling as the mining method. Stopping will allow faster, and more complete extraction of the Upper North Lode at lower cost in comparison to the 'cut and fill' mining method assumed in the Endeavor Mine Plan.

The 'cut and fill' mining method for the UNL in the Endeavor Mine Plan was a conservative assumption due to uncertainties around ground conditions. The data collected from the recently drilled geotechnical holes has helped to build a better picture of the UNL rock properties and stability. Advice from independent geotechnical consultants suggests alternate mining methods (stopping) is likely possible, which would substantially reduce the time and cost to mine the main part of the UNL orebody.

The optimal mining method will be determined once access has been re-established to the UNL. Development and rehabilitation to the area is progressing well and ongoing.

Near Mine Exploration Strategy

Polymetals has identified numerous near mine exploration targets within the 43km² approved and permitted mining leases, with the current priority focusing on the Carpark Prospect (Figure 1). This area is shaping up as a potential southern extension to the Endeavor orebody.

Over the past year, Polymetals completed 11 combination reverse circulation / core drill holes over Carpark. All holes have intercepted broad zones of anomalous lead and zinc mineralisation. Downhole electromagnetic (EM) surveys have been undertaken, with three 'off-hole' EM conductor highs identified. One is coincident with a historically collected induced polarisation (IP) chargeable high, along strike and to the south of the Endeavor orebody (Figure 1).

Importantly, the volume occupied by this coincident conductive and chargeable anomaly has not been tested and is less than 300m from the main Endeavor orebody. Interpretation of the geophysics and geology (from core drilling) suggests the presence of a deeper sulphide source below the Carpark Prospect and to the immediate south of the Endeavor orebody. Phase 4 drilling at Carpark commenced during January to test this coincident conductive and chargeable anomaly.

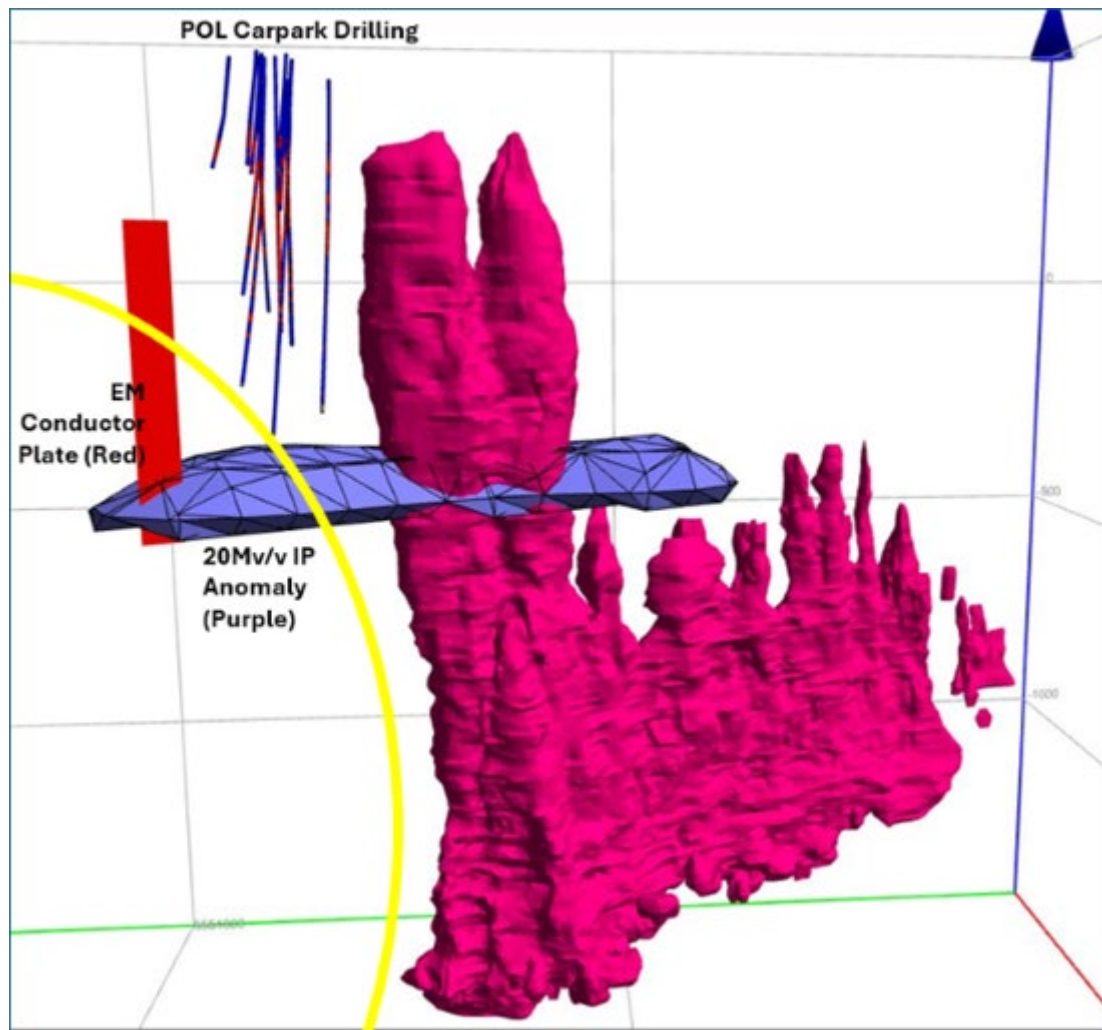


Figure 1: Long section of Carpark drilling & geophysics models highlighting the modelled downhole electromagnetic (DHEM) conductor plate (red), induced polarisation chargeable anomaly (purple) the Endeavor orebody (pink), Polymetals drilling completed, and untested target volume (yellow).

Regional Exploration Plan

Polymetals has recently completed a two-year data compilation programme of all historically collected geology, geochemistry, geophysics and drilling information generated over approximately 50 years from exploration completed by previous owners within the Endeavor 1,107km² exploration licences. The regional exploration targets are prolific and prospective (Figure 2). Further grassroots exploration including regional BLEG geochemistry surveys and mapping programmes, will likely identify other targets, especially in areas of deeper regolith cover. Now that the Endeavor Mine redevelopment is well underway, the Company is preparing to actively advance exploration targets during 2025 field season.

Prior to any targeted drilling, planned regional exploration activities to commence in Q1 CY2025 will consist of acquiring 18 line kilometres of induced polarisation (IP) geophysics and geological mapping across several advanced prospects.

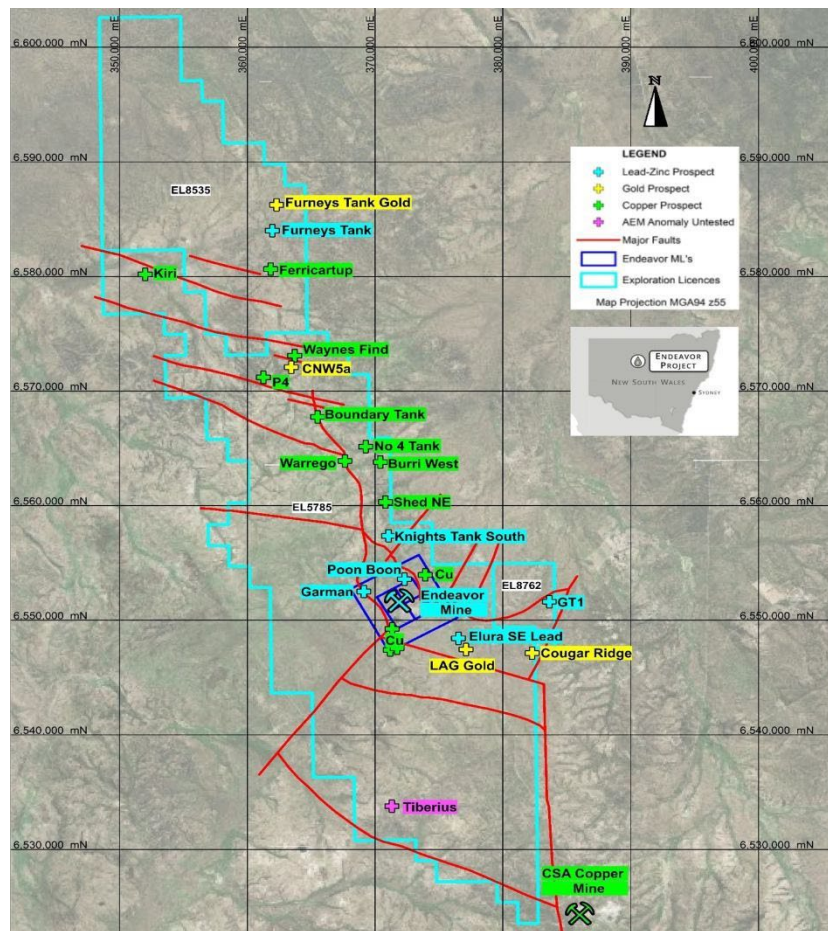


Figure 2: Regional exploration licences and targets.

Corporate

Refer to *Significant changes in the state of affairs* section below.

Significant changes in the state of affairs

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 note 11).

On 23 July 2024, 2,000,000 ordinary shares were issued at \$0.28 per share to raise working capital totalling \$560,000 (refer note 14).

On 1 August 2024, the consolidated entity completed the acquisition of Cobar Operations Pty Ltd and Endeavor Operations Pty Ltd, the companies that together own the Endeavor Mine (refer note 19).

As part of the consideration for the above 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 (refer note 14).

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 (refer note 23).

As required under the Ocean Partners UK Ltd loan facility, on 13 September 2024 the consolidated entity issued 1,118,280 ordinary shares to Ocean Partners UK Ltd at \$0.72 per share and 2,500,000 share options with an exercise price of \$1.00 that expire on 23 November 2026 (refer note 14 and note 23).

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

Matters subsequent to the end of the financial half-year

On 17 February 2025, the Company issued 43,750,000 ordinary shares for \$0.80 per share to strengthen the balance sheet as the Endeavor Mine progresses to production, and to increase the Company's exploration activities.

On 1 February 2025 a lease commenced for all 26 rooms at Cobar Crossroads Motel, Town & Country and Cobar Motor Inn. The lease is for two years to 31 January 2027, with two options for a further two years each. A daily unoccupied room rate of \$110 plus GST is payable per room and this is increased to \$145 plus GST for an occupied room. The lease liability on commencement of the lease is \$1,973,336. Management are not reasonably certain that the options will be exercised therefore these are excluded from the calculation of the lease liability.

No other matter or circumstance has arisen since 31 December 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.

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, in September 2024, the consolidated entity secured a US\$20,000,000 loan facility from Ocean Partners UK Ltd.

The consolidated entity also has a proven ability to raise the necessary funding or settle debts via the issuance of shares, as evidenced by the raising of \$3,040,000 and \$11,212,388 in cash (before share issue transaction costs) from shares issued during the period ended 31 December 2024 and the year ended 30 June 2024 respectively, and \$35,000,000 in cash (before share issue transaction costs) from shares issued subsequent to the period end.

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 replacing the Vendors current guarantee for 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 four years. Under the Share Sale Agreement entered 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 two 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. In addition to these measures, the consolidated entity maintains comprehensive insurance coverage, including workers' compensation policies through icare NSW, to address potential liabilities and provide financial support in the event of workplace incidents. These policies are designed to safeguard the consolidated entity and its employees against unforeseen events, ensuring compliance with statutory obligations and supporting the consolidated entity's commitment to workplace safety.

Environmental regulation

The consolidated entity is subject to environmental regulations under Australian and international laws, including the Endeavor Mine in New South Wales, which was acquired during the half-year. The mine has been under care and maintenance, with operations expected to restart in 2025. The consolidated entity continued to meet all regulatory obligations during this half-year.

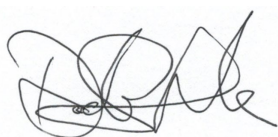
Additionally, the consolidated entity holds mineral tenements in Guinea under the Guinea Mining Act 1992, which are subject to renewal and include standard environmental conditions. The Company complies with these conditions, and the directors are not aware of any non-compliance with environmental laws.

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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



David Sproule
Executive Chairman

5 March 2025

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Polymetals Resources Ltd for the half year ended 31 December 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink that reads "Rsm".**RSM AUSTRALIA PARTNERS**A handwritten signature in blue ink, appearing to read "C J Hume".

C J HUME
Partner

Sydney, NSW
Dated: 5 March 2025

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Polymetals Resources Ltd
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2024

	Note	Consolidated 31 Dec 2024	31 Dec 2023
		\$	\$
Other income		44,763	-
Interest revenue		21,354	-
Government grants		75,000	250,000
Total revenue		<u>141,117</u>	<u>250,000</u>
Expenses			
Consultancy and accountancy fees		(187,796)	(101,082)
Depreciation and amortisation expense		(63,965)	(2,330)
Employee benefits expense		(2,590,230)	(801,006)
Exploration expenses		(171,268)	(627,731)
Impairment of exploration costs		-	(86,859)
Insurance		(168,511)	(5,590)
Legal costs		(105,776)	(2,997)
Light, power & heating		(110,287)	(3,632)
Professional, registry and listing related expenses		(97,113)	(87,591)
Short term lease expense		(69,690)	(12,854)
Software expenses		(124,165)	(100)
Travel		(90,972)	(16,810)
Write off of assets		(1,631,356)	-
Other expenses		(355,041)	(73,230)
Finance costs		(1,276,368)	(31,250)
Total expenses		<u>(7,042,538)</u>	<u>(1,853,062)</u>
Loss before income tax expense		(6,901,421)	(1,603,062)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Polymetals Resources Ltd		(6,901,421)	(1,603,062)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Polymetals Resources Ltd		<u>(6,901,421)</u>	<u>(1,603,062)</u>
		Cents	Cents
Basic earnings per share	22	(3.6)	(1.1)
Diluted earnings per share	22	(3.6)	(1.1)

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 31 December 2024

		Consolidated	
	Note	31 Dec 2024	30 Jun 2024
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		5,517,105	7,875,287
Trade and other receivables	4	645,006	116,595
Inventories	5	4,592,141	-
Other	6	319,698	-
Total current assets		<u>11,073,950</u>	<u>7,991,882</u>
Non-current assets			
Property, plant and equipment	7	28,767,656	12,819
Right-of-use assets	8	565,698	-
Mine properties	9	38,245,387	22,933,519
Other	6	55,348	1,900
Total non-current assets		<u>67,634,089</u>	<u>22,948,238</u>
Total assets		<u>78,708,039</u>	<u>30,940,120</u>
Liabilities			
Current liabilities			
Trade and other payables	10	5,869,754	1,608,040
Borrowings	11	2,387,995	2,505,512
Lease liabilities	12	187,738	-
Employee benefits		255,433	-
Total current liabilities		<u>8,700,920</u>	<u>4,113,552</u>
Non-current liabilities			
Borrowings	11	9,855,404	-
Lease liabilities	12	379,661	-
Employee benefits		43,222	-
Provisions	13	36,188,509	-
Total non-current liabilities		<u>46,466,796</u>	<u>-</u>
Total liabilities		<u>55,167,716</u>	<u>4,113,552</u>
Net assets		<u>23,540,323</u>	<u>26,826,568</u>
Equity			
Issued capital	14	43,422,642	39,765,767
Reserves	15	(41,699)	451,145
Accumulated losses		<u>(19,840,620)</u>	<u>(13,390,344)</u>
Total equity		<u>23,540,323</u>	<u>26,826,568</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 half-year ended 31 December 2024

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 half-year	-	-	-	(1,603,062)	(1,603,062)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(1,603,062)	(1,603,062)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	1,627,922	-	-	-	1,627,922
Transfer from prepaid capital to issued capital upon issue of shares	2,599,485	(2,599,485)	-	-	-
Contributions of prepaid capital	-	1,349,369	-	-	1,349,369
Balance at 31 December 2023	<u>29,715,471</u>	<u>1,349,369</u>	<u>451,145</u>	<u>(11,720,165)</u>	<u>19,795,820</u>
Consolidated	Issued capital \$	Prepaid capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2024	39,765,767	-	451,145	(13,390,344)	26,826,568
Loss after income tax expense for the half-year	-	-	-	(6,901,421)	(6,901,421)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(6,901,421)	(6,901,421)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 14)	3,656,875	-	-	-	3,656,875
Share-based payments (note 23)	-	-	575,176	-	575,176
Transfer from reserves to accumulated losses upon expiry of options	-	-	(451,145)	451,145	-
Loan-funded share reserve recognition (note 15)	-	-	(616,875)	-	(616,875)
Balance at 31 December 2024	<u>43,422,642</u>	<u>-</u>	<u>(41,699)</u>	<u>(19,840,620)</u>	<u>23,540,323</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 half-year ended 31 December 2024

		Consolidated	
	Note	31 Dec 2024	31 Dec 2023
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		925	-
Payments to suppliers and employees (inclusive of GST)		(5,307,689)	(2,171,405)
		(5,306,764)	(2,171,405)
Interest received		22,687	-
Government grants received		-	250,000
Interest and other finance costs paid		(27,816)	-
Net cash used in operating activities		(5,311,893)	(1,921,405)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	19	2,533	-
Payments for property, plant and equipment		(4,205,928)	(86,859)
Payments for mine properties		-	(2,170,279)
Payments for security deposits		(53,448)	-
Net cash used in investing activities		(4,256,843)	(2,257,138)
Cash flows from financing activities			
Proceeds from issue of shares		560,000	1,657,665
Share issue transaction costs		-	(37,243)
Proceeds received in advance for issue of shares		-	1,349,369
Proceeds from borrowings		7,814,651	-
Repayment of leases		(15,021)	-
Repayment of borrowings		(1,192,914)	(200,000)
Net cash from financing activities		7,166,716	2,769,791
Net decrease in cash and cash equivalents		(2,402,020)	(1,408,752)
Cash and cash equivalents at the beginning of the financial half-year		7,875,287	2,624,195
Effects of exchange rate changes on cash and cash equivalents		43,838	-
Cash and cash equivalents at the end of the financial half-year		<u>5,517,105</u>	<u>1,215,443</u>

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

Polymetals Resources Ltd
Notes to the consolidated financial statements
31 December 2024

Note 1. 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 half-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 5 March 2025.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, 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. The adoption of these new or amended Accounting Standards and Interpretations did not have a material impact on the financial statements.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the consolidated entity. These standards are not expected to have a material impact on the consolidated entity in the current or future reporting periods and on foreseeable future transactions.

Going concern

As disclosed in the financial statements, the consolidated entity incurred a loss after tax of \$6,901,421 and had net cash outflows from operating and investing activities of \$5,311,893 and \$4,256,843 respectively for the half year ended 31 December 2024.

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 mine restart and progression to production and to meet the consolidated entity's working capital requirements.

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.

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 31 December 2024, the consolidated entity had cash on hand of \$5,517,105.

Note 2. Material accounting policy information (continued)

- 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, and \$560,000 in cash (before share issue transaction costs) from shares issued during the half-year ended 31 December 2024.
- The consolidated entity has access to a US\$20,000,00 financing facility to be used to fund the recommencement of mining and processing operation at the mine in Cobar, NSW (refer to note 11). At 31 December 2024, A\$7,683,591 (US\$5 million) was drawn down on the facility. 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 19).
- Subsequent to the half-year end, the Company issued 43,750,000 ordinary shares at \$0.80, to raise funds of \$35,000,000 (before costs) (refer note 21).

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 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.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into two operating segments: a silver-zinc mine located in Cobar, NSW and gold exploration within Guinea, West Africa. These 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 exploration of tenements considered prospective for silver-zinc, copper and gold. No income has been derived from the recovery of silver-zinc, copper or gold during the half-year ended 31 December 2024 (2023: nil).

During the half-year ended 31 December 2024, the consolidated entity acquired the shares in 2 companies that together own a silver-lead-and zinc mine in Cobar, NSW (the Endeavor Mine) (refer note 19). Care and maintenance costs have been payable by the consolidated entity since the acquisition of Cobar Metals Pty Ltd in May 2023. Mining activities are expected to commence early to mid 2025.

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.

Polymetals Resources Ltd
Notes to the consolidated financial statements
31 December 2024

Note 3. Operating segments (continued)

Operating segment information

	Silver-Zinc \$	Gold \$	Unallocated \$	Total \$
Consolidated - 31 Dec 2024				
Operating loss	(4,090,327)	-	(1,492,115)	(5,582,442)
Depreciation and amortisation	(63,965)	-	-	(63,965)
Interest revenue	973	-	20,381	21,354
Finance costs	(1,272,773)	-	(3,595)	(1,276,368)
Loss before income tax expense	<u>(5,426,092)</u>	<u>-</u>	<u>(1,475,329)</u>	<u>(6,901,421)</u>
Income tax expense				-
Loss after income tax expense				<u>(6,901,421)</u>
Assets				
Segment assets	<u>73,185,632</u>	<u>403</u>	<u>5,522,004</u>	<u>78,708,039</u>
Total assets				<u>78,708,039</u>
<i>Total assets includes:</i>				
Acquisition of non-current assets	<u>46,273,082</u>	<u>-</u>	<u>57,333</u>	<u>46,330,415</u>
Liabilities				
Segment liabilities	<u>54,800,097</u>	<u>-</u>	<u>367,619</u>	<u>55,167,716</u>
Total liabilities				<u>55,167,716</u>
	Silver-Zinc- Lead \$	Gold \$	Unallocated \$	Total \$
Consolidated - 31 Dec 2023				
Operating loss	(409,732)	(86,859)	(1,104,141)	(1,600,732)
Depreciation and amortisation	(218)	-	(2,112)	(2,330)
Loss before income tax expense	<u>(409,950)</u>	<u>(86,859)</u>	<u>(1,106,253)</u>	<u>(1,603,062)</u>
Income tax expense				-
Loss after income tax expense				<u>(1,603,062)</u>
Consolidated - 30 Jun 2024				
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>

Geographical information

	Geographical non-current assets	
	31 Dec 2024	30 Jun 2024
	\$	\$
Australia	<u>67,634,089</u>	<u>22,948,238</u>

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

Polymetals Resources Ltd
Notes to the consolidated financial statements
31 December 2024

Note 4. Trade and other receivables

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$	\$
<i>Current assets</i>		
Trade receivables	82,500	-
Interest receivable	-	1,333
BAS receivable	562,506	115,262
	<u>645,006</u>	<u>116,595</u>

Note 5. Inventories

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$	\$
<i>Current assets</i>		
Stock on hand - at cost	10,356,920	-
Less: Provision for impairment	(5,764,779)	-
	<u>4,592,141</u>	<u>-</u>

Note 6. Other

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$	\$
<i>Current assets</i>		
Prepayments	319,698	-
<i>Non-current assets</i>		
Security deposits	55,348	1,900
	<u>375,046</u>	<u>1,900</u>

Note 7. Property, plant and equipment

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$	\$
<i>Non-current assets</i>		
Plant and equipment - at cost	5,659,966	21,962
Less: Accumulated depreciation	(47,806)	(9,143)
	<u>5,612,160</u>	<u>12,819</u>
Fixtures and fittings - at cost	18,194	-
Motor vehicles - at cost	131,392	-
Less: Accumulated depreciation	(11,271)	-
	<u>120,121</u>	<u>-</u>
Mining assets - at cost	23,017,181	-
	<u>28,767,656</u>	<u>12,819</u>

Polymetals Resources Ltd
Notes to the consolidated financial statements
31 December 2024

Note 7. Property, plant and equipment (continued)

Reconciliations

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

Consolidated	Plant and equipment \$	Fixtures and fittings \$	Motor vehicles \$	Mining assets \$	Total \$
Balance at 1 July 2024	12,819	-	-	-	12,819
Additions	5,638,003	18,194	131,392	5,735,242	11,522,831
Additions through asset acquisition (note 19)	-	-	-	18,913,296	18,913,296
Write off of assets	-	-	-	(1,631,356)	(1,631,356)
Depreciation expense	(38,663)	-	(11,271)	-	(49,934)
Balance at 31 December 2024	<u>5,612,159</u>	<u>18,194</u>	<u>120,121</u>	<u>23,017,182</u>	<u>28,767,656</u>

Note 8. Right-of-use assets

Consolidated
31 Dec 2024 30 Jun 2024
\$ \$

Non-current assets

Motor vehicles - right-of-use	582,420	-
Less: Accumulated depreciation	(16,722)	-
	<u>565,698</u>	<u>-</u>

For more information on the leases, refer to note 12.

Reconciliations

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

Consolidated	Motor vehicles right-of-use \$
Balance at 1 July 2024	-
Additions	582,420
Depreciation expense	(16,722)
Balance at 31 December 2024	<u>565,698</u>

Polymetals Resources Ltd
Notes to the consolidated financial statements
31 December 2024

Note 9. Mine properties

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$	\$
<i>Non-current assets</i>		
Right to acquire the Endeavor Mine	1,229,364	22,933,519
Mining leases	37,016,023	-
	<u>38,245,387</u>	<u>22,933,519</u>

Reconciliations

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

	Right to acquire Endeavor mine \$	Mining leases \$	Total \$
Consolidated			
Balance at 1 July 2024	22,933,519	-	22,933,519
Additions	-	-	-
Additions through asset acquisition (note 19)	-	37,016,023	37,016,023
Reclassified upon acquisition of Endeavor mine	(21,704,155)	-	(21,704,155)
Balance at 31 December 2024	<u>1,229,364</u>	<u>37,016,023</u>	<u>38,245,387</u>

Right to acquire the Endeavor Mine

On 12 May 2023, the Company acquired the right to purchase the shares in three companies, two of which (Cobar Operations Pty Ltd and Endeavor Operations Pty Ltd) own the Endeavor silver-zinc mine in Cobar, NSW (the Endeavor Mine) and the third (Cobar Infrastructure Pty Ltd) holds residential properties. On 1 August 2024, the consolidated entity acquired Cobar Operations Pty Ltd and Endeavor Operations Pty Ltd and the balance of the right to acquire the Endeavor Mine asset has been allocated to the assets acquired (refer note 19). To be eligible to acquire Cobar Infrastructure Pty Ltd, the consolidated entity will need to replace the Vendors exposure to existing Environmental Bond guarantees of \$27,996,000 by 1 August 2026, therefore the remaining balance represents the right to acquire Cobar Infrastructure Pty Ltd.

Note 10. Trade and other payables

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$	\$
<i>Current liabilities</i>		
Trade payables	3,438,540	910,462
Payable to Cobar Water Board	2,216,554	-
Other payables	214,660	697,578
	<u>5,869,754</u>	<u>1,608,040</u>

Polymetals Resources Ltd
Notes to the consolidated financial statements
31 December 2024

Note 11. Borrowings

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$	\$
<i>Current liabilities</i>		
Related party loans	-	2,505,512
Equipment finance	800,669	-
Ocean Partners loan facility	1,543,668	-
Premium finance	43,658	-
	<u>2,387,995</u>	<u>2,505,512</u>
<i>Non-current liabilities</i>		
Equipment finance	3,715,481	-
Ocean Partners loan facility	6,139,923	-
	<u>9,855,404</u>	<u>-</u>
	<u><u>12,243,399</u></u>	<u><u>2,505,512</u></u>

Financing arrangements

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

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$	\$
Total facilities		
Related party loans	-	2,505,212
Equipment finance	4,516,150	-
Ocean Partners loan facility	32,169,857	-
	<u>36,686,007</u>	<u>2,505,212</u>
Used at the reporting date		
Related party loans	-	2,505,212
Equipment finance	4,516,150	-
Ocean Partners loan facility	7,683,591	-
	<u>12,199,741</u>	<u>2,505,212</u>
Unused at the reporting date		
Related party loans	-	-
Equipment finance	-	-
Ocean Partners loan facility	24,486,266	-
	<u>24,486,266</u>	<u>-</u>

Related party loans

On 17 July 2024, \$1,400,000 of the Meadowhead Investments Pty Ltd loan was repaid by the issue of 5,000,000 shares in the Company (refer note 14) and the remaining loan was repaid by cash.

The outstanding loan from company controlled by David Sproule's spouse, Deering Nominees Pty Ltd at 30 June 2024 was \$950,000. The loan was repaid in full during the half-year ended 31 December 2024.

Polymetals Resources Ltd
Notes to the consolidated financial statements
31 December 2024

Note 11. Borrowings (continued)

Other loan facilities

On 27 June 2023 the consolidated entity announced that it entered into a binding Term Sheet with Ocean Partners UK Limited (OPUK) for an unsecured US\$10,000,000 pre-payment funding facility, subject to certain conditions, to provide development funding and working capital for the recommencement of mining and processing operation at the Company's underground silver-zinc, Endeavor Mine in the Cobar basin, NSW. On 16 September 2024, the pre-payment funding facility was replaced by an upgraded US\$20,000,000 (A\$32,169,857) revolving loan facility for the same purpose.

The key terms of the loan facility are as follows:

- (i) Facility limit - US\$20,000,000 (at 31 December 2024, this translates to A\$32,169,857)
- (ii) Contract - six-year offtake of zinc and silver-lead concentrates produced from the Endeavor Mine. No offtake on toll treated ores.

Zinc: Pricing is derived from the average London Metal Exchange price over the five days prior to shipment. Treatment charge costs are derived from reference to 50% benchmark (Korea Zinc-Teck) and 50% of the non-benchmark spot treatment charges.

Silver-lead: Lead pricing is derived from the average London Metal Exchange price over the five days prior to shipment. Silver pricing is derived from the average London Bullion Market Association price over the five days prior to shipment. Treatment and refining charge costs are levied with reference to Cannington benchmark.

- (iii) Interest - 12-month Secured Overnight Financing Rate + 6.0%
- (iv) Term - Revolving facility up to 36 months from first drawdown
- (v) Share subscription - 1,118,280 fully paid POL shares and 2,500,000 share options
- (vi) Arrangement fee - 1% of drawn funds.
- (vii) Security - General security over Cobar Operations Pty Ltd ranked pari-passu with the Endeavor Mine rehabilitation bond and parent company guarantee
- (viii) 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 five days' notice.
- (ix) Grace period - six months

Equipment finance

In December 2024, a truck and a jumbo were purchased for \$4,967,765 in total. The GST element totalling \$415,615 was invoiced in December and the remaining \$4,516,150 was paid through equipment finance that is repayable in monthly instalments commencing 1 January 2025. The first five monthly repayments of \$28,226 are interest only, followed by 36 monthly instalments of \$140,480. Interest is payable at 7.5% per annum.

The loan is secured over the truck and jumbo with a net book value at 31 December 2024 totalling \$4,496,142.

Note 12. Lease liabilities

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$	\$
<i>Current liabilities</i>		
Lease liability	187,738	-
<i>Non-current liabilities</i>		
Lease liability	379,661	-
	<u>567,399</u>	<u>-</u>

Polymetals Resources Ltd
Notes to the consolidated financial statements
31 December 2024

Note 12. Lease liabilities (continued)

The Company leases six new vehicles and one second-hand vehicle. The lease for the six new vehicles commenced on 7 December 2024 for a term of three years and monthly rent of \$16,795 is payable. The lease for the second-hand vehicle commenced on 23 December 2024 for a term of two years and monthly rent of \$1,750 is payable.

Note 13. Provisions

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$	\$
<i>Current liabilities</i>		
Rehabilitation provision	-	-
<i>Non-current liabilities</i>		
Rehabilitation provision	36,188,509	-
	<u>36,188,509</u>	<u>-</u>

Rehabilitation provision

The provision for rehabilitation costs relate to a present assessment of the costs to reinstate the disturbed area of the Endeavor Mine in accordance with the relevant consent. Provisions have been made to rehabilitate all areas of disturbance including surface infrastructure, buildings, underground mine workings and underground entries, using internal and external expert assessments of each aspect to calculate an anticipated cash outflow discounted to net present value. At each reporting date the rehabilitation provision is re-measured in line with the then-current level of disturbance, cost estimates, and other key inputs.

Note 14. Issued capital

	Consolidated			
	31 Dec 2024	30 Jun 2024	31 Dec 2024	30 Jun 2024
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>197,641,445</u>	<u>186,760,665</u>	<u>43,422,642</u>	<u>39,765,767</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2024	186,760,665		39,765,767
Shares issued to settle debts (a)	17 July 2024	5,000,000	\$0.28	1,400,000
Placement (b)	23 July 2024	2,000,000	\$0.28	560,000
Shares issued to vendor of the Endeavor Mine companies (c)	1 August 2024	1,000,000	\$0.28	280,000
Shares issued to lender (d)	13 November 2024	1,118,280	\$0.72	800,000
Shares issued under loan-funded share plan (e)	19 December 2024	1,762,500	\$0.35	616,875
Share issue costs				-
Balance	31 December 2024	<u>197,641,445</u>		<u>43,422,642</u>

(a) Shares issued to settle debts

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 (refer note 11).

(b) Placement

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

Polymetals Resources Ltd
Notes to the consolidated financial statements
31 December 2024

Note 14. Issued capital (continued)

(c) Shares issued to vendor of the Endeavor Mine companies

On 1 August 2024, 1,000,000 ordinary shares were issued to the vendors of the Endeavor Mine companies, valued at \$280,000 (refer note 19).

(d) Shares issued to lender

As required under the Ocean Partners UK Ltd loan facility, on 13 September 2024 the consolidated entity issued 1,118,280 ordinary shares to Ocean Partners UK Ltd at \$0.72 per share (refer note 11).

(e) Shares issued under loan-funded share plan

On 5 September 2024, the Company granted 3,525,000 loan-funded shares under a loan-funded share plan, split between 15 staff including the Board, Executives and Senior Management. On 19 December 2024, 1,762,500 loan-funded shares vested and were issued. The loans are repayable only from the proceeds of the sale of the shares or their market value at the time of repayment. The shares issued under the plan are included in issued capital, with a corresponding equity reserve to reflect the loan-funded nature of the arrangement (refer note 15). The fair value of the share-based payment expense is recognised in profit or loss over the vesting period. As at 31 December 2024, the total number of shares issued under the plan was 1,762,500, and the outstanding loan balance was \$616,875.

Note 15. Reserves

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$	\$
Share-based payments reserve	575,176	206,145
Options reserve	-	245,000
Loan-funded shares reserve	(616,875)	-
	<u>(41,699)</u>	<u>451,145</u>

Loan-funded shares reserve

The loan-funded shares reserve represents the equity component of the Company's loan-funded share plan. Under the plan, shares are issued to participants at fair value, funded by non-recourse loans provided by the Company. The loans are repayable only from the proceeds of the sale of the shares or their market value at the time of repayment. The reserve reflects the unpaid portion of the loan and is adjusted as the loans are repaid or shares are forfeited (refer note 14).

Note 16. Contingent liabilities and contingent assets

Under the terms of the acquisition of the Endeavor Mine companies (refer note 19), the consolidated entity has until 1 August 2026 to procure the replacement of the Environmental Bonds - MLs. If these bonds are not replaced before this date, the seller may exercise its security over the Endeavor Mine companies and reclaim ownership, or the consolidated entity could pay \$27,996,000 in cash to replace the Environmental Bonds - MLs.

At the reporting date, management expects to meet this obligation within the required timeframe.

During the half-year ended 31 December 2024, the Company entered a loan facility with Ocean Partners UK Ltd to fund the restart of the Endeavor Mine totalling US\$20,000,000. In conjunction with this facility arrangement, the Company executed a six-year offtake agreement with Ocean Partners UK Ltd relating to zinc and silver-lead concentrates produced from the Endeavor Mine. The offtake is dependent on future production benchmarks which may or may not occur.

The consolidated entity is not aware of any other contingent liabilities or contingent assets as at the date of this financial report.

Polymetals Resources Ltd
Notes to the consolidated financial statements
31 December 2024

Note 17. Commitments

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$	\$

Committed at the reporting date but not recognised as liabilities, payable:
One to five years

	-	27,996,000
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The consolidated entity is required to pay \$36,188,509 (increased from \$27,996,000 at 30 June 2024) 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. Upon completion of the acquisition of the Endeavor Mine companies on 1 August 2024, a liability for the bond was recognised (refer note 13).

Note 18. 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 20.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	31 Dec 2024	31 Dec 2023
	\$	\$

Payment for other expenses:

Interest payable to other related party

-	31,250
---	--------

Other expenses paid to key management personnel

159,000	115,967
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Receivable from and payable to related parties

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

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$	\$

Current payables:

Trade payables to key management personnel

30,198	6,602
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Other payables to key management personnel

69,000	160,500
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Interest payable to other related party

-	78,103
---	--------

Loans to/from related parties

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

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$	\$

Current borrowings:

Loan from other related party - Meadowhead Investments Pty Ltd

-	1,555,512
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Loan from other related party - Deering Nominees Pty Ltd

-	950,000
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Polymetals Resources Ltd
Notes to the consolidated financial statements
31 December 2024

Note 18. Related party transactions (continued)

Loan from other related party - Meadowhead Investments Pty Ltd

On 17 July 2024, \$1,400,000 of the loan was repaid by the issue of 5,000,000 shares in the Company (refer note 14) and the remaining loan was repaid by cash.

Loan from other related party - Deering Nominees Pty Ltd

The loan was repaid in full during the half-year ended 31 December 2024.

Note 19. Asset acquisition

On 12 May 2023 the Company acquired the right to purchase the shares in three companies holding the Endeavor silver-zinc 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 Environmental Bond guarantees of \$27,996,000 have been replaced.

Cobar Operations Pty Ltd and Endeavor Operations Pty Ltd (the 'Endeavor Mine companies') together hold the Endeavor Mine assets and the acquisition of the Endeavor Mine companies completed on 1 August 2024. The new SSA allows a further two years from completion of the acquisition of the Endeavor Mine companies to procure the replacement of the Environmental Bond guarantees, otherwise the consolidated entity is liable to pay cash to the vendor to release it from its obligations on rehabilitation of the Endeavor Mine site.

The total consideration for the acquisition is as follows:

- The \$1,000,000 upfront payment made prior to 30 June 2024.
- \$5,293,519 paid up until the completion of the acquisition relating to the right to acquire the Endeavor Mine.
- Polymetals Resources Ltd ordinary shares valued at \$16,640,000 issued in prior periods 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 (refer note 14).
- Stamp duty payable on the acquisition of \$119,345.
- Cobar Water Board charges totalling \$2,216,554.

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. 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.

Polymetals Resources Ltd
Notes to the consolidated financial statements
31 December 2024

Note 19. Asset acquisition (continued)

Details of the acquisition are as follows:

	Fair value \$
Cash and cash equivalents	121,878
Inventories	4,592,141
Mining assets	18,913,296
Right to acquire Cobar Infrastructure Pty Ltd	1,229,364
Mine leases	37,016,022
Employee benefits	(134,774)
Rehabilitation bond	(36,188,509)
Acquisition-date fair value of the total consideration transferred	<u>25,549,418</u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	25,549,418
Less: payments made for the right to acquire the Endeavor mine and associated maintenance costs in prior periods	(5,293,519)
Less: cash and cash equivalents	(121,878)
Less: payments made in prior periods	(1,000,000)
Less: Cobar Water Board charges to be paid in future periods	(2,216,554)
Less: shares issued by the Company as part of consideration	(280,000)
Less: shares issued by the Company for the right to acquire the Endeavor mine in prior periods	(16,640,000)
Net cash received	<u>(2,533)</u>

Note 20. 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 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 Dec 2024	30 Jun 2024
		%	%
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%
Cobar Operations Pty Ltd**	Australia	100%	-
Endeavor Operations Pty Ltd**	Australia	100%	-
Polymetals (Endeavor) Pty Ltd***	Australia	100%	-

* Subsidiary of Orana Minerals Pty Ltd.

** Subsidiaries of Cobar Metals Pty Ltd, acquired during the half-year ended 31 December 2024.

*** Polymetals (Endeavor) Pty Ltd was registered on 23 July 2024.

Note 21. Events after the reporting period

On 17 February 2025, the Company issued 43,750,000 ordinary shares for \$0.80 per share to strengthen the balance sheet as the Endeavor Mine progresses to production, and to increase the Company's exploration activities.

Polymetals Resources Ltd
Notes to the consolidated financial statements
31 December 2024

Note 21. Events after the reporting period (continued)

On 1 February 2025 a lease commenced for all 26 rooms at Cobar Crossroads Motel, Town & Country and Cobar Motor Inn. The lease is for two years to 31 January 2027, with two options for a further two years each. A daily unoccupied room rate of \$110 plus GST is payable per room and this is increased to \$145 plus GST for an occupied room. The lease liability on commencement of the lease is \$1,973,336. Management are not reasonably certain that the options will be exercised therefore these are excluded from the calculation of the lease liability.

No other matter or circumstance has arisen since 31 December 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 22. Earnings per share

	Consolidated	
	31 Dec 2024	31 Dec 2023
	\$	\$
Loss after income tax attributable to the owners of Polymetals Resources Ltd	<u>(6,901,421)</u>	<u>(1,603,062)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>194,322,564</u>	<u>150,548,019</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>194,322,564</u>	<u>150,548,019</u>
	Cents	Cents
Basic earnings per share	(3.6)	(1.1)
Diluted earnings per share	(3.6)	(1.1)

Share options are considered to be potential ordinary shares but were anti-dilutive in nature for the current and prior financial year and were not included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

Note 23. Share-based payments

Loan Funded Share Plan

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.

On 5 September 2024, the Company granted 3,525,000 loan-funded shares under the plan, split between 15 staff including the Board, Executives and Senior Management.

The options vest in the following circumstances:

- 25% upon drawdown of a debt facility to fund the restart of the Endeavor Mine
- 25% upon the Company's shares trading at a 30-day VWAP above \$0.50
- 25% upon first zinc or silver-lead concentrate shipment from the Endeavor Mine
- 25% upon exchange of Endeavor Mine Environmental Rehabilitation Bonds

Polymetals Resources Ltd
Notes to the consolidated financial statements
31 December 2024

Note 23. Share-based payments (continued)

The exercise conditions are as follows:

- Exercise price of \$0.35 per share
- 3-year term
- Participants must remain engaged with the Company throughout the 3-year term
- 100% of options vest in the event of a change of control transaction

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. The total fair value of the in-substance options at grant date was \$191,914.

On 19 December 2024, 1,762,500 loan-funded shares vested and were issued. The loans are repayable only from the proceeds of the sale of the shares or their market value at the time of repayment. The shares issued under the plan are included in issued capital (refer note 14), with a corresponding equity reserve to reflect the loan-funded nature of the arrangement (refer note 15).

Other share options

As required under the Ocean Partners UK Ltd loan facility, on 13 September 2024 the consolidated entity issued 2,500,000 share options to Ocean Partners UK Ltd with an exercise price of \$1.00 that expire on 23 November 2026. The total fair value of the options at grant date was \$448,552.

The total share-based payment expense recognised during the half-year ended 31 December 2024 is \$575,176.

Set out below are summaries of options during the half-year:

	Number of options 31 Dec 2024	Weighted average exercise price 31 Dec 2024	Number of options 31 Dec 2023	Weighted average exercise price 31 Dec 2023
Outstanding at the beginning of the financial half-year	-	\$0.00	2,352,000	\$0.25
Granted	6,025,000	\$0.62	-	\$0.00
Exercised	-	\$0.00	(2,352,000)	\$0.25
Outstanding at the end of the financial half-year	<u>6,025,000</u>	\$0.62	<u>-</u>	\$0.00
Exercisable at the end of the financial half-year	<u>4,262,500</u>	\$0.73	<u>-</u>	\$0.00

The weighted average remaining contractual life of options outstanding at the end of the financial half-year was 2.4 years.

For the options granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
05/09/2024	05/09/2027	\$0.26	\$0.35	48.00%	-	3.54%	\$0.109
21/11/2024	23/11/2026	\$0.72	\$1.00	48.37%	-	4.08%	\$0.180

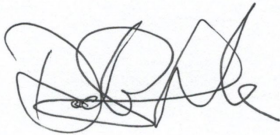
Polymetals Resources Ltd
Directors' declaration
31 December 2024

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



David Sproule
Executive Chairman

5 March 2025

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AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
POLYMETALS RESOURCES LTD

Report on the Half-Year Financial Report*Conclusion*

We have reviewed the accompanying half-year financial report of Polymetals Resources Ltd which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Polymetals Resources Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

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Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report, which indicates that the consolidated entity incurred a loss of \$6,901,421 and had net cash outflows from operating and investing activities of \$5,311,893 and \$4,256,843 respectively for the half year ended 31 December 2024. 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 consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

The directors of Polymetals Resources Ltd are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2024 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A stylized blue ink signature of the firm RSM.

RSM AUSTRALIA PARTNERS

A blue ink signature of C J Hume.

C J HUME
Partner

Sydney, NSW
Dated: 5 March 2025





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