ASX Announcement

ASX: POL

30 October 2023

SEPTEMBER 2023 QUARTERLY ACTIVITIES & CASHFLOW REPORT

Polymetals advances the Endeavor silver-zinc-lead Mine on a path to production.

HIGHLIGHTS

- **Endeavor Mine Restart Study (MRS) completed & released on 16 October 2023.**
- **The MRS demonstrates robust financial returns – an initial 10-year mine life with an NPV_8 of $201M and an IRR of 91%.**
- **Advanced the Mine Restart financing requirements and the Environmental Rehabilitation Bond replacement.**
- **Growth strategy advancing with the exploration review of existing data defining clear priorities and drill targets.**

Polymetals Resources Ltd (ASX: **POL**) ("**Polymetals**" or the "**Company**") is pleased to provide its September 2023 Quarterly Report. This report provides detail on progress and outcomes which the company has achieved during and after the end of the quarter. The Company has maintained its focus on the completion of the Endeavor Mine Restart Study, aimed at demonstrating the financial viability of recommencement of operations at the Mine.

Polymetals Resources Executive Chairman, Dave Sproule said,

"The September quarter has been another busy period for the Company as we progressed the Endeavor silver-zinc-lead Mine Restart Study (MRS) toward completion and its subsequent release on 16 October 2023. The efficiency and volume of work completed by the management team and our consultants within the timeframe provided was most commendable.

The MRS shows speedy commencement of revenue, an early payback of capital and an extraordinarily high internal rate of return. We will now sharply focus our attention on mining restart so as to unlock the value of the Endeavour Mine.

Whilst progressing the MRS, we were also developing exploration plans over a considerable land holding adjacent to the mine. When the time is right, we will turn our attention to exploration and project growth. We are quietly confident of expanding upon the significant value of restarting mining operations."

ENDEAVOR MINE RESTART STUDY (MRS)

Following detailed due diligence, the successful reset of the Endeavor Mine Silver Streaming Royalty, drilling of the Upper Main Lodes (UML) and an internal scoping study, the Company moved to acquire the Endeavor silver-zinc-lead Mine with the aim of re-establishing operations[1].

The Endeavor Mine Restart Study (MRS) formally commenced in June 2023 and was completed in mid-October 2023. Key metrics of the MRS[2] are provided in Table 1.

Item	Unit	Value
Physicals		
Ore Mined	Mt	8.36
Initial Project Life	Years	10
Average annual Processing Rate	t/yr	840,000
Payable Zinc	t	210,000
Payable Lead	t	62,000
Payable Silver	oz	9,757,067
Financials		
Project Revenue	**A$**	**1,411,899,621**
EBITDA	A$	400,463,438
Net Present Value @ 8% discount (Pre-tax)	**A$**	**201,022,552**
Internal Rate of Return (Pre-tax)	**%**	**91%**
Pre-Production Capital	A$	23,733,607
Payback	Years	2.3

Table 1: Endeavor Mine Key Metrics

The MRS was completed by Polymetals technical staff with the assistance from specialist external consultants engaged to complete Ore Reserve and mine scheduling, metallurgical testwork and recommended metallurgical recoveries. Mining costs were developed in-house from first principles and compared to those generated by an independent mining engineering consultant who specialises in cost estimation.

The MRS extends to all known underground mineralised areas of the Endeavor Mine (Figure 1) and the Sector 1 high grade tailings, with processing via the existing lead / zinc flotation circuit (Figure 2). The MRS delivers a 10-year mine life, consisting of an initial 6 years of underground operations, overlapped with 5 years of surface mining involving the retreatment of tailings generated from past operations.

[1] Refer ASX announcement - “Endeavor Mine Acquisition Final” dated 28th March 2023
[2] Refer ASX announcement - “Endeavor Silver, Lead, Zinc Mine Restart Study Completed” dated 16th October 2023

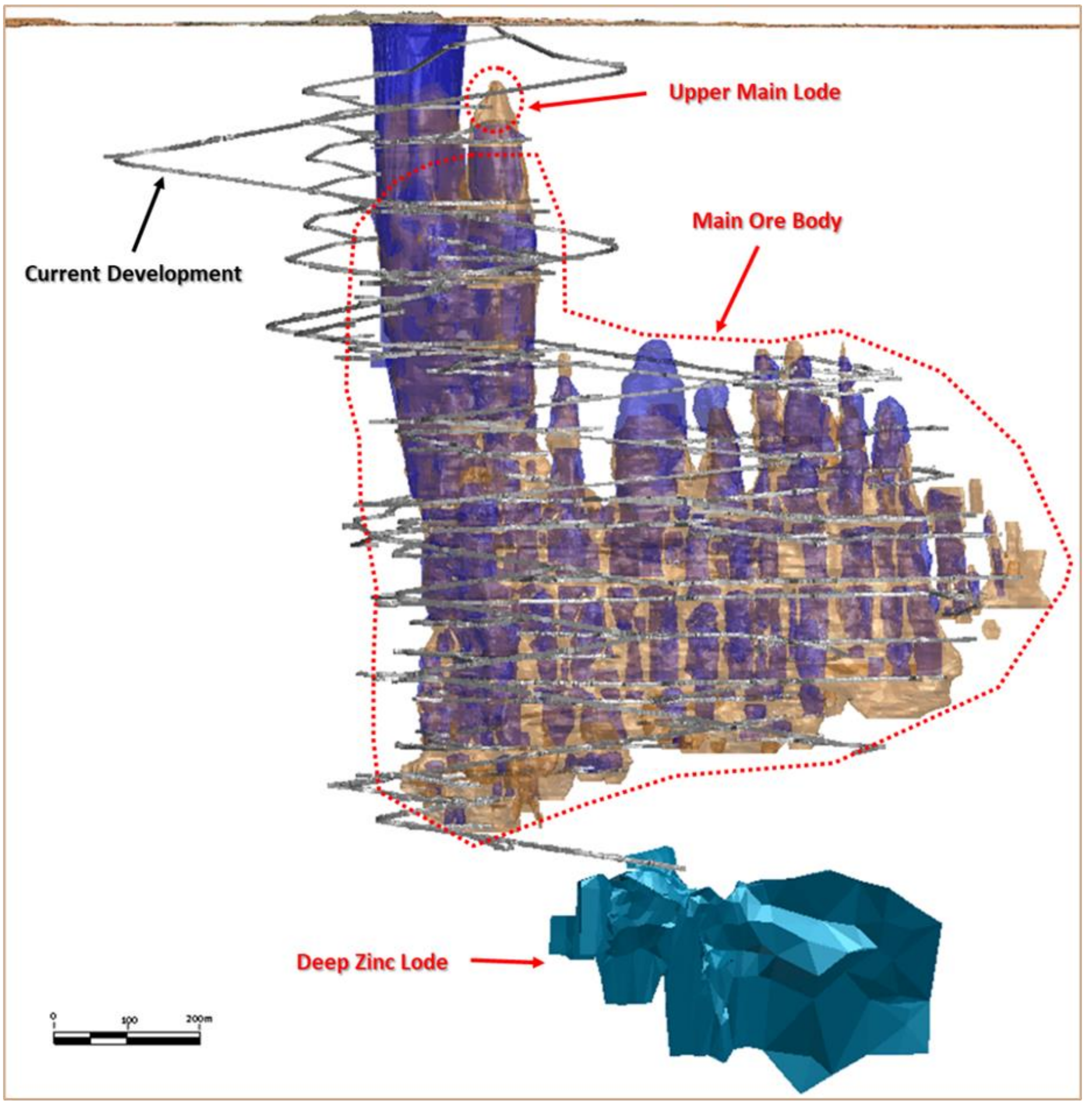

Figure 1: Existing Endeavor Mine mineralised areas subject of Mine Restart Study

Figure 2: Endeavor Mine Processing Plant

ENDEAVOR MINE REGIONAL EXPLORATION

During the reporting period, the Company's exploration team have been collating and analysing the 40 years of existing exploration data associated with the Mine's 1,100km^2 of exploration tenements (Figure 3). A coherent in-mine, near-mine and regional exploration strategy is being developed to build on the opportunity presented by already having an operational mine able to convert any exploration success.

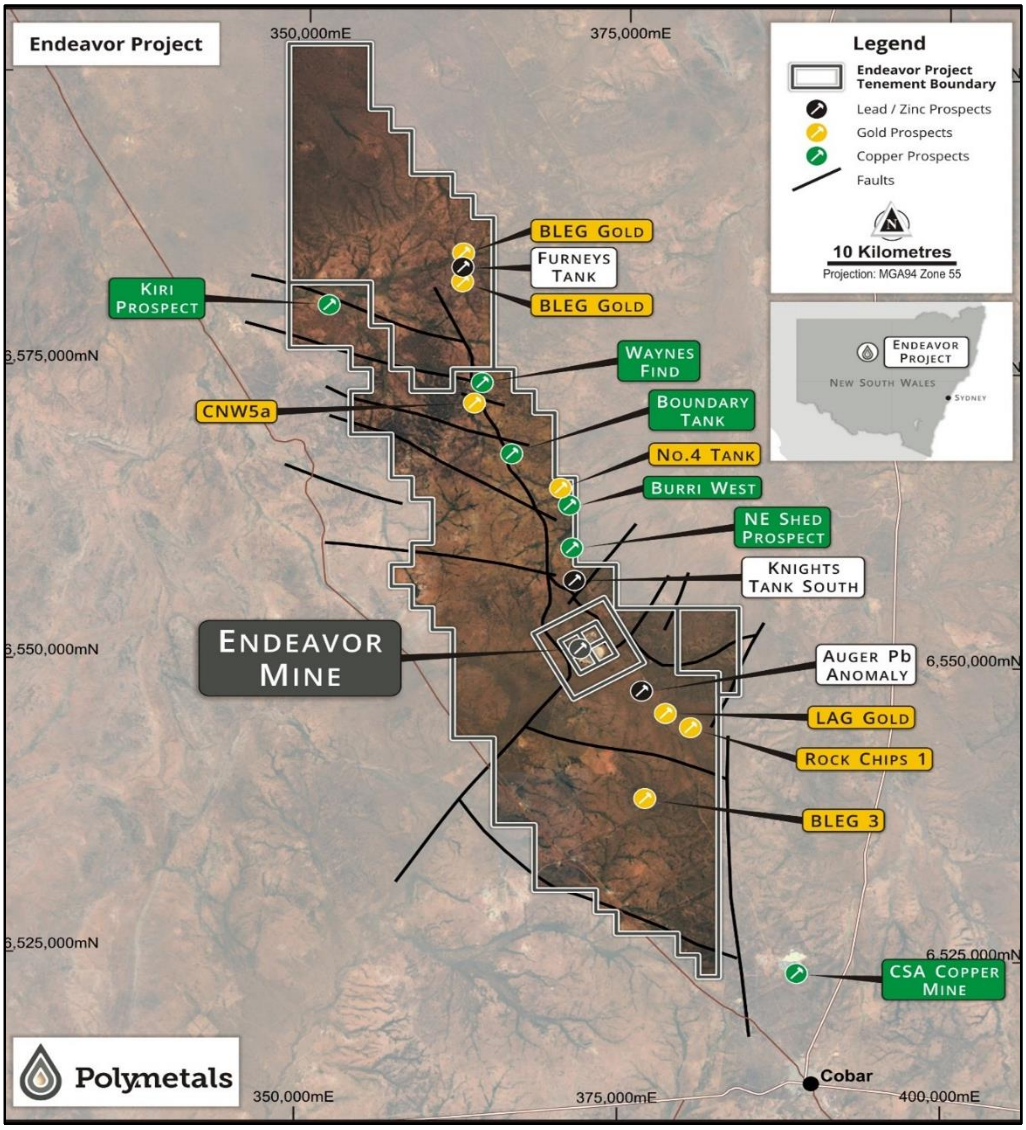

Figure 3: Endeavor Mine Exploration Land Holding

GUINEA GOLD PROJECTS

Polymetals placed its Alahiné (64.2km^2) and Mansala (48.2km^2) exploration projects within Guinea's Siguiri Basin on Care and Maintenance in August 2023[3]. This low-cost status will remain until the project can be divested via strategic partnerships or sale. Should the

[3] Refer ASX announcement – "Polymetals Business Update" dated 21st August 2023

political landscape improve in Guinea (with grant of the pending licence renewal applications), the Company will reassess its position at that time.

CORPORATE

Management is continuing to advance the Environmental Rehabilitation Bond replacement with assistance from Ocean Partners[4] - this step remains the final requirement before the Endeavor Project assets are transferred to the Company and Mine restart activities on-ground can be commenced.

The Ocean Partners UK concentrate offtake and US$10M prepayment facility[5] provides great confidence that the Endeavor Mine will attract the requisite working capital necessary to achieve the planned restart and subsequent anticipated positive cashflow.

Board changes and senior management appointments earlier in the year have resulted in a cohesive and talented team being assembled who have the experience and capability to deliver the Endeavor Mine Restart opportunity for all stakeholders, and in particular, shareholders, and the NSW and the local Cobar community.

The Company has received the first $250,000 tranche of the $500,000 grant from the New South Wales government Critical Minerals Activation Fund. The Company anticipates receipt of the balance over the coming months.

Endeavor care and maintenance costs paid during the quarter were $2.23 million approx. due to invoicing from prior months before Polymetals gained operational management. Polymetals has reduced ongoing costs and expects C&M spend over the next quarter to be approximately $1.3 million.

A total of 2,333,000 options were exercised during the quarter at $0.25 for an amount of $583,250 in receipts. The 1,167,000 options balance will be exercised within the December quarter for receipts of $291,750.

Unsecured loan facility

An entity controlled by its chairman and major shareholder Mr David Sproule provided an unsecured loan facility of $1.35 million to the Company in October 2022. During the quarter $200,000 was repaid with the loan facility drawn to $1.15 million as of 30th September 2023.

Cash

As at 30th September 2023, Polymetals had cash at bank of $760,000 approximately.

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[4] Refer ASX announcement – "Replacement of 28M Endeavor Rehabilitation Bond" dated 14th August 2023

[5] Refer ASX announcement – "Polymetals secures A$15 m prepayment facility" dated 27th June 2023

ASX Additional Information

The Company provides the following information pursuant to ASX Listing Rule requirements:

1. **ASX Listing Rule 5.3.1**: Exploration and Evaluation Expenditure during the quarter was $35,000 at the Company's Mansala and Alahiné projects in Guinea. This expenditure was for wages, fuel and costs for people onsite along with security and storage.

2. **ASX Listing Rule 5.3.2**:
The Company confirms that there were no mine production activities for the quarter.
The development expenditure (rounded to '000) incurred by the Company in relation to the Endeavor Project is as follows:

Table 2: *Breakdown of the development expenditure incurred on the Endeavor Project*

Nature of expenses	Amount ($)
Care and maintenance[1]	2,233,000
Drilling	Nil
Geological consulting	33,000
Assays	19,000
Professional Staff	250,000
Other including studies, site costs, travel and other consultants	176,000
TOTAL EXPENDITURE	2,711,000

Note 1 – Includes invoicing from prior months before Polymetals gained operational management

3. **ASX Listing Rule 5.3.5**: Payments to related parties of the Company and their associates during the quarter was $106,000 (GST exclusive) in cash. This included accrued fees of $82,500 owing to related parties and their associates were accrued as at 30 September 2023.

Table 3*: Director's remuneration*

Name of Director	Nature of Payment	Amount ($)
David Sproule	Accrued 6 months Director fees at 30 June 2023 - paid in July 2023	60,000
Alistair Barton	Director fees paid in September 2023 quarter	3,000
Matt Gill	Director ($10,500) and consultant fees ($10,000) paid in September 2023	20,500

Chris Schoor	Former Director-Accrued fees to date of resignation	22,500
Jess Oram		Nil
	Total paid	**106,000**

4. **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[1]				
	EL 5785	NSW	5/10/2027	100%
	EL 8583	NSW	2/6/2029	100%
	EL 8752	NSW	27/6/2024	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%

Note 1: Polymetals' ownership of Endeavor tenements is subject to completion of exchange of Environmental Rehabilitation Bonds

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

For further information, please contact:

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COMPETENT PERSON 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 an 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.

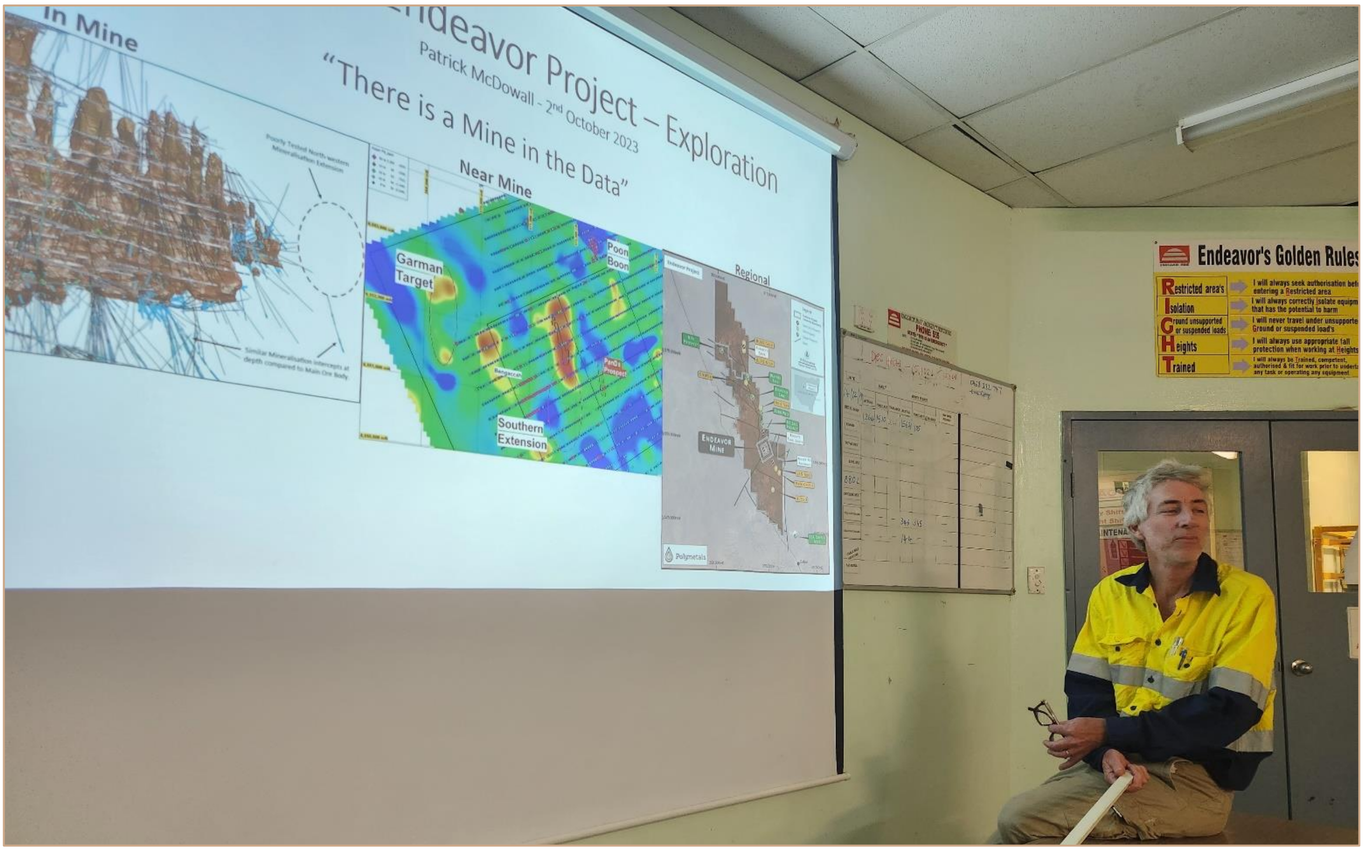
The information supplied in this release regarding Ore Reserves of the Endeavor Project is based on information compiled by Mr Matthew Gill, a Competent Person who is a Fellow of the Australian Institute of Mining and Metallurgy. Mr Gill is a Non-executive Director of Polymetals Resources Ltd and has 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 maters 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.

ABOUT POLYMETALS

Polymetals Resources Ltd (ASX: POL) is an Australian mining and exploration company with a project portfolio with significant potential for the discovery and development of both precious and base metal resources. With our cornerstone asset the Endeavor Silver-Zinc-Lead Mine, Polymetals is seeking to become a long term, consistent and profitable base and precious metal producer. Polymetals holds a strong exploration portfolio for organic growth, are development driven and continually measure strategic acquisition opportunities. POL is committed to developing genuine long-lasting relationships within our community, building strong relationships with investment partners, local stakeholders and providing our shareholders with capital growth and dividends. For more information visit www.polymetals.com



Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Name of entity

POLYMETALS RESOURCES LTD

ABN	Quarter ended ("current quarter")
73 644 736 247	30 September 2023

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(323)	(323)
	(e) administration and corporate costs	(125)	(125)
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	275	275
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(173)**	**(173)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(35)	(35)
	(e) investments	-	-
	(f) project development-Endeavor	(2,711)	(2,711)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 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**	**(2,746)**	**(2,746)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	960	960
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	296	296
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(200)	(200)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**1,056**	**1,056**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,633	2,633
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(173)	(173)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,746)	(2,746)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,056	1,056
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**760**	**760**

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	760	2,633
5.2	Call deposits	-	-
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)**	**760**	**2,633**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1 (Director Fees)	106
6.2	Aggregate amount of payments to related parties and their associates included in item 2	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 at previous quarter $A'000**
7.1	Loan facilities	1,150,000	1,350,000
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	1,150,000	1,350,000

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.

The loan facility is from entities associated with David Sproule, Executive Chairman of the Company. The facility is unsecured with interest payable of 5% per annum compounded monthly from draw down to repayment. During the quarter $200,000 was repaid on the facility. The balance of $1.15 million is only repayable on demand once a further separate capital raising is completed by the Company. The loan is otherwise repayable 18 months from drawdown

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(173)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(35)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(208)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	760
8.5	Unused finance facilities available at quarter end (Item 7.5)	Nil
8.6	Total available funding (Item 8.4 + Item 8.5)	760
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	3.6

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

1. 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: N/A

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: N/A

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: Yes, see 2 above.

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: **30/10/2023**

Authorised 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.