

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

**Name of entity**

PolarX Limited

**ABN**

161615783

**Quarter ended ("current quarter")**

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(251)	(2,777) <sup>1</sup>
(b) development		
(c) production		
(d) staff costs	(12)	(27)
(e) administration and corporate costs	(493)	(961) <sup>2</sup>
1.3 Dividends received (see note 3)		
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(755)</b>	<b>(3,762)</b>

1. Includes upfront cash calls paid during the September 2017 quarter to Millrock Exploration Corp. ("Millrock") of \$2.516 million, in relation to its management of the Company's exploration work program in Alaska.

2. Includes costs incurred in relation to the acquisition of Vista Minerals Pty Ltd (July 2017) of ~\$0.2 million.

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	(18)	(41)
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (cash acquired on acquisition of Vista Minerals Pty Ltd)	-	35
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(18)</b>	<b>(6)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	5,495
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(341)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>5,154</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,183	55
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(755)	(3,762)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(18)	(6)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	5,154
4.5	Effect of movement in exchange rates on cash held	33	2
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,443<sup>3</sup></b>	<b>1,443<sup>3</sup></b>

3. Excludes remaining cash calls of ~\$0.13 million at 31 December 2017, held by Millrock (refer footnote 1 on page 1) and which will be applied against subsequent project expenditure incurred by Millrock in Alaska.

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> 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	1,443	2,183
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,443</b>	<b>2,183</b>

**6. Payments to directors of the entity and their associates**

	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	220
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payments for Director's consulting services and Director's fees - \$154,750  
 Payments to Mitchell River Group for Consultant services - \$23,058  
 Reimbursement of other expenses (at cost) - \$42,595

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	200
9.2 Development	-
9.3 Production	-
9.4 Staff costs	12
9.5 Administration and corporate costs	180
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>392</b>

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10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Uncle Sam Gold Project, (Alaska USA)	Direct	100% <sup>5</sup>	Nil <sup>6</sup>
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Alaska Range Project, (Alaska USA) <sup>4</sup>	Direct	0%	100%

4. For a detailed listing of the Alaska Range Project mineral claims which were staked and subsequently granted during the December 2017 quarter, refer to the List of Mining Claims set out in the Quarterly Activities Report dated 31 January 2018.
5. Subject to a mineral lease and purchase agreement with Great American Minerals Exploration Inc. (GAME), pursuant to which GAME will lease the Uncle Sam Gold Project for up to 10 years with an option to purchase outright at any time during the lease period on the terms and conditions detailed in the ASX announcement of 30 July 2015 (Option Agreement).
6. During the period the Company received noticed from the Department of Natural Resources (State of Alaska) that the mineral claims which comprise the Uncle Sam Gold Project had been declared abandoned (DNR Notice). The basis for the decision was an error on the affidavit of labor filed by the previous tenement owner in 2011. Further, as a result GAME has sought to terminate the Option Agreement.

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

- is considered a non-core asset and has a \$nil carrying value in the Company's financial statements; and
- is independent of the Company's Alaska Range Project.

For a detailed listing of the Uncle Sam Gold Project mineral claims, held prior to receipt of the DNR Notice, refer Appendix 1 to the Quarterly Activities Report dated 31 October 2017.

### **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.

Sign here:        Ian Cunningham  
                         Company Secretary

Date: 31 January 2018

### **Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.