



PolarX Limited

ABN 76 161 615 783

Financial Report
for the half-year ended 31 December 2023

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CORPORATE DIRECTORY

Directors

Mr. Mark Bojanjac	Executive Chairman
Dr. Jason Berton	Managing Director
Dr. Frazer Tabear	Non-Executive Director
Mr. Robert Boaz	Non-Executive Director

Company Secretary

Mr. Ian Cunningham

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Stock Exchange Listing

Australian Securities Exchange

ASX Code: PXX

Auditor

Stantons

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Australia

The Directors present their report for PolarX Limited (**PolarX** or the **Company**) and its subsidiaries (the **Group**) for the half-year ended 31 December 2023 (**HY2024**).

DIRECTORS

The names of the Directors in office during the period and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Mark Bojanjac	Executive Chairman
Jason Berton	Managing Director
Frazer Tabear	Non-Executive Director
Robert Boaz	Non-Executive Director

RESULTS OF OPERATIONS

During the half-year ended 31 December 2023 (**HY2024**) the Group continued to focus on the exploration and development of its mineral projects, with key activities being:

- Completion of an updated scoping study (**2024 Scoping Study**) into the development of its Alaska Range Copper Gold Project (**Alaska Range Project**); which comprises both the Stellar Gold Copper Property (**Zackly** – 100% owned), and the Caribou Dome Copper Property (**Caribou Dome** – earning 80-90%). The 2024 Scoping Study was undertaken on the basis of the improvements in metals recovery and concentrate grades, which delivered improved projected economic returns.
- RC drilling programs and follow up IP surveys at the Humboldt Range Gold-Silver Project in Nevada, USA (**Humboldt Range Project**), which comprises the Black Canyon and Fourth of July mineral claim groups.



Figure 1: PolarX's US projects are situated in Nevada and Alaska

Alaska Range Project

2024 Scoping Study

In January 2024, the Company announced the results of the **2024 Scoping Study**. The 2024 Scoping Study was based on the results of copper concentrate flotation test-work undertaken by Ausenco Engineering Canada Inc. (**Ausenco**) during HY2024. Ausenco conducted a series of metallurgical tests designed to improve copper recovered via conventional flotation of mineralised material from Caribou-Dome. Optimised test results showed a substantial improvement in both recovered copper (to 87.9%) and the grade of concentrate produced (to 21.7%), across a 12-hole domain-weighted composite sample representative of the mineralisation within Caribou Dome. The 2024 Scoping Study addressed and quantified the significance of these two key improvements, without changing any other key inputs.

The 2024 Scoping Study revealed several key aspects:

- The significant metallurgical improvements deliver boosted projected economic returns including¹:
 - Pre-Tax NPV₇ doubled from A\$310M to A\$625M
 - Pre-Tax IRR increased from 38.6% to 73.9%
 - Mine Life EBITDA increased from A\$882M to A\$1,269M
 - Average annual free cashflow over 9.5 years mining increased from A\$82m to A\$120M
 - Capital Payback reduced from 2.75 years to 1.6 years
- Mining and processing are scheduled to commence at Caribou Dome with a high-grade open pit followed by underground mining at Zackly which will be trucked to the proposed plant at Caribou Dome.
- 83% of the material currently proposed to be mined falls in the Measured and Indicated resource categories².
- Comminution testing indicates that the mineralisation at Caribou Dome is moderately soft, and the flotation recoveries were achieved at a coarser primary grind sizes requiring less energy than in previous test-work.
- Ongoing metallurgical test-work is intended to further enhance copper recovery at Caribou Dome and gold recovery at Zackly.
- Ongoing oxidative leaching and solvent extraction test work also shows potential to further boost copper recovery, minimise freight costs and eliminate refinery charges.
- Modest increases in copper and gold recoveries and/or concentrate grades could deliver a further uplift to projected economics.
- Modest resource extensions at either deposit and in particular Caribou Dome, could also significantly further enhance projected economic returns.
- Mineralisation is known to continue 150m below the current resource at Caribou Dome and a future underground mine could again extend the modelled mine-life.
- Revenue from copper contributes more than gold or silver at currently prevailing commodity prices. Sensitivity analysis indicates potential Project economics are most responsive to the copper price, copper recovery and concentrate grades, and can be enhanced further by both infill and extension drilling, by minimising mining waste-dilution and by continuing to improve recoveries via further metallurgical test-work.

Key assumptions and outcomes of the 2024 Scoping Study were:

- Caribou Dome mineral resource estimate of 7.2Mt @ 3.1% Cu and 6.5g/t Ag.
- Zackly mineral resource estimate of 4.0Mt @ 1.1% Cu, 1.6g/t Au and 12.6g/t Ag.

¹ Key projected economic returns are shown on a 100% project basis, without financial leverage and assumed commodity prices of copper – US\$8,500/tonne; gold – US\$1,900/oz; silver – US\$25/oz and AUD: USD Exchange Rate of 0.65.

² The Company concludes it has reasonable grounds for disclosing a production target which includes an amount of Inferred Mineral Resources. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised. Over the planned 9.5 year life of the Project Measured and Indicated Resources account for 83% of the total tonnes mined. Inferred Mineral Resources comprise only 17% of the production schedule.

- Metallurgical recoveries of 90% copper, 79% gold and 80% silver from flotation at Zackly, and 87.9% copper and 70% silver recoveries from flotation at Caribou Dome
- Processing scheduled to occur at 750ktpa at Caribou Dome followed by 600ktpa at Zackly over 9.5 years, with mining commencing at Caribou Dome and then moving to Zackly, with mineralisation processed through a common conventional sulphide flotation plant located at Caribou Dome.
- Initial capital required of US\$147m (including pre-strip and royalty buy-back)
- Revenue of approximately US\$1.491bn (A\$2,294) over the forecast initial operating life
- Average annual free cash flow of US\$78m (A\$120m) (undiscounted, pre-tax)
- NPV₇ (pre-tax) of approximately US\$406m (A\$625m).
- IRR of 73.9% (pre-tax)
- Payback of 1.6 years (post construction)

Sensitivity Analysis and Next Steps

Sensitivity analysis undertaken as part of the 2024 Scoping Study revealed and quantified key areas for potential cashflow, NPV and IRR enhancement. Other than copper and gold prices, the most immediate scope for uplift in value are found in resource extension and further improving concentrate grades and copper and gold recoveries.

Further Increase Copper Concentrate Grade and Recovery

Advancing metallurgical test work has the most immediate potential to deliver the greatest uplift in projected Project returns. Better economic returns could be realised with even modest improvements in both copper recovery and concentrate grades at Caribou Dome. Ongoing test-work on Caribou Dome mineralisation using oxidative leaching and solvent extraction also show potential to further boost copper recovery and further minimise freight costs and eliminate refinery charges. Accordingly, PolarX will continue to advance metallurgical test work to further enhance copper recoveries and optimise projected operating margins at Caribou Dome.

Similarly, the metallurgical test work at Zackly is at an interim stage and is not yet optimised. It is more sensitive to the gold price than the copper price and the current gold recovery based on test work to date is assumed at only 79%. Further metallurgical testing and the examination and trial of alternative recovery options also planned at both Caribou Dome and Zackly during 2024.

Resource Extension

Upside mineral resource expansion potential is evident and may be achieved with further successful drilling at both Caribou Dome and Zackly.

Caribou Dome's mineralised lenses remain open in all directions. Existing drilling includes mineralised intercepts 150m below the currently calculated resource. Sensitivity analysis undertaken as part of the 2024 Scoping Study, indicates that if further drilling extended the resource to that depth and an extra 2Mt was mined from underground this could yield a US\$130M(A\$200M) increase in projected pre-tax NPV (+32%).

Analysis of drilling and the current Indicated mineral resource at Zackly also highlights several mineralised shoots that plunge at depth and along-strike which have yet to be evaluated by drilling. Sensitivity analysis indicates that adding an extra year's material mined from Zackly along strike could yield a US\$21M (A\$32M) increase in projected pre-tax NPV (+5%).

Further resource extension drilling programs will be focussed in these specific areas.

Pre-Concentration of Mined Material

Reducing mined waste to increase the effective feed grade to a processing plant has several benefits in optimising both operating cost and the scale of the plant itself. Selective ore sorting technology is gaining commercial acceptance and the distinctly different properties of Caribou Dome's massive sulphide mineralisation from its surrounding host material present an opportunity. The Company will test the suitability of ore-sorting technology to pre-concentrate feed grades by eliminating distinctly different surrounding waste material.

Alaska Range Project Background

The Alaska Range Project (Figure 2). is located approximately 250km northeast of Anchorage in Alaska, USA. It is readily accessible by road – the Denali Highway passes within 20km of the Project and from there a purpose-built road provides direct access to the historic underground exploration development at the Project.

The Alaska Range Project is a contiguous package covering 262km² with ~35km strike length hosting extensive copper- and gold-in-soil anomalism consistent with several mineralised districts, which comprises both the Stellar Gold Copper Property (Stellar Project – 100% owned), and Caribou Dome Copper Property (Caribou Dome Project – earning 80-90%).

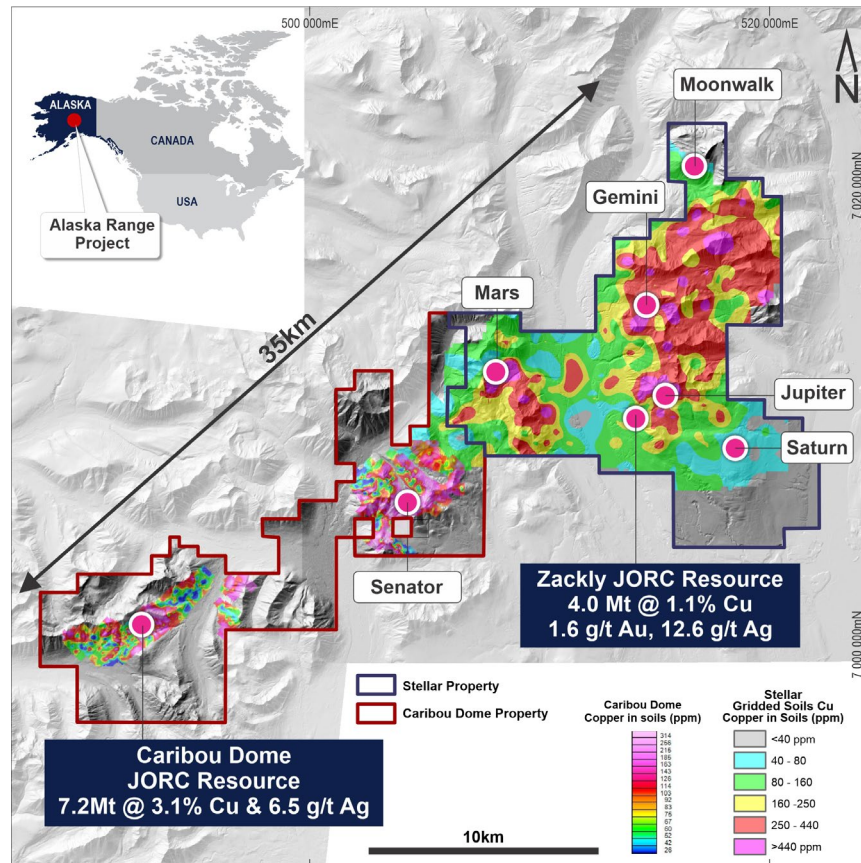


Figure 2. Location Map Alaska Range Project

The 2024 Scoping Study was based on the updated mineral resource estimate for the Caribou Dome deposit, announced in June 2023 of 7.2Mt @ 3.1% Cu and 6.5g/t Ag. This followed the announcement of an updated mineral resource estimate for the Zackly deposit in October 2022 of 4.0Mt @ 1.1% Cu and 1.6g/t Au (refer Table 1 below):

Table 1: Alaska Range Project Resource Estimates (JORC 2012), 0.5% Cu cut-off

	Resource Category	Mt	Cu %	Au g/t	Ag g/t	Contained Cu (t)	Contained Cu (M lb)	Contained Au (oz)	Contained Ag (oz)
ZACKLY	Indicated	2.5	1.2	1.9	13.9	30,700	68	155,000	1,120,000
	Inferred	1.5	0.9	1.2	10.4	14,300	32	58,000	513,000
	TOTAL	4.0	2.1	3.1	24.3	45,000	100	213,000	1,633,000
CARIBOU DOME	Measured	1.0	3.9	-	8.6	39,800	88	-	284,000
	Indicated	3.2	3.3	-	6.5	105,175	232	-	662,800
	Inferred	3.0	2.6	-	5.7	79,400	175	-	552,000
	TOTAL	7.2	9.8	-	20.8	224,375	495		1,498,000
COMBINED	TOTAL	11.2	11.9	3.1	45.1	269,375	595	213,000	3,131,000

Notes:

1. Refer to the ASX announcement of 14 June 2023 for full details on the Caribou Dome Project Mineral Resource estimate, including applicable technical information and reporting criteria.
2. Refer ASX announcement of 17 October 2022 for full details on the Zackly Deposit Mineral Resource estimate, including applicable technical information and reporting criteria.

Humboldt Range Project

IP Survey

During HY2024, the Company announced the results from the Induced Polarisation (IP) surveys undertaken at the Fourth of July claims and Black Canyon claims during the May-June 2023. The Company considers IP surveys to be the best technique to assist in generating drill targets for higher grade bulk-tonnage and high grade sulphide related vein mineralisation.

The IP surveys have identified several strong chargeability and resistivity anomalies. Each anomaly coincides with PolarX's surface geochemical gold anomalies and known faults, providing further confidence to drill target areas.

Black Canyon

Seven east-west IP traverse lines were surveyed across known mineralisation trends at variable lengths, ranging from 1.3 to 1.7km and totalling 10.2km. A prominent 1.7km long chargeability anomaly extends from surface south of the Ridgeline fault zone, a prospect previously identified by PolarX's mapping and surface geochemistry programs. The Ridgeline target consists of multiple gold-mineralised north-northeast trending veins extending in outcrop for 1.0km immediately north of the IP survey area. Combined, this anomalous zone now extends for 1.0km across the Ridgeline and 1.7km south for a total target of 2.7km. The entire length of the IP chargeability anomaly lies beneath the existing access road, which will assist drill rig access and minimize ground disturbance.

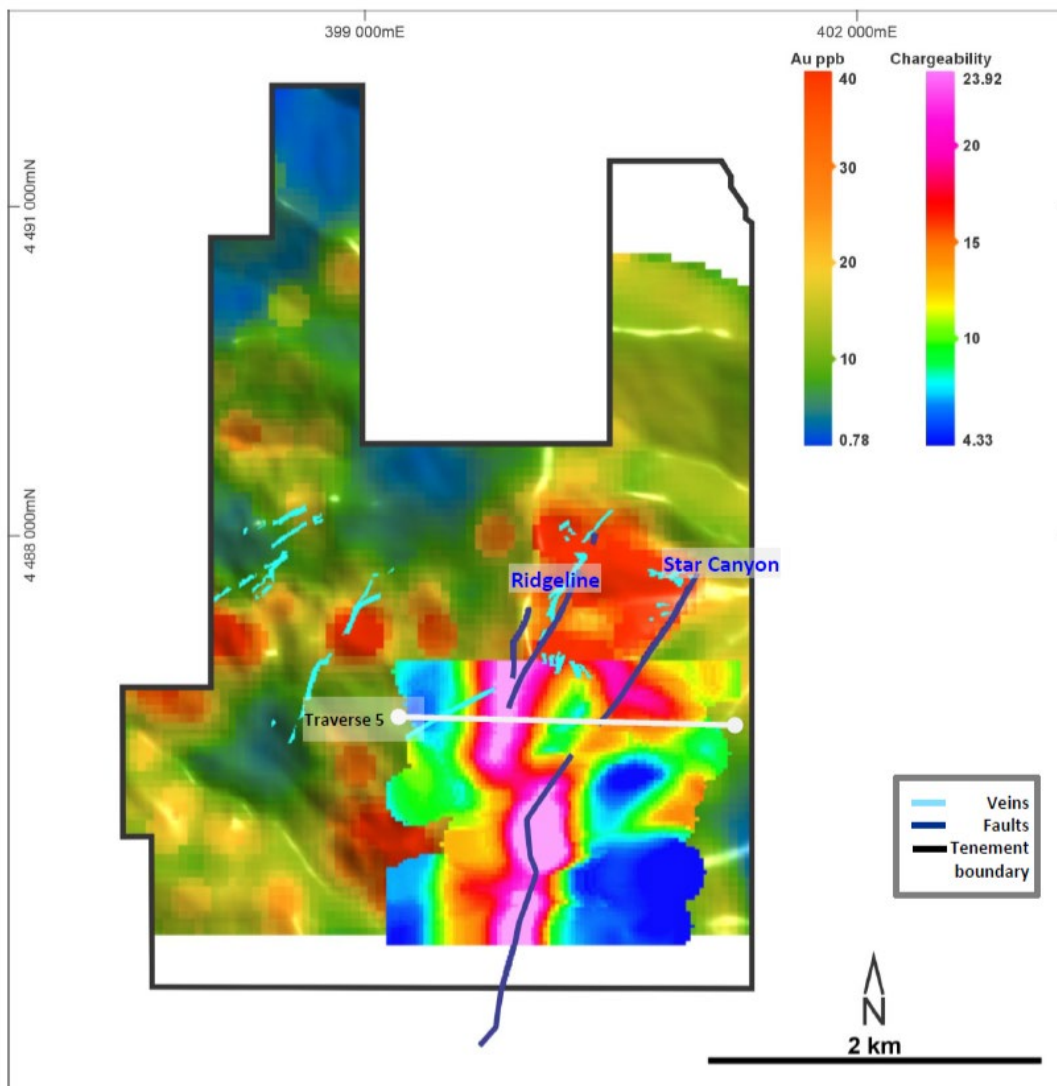


Figure 3. Plan view over Black Canyon showing inset 3D chargeability inversion model, gold soil samples and mapped gold hosting vein structures (red vectors). The light grey line denotes the approximate location of traverse 5. Note, inversion models are not topographically matched to terrain, for terrain corrected results see the IP traverse section in Figure 4.

A section view of traverse line 5 shows the chargeability and resistivity anomalies extend to depths beyond 250m. Extrapolating anomaly extensions beneath 250m exceeds the penetration reliability of this IP survey which was configured to target responses to a 250m depth.

The coincidence of strong chargeability and resistivity anomalies fits the expected IP response for mineralisation observed in the region, which is typically finely disseminated metal sulphides (conductive) and strong siliceous alteration (resistive). Mineralisation has been previously described as hosted within finely disseminated arsenopyrite and pyrite crystals in drilling results at Star Canyon (see ASX releases 5 July 2022 and 20 February 2023). The extensive Rochester Rhyolite unit outcrops at surface where both the chargeability anomalies occur in traverse line 5.

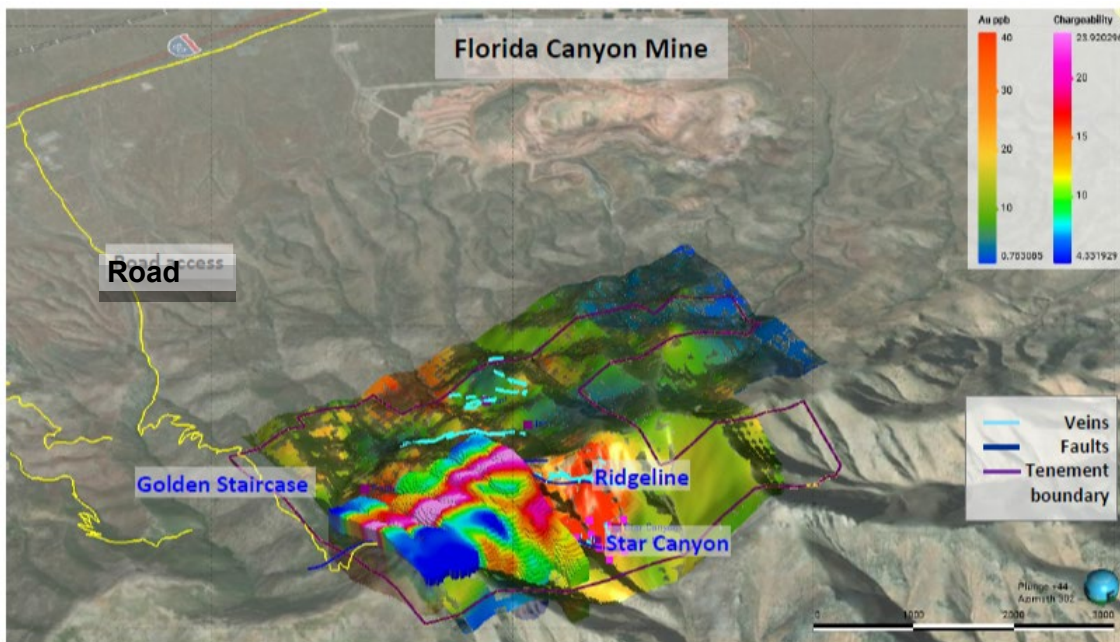


Figure 4. Regional perspective of the IP chargeability anomaly in relation to the gold soils anomaly and road access for future drilling. View west-northwest to Florida Canyon Mine.

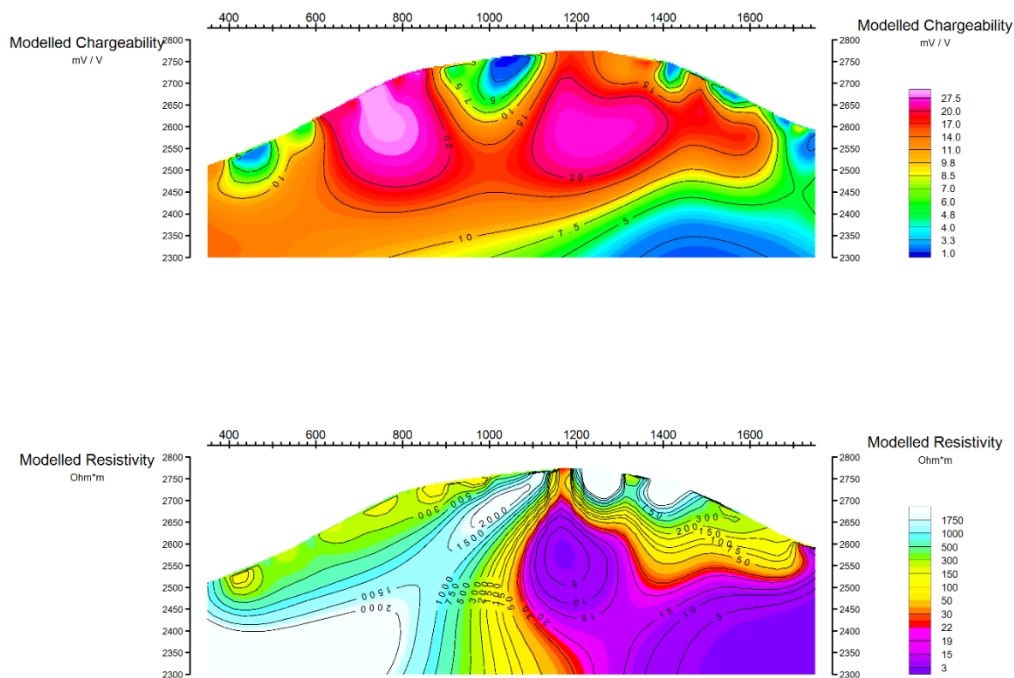


Figure 5 Chargeability and Resistivity profiles for line 5 shows strong anomalies commencing at surface and penetrating to +250 m depth (looking northwards).

Fourth of July

Four east-west IP traverse lines between 3,000 and 3,500 metres in length were conducted at Fourth of July, totalling 13.6 km. Figure 6 shows the chargeability zones in the inversion model profiles across the entire survey. There are some very strong chargeability anomalies throughout each traverse.

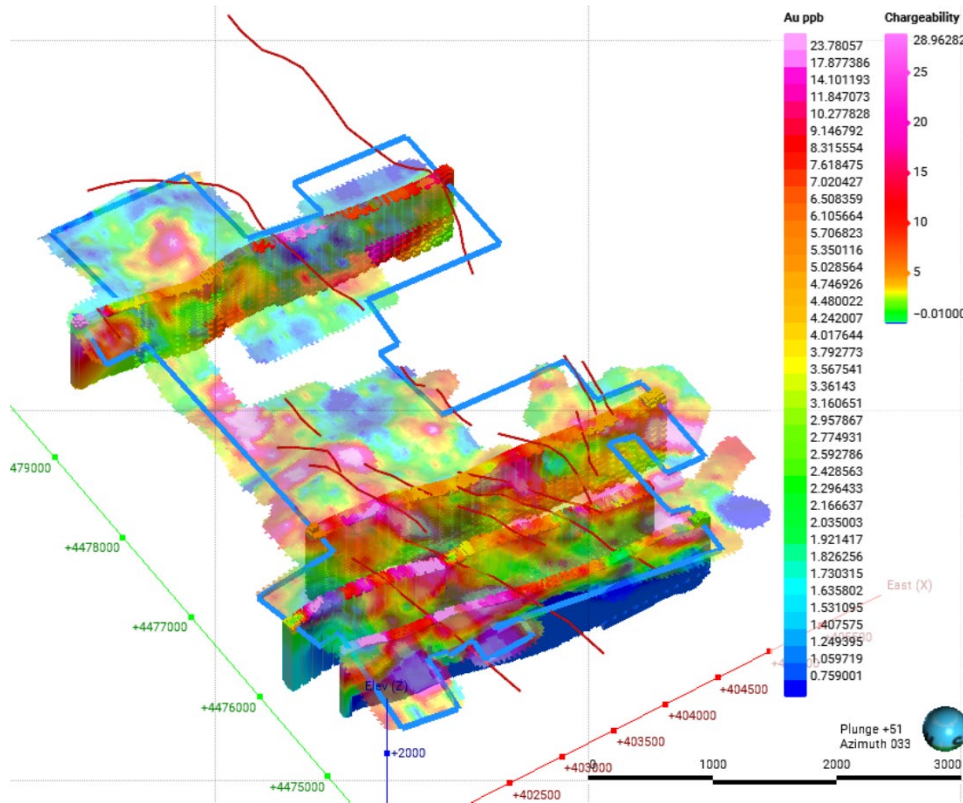


Figure 6. IP chargeability profiles and mapped fault traces (red lines) at FoJ. The northern most traverse shows a large strong chargeability anomaly commencing from surface.

The chargeability anomalies at Fourth of July are strongest near surface and coincide well with the soil anomalies and known NW trending fault structures. The chargeability anomalies however do not exhibit the same compelling depth penetration as the Black Canyon results and are considered a lower priority drill target.

Humboldt Range Project Background

The Humboldt Range Project comprises 364 lode mining claims in Nevada in two claim groups: Black Canyon and Fourth of July.

The Black Canyon claims at the northern end of Humboldt Range are less than 3km from the currently operating Florida Canyon Mine, which hosts 5Moz gold (see Figures 7 and 8). The 400Moz silver / 3Moz gold Rochester Mine and the 4Moz Spring Valley gold project are located just 15km and 9km respectively to the south of PolarX's Fourth of July claims. Access to the project is straightforward via roads off the I-80 Interstate Highway, which lies less than 15km to the west of the claims.

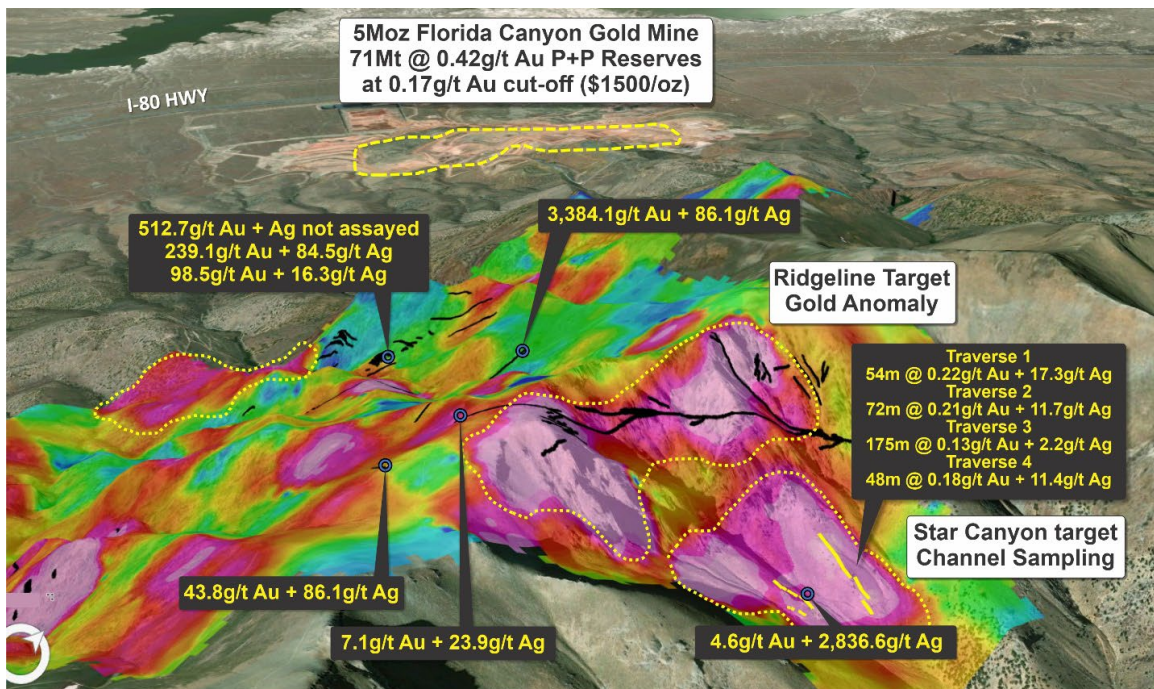


Figure 7. Oblique 3D-view of the Black Canyon project overlaid with the gold geochemical soil anomaly and high-grade vein samples.

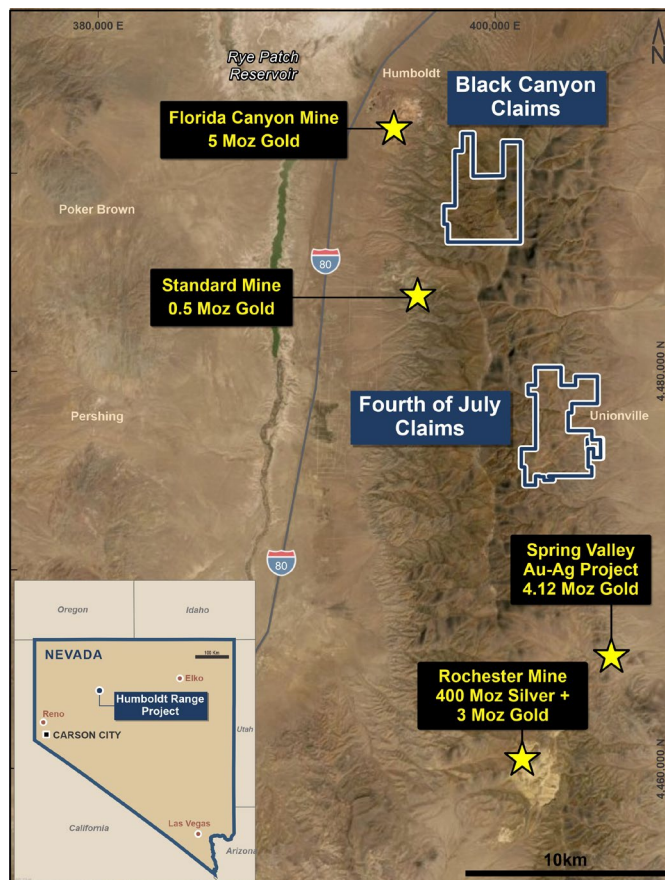


Figure 8. PolarX's Nevada claims are ideally located, adjacent to large scale operating mines and important road, energy and workforce infrastructure. The Rochester Mine, Spring Valley project and Black Canyon all host gold & silver mineralisation within north-south striking Rochester Rhyolite rock units.

Humboldt Range contains geology consistent with bonanza-style epithermal gold-silver mineralisation and bulk mineable epithermal gold-silver mineralisation, both of which are well known in Nevada. Widespread narrow vein mineralisation with visible gold occurs within the claims and was historically mined via numerous adits and underground workings between 1865 and the 1927. Mineralisation occurs in swarms of high-grade epithermal quartz veins of varying thickness (reported from 1cm to 3m), either as isolated veins or as broad zones of sheeted/anastomosing veins within zones of intensely altered and mineralised host rocks.

Mineralised Rochester Rhyolite Formation outcrops at surface throughout the Humboldt Range Projects and is in places concealed beneath relatively thin overlying unmineralized Prida Limestone. Regionally the Rochester Rhyolite Formation hosts multi-million-ounce gold and silver deposits at the nearby Rochester Mine and the Spring Valley projects.

Corporate

During HY2024, the Company raised gross proceeds of \$2.26 million via:

- (i) the issue on 2 August 2023 of 140,605,262 Shares at an issue price of 1.1 cents per fully paid ordinary share (**Share**) to raise ~\$1.55 million, pursuant to a placement, and
- (ii) the issue on 15 September 2023 of 65,101,367 Shares at an issue price of 1.1 cents per Share to raise ~\$716k, pursuant to a non-renounceable rights issue.

Pursuant to the financings undertaken during HY2024, Northern Star Resources Limited (**Northern Star**) increased its shareholding to 11.18% of the Company's issued capital.

As of 31 December 2023, the Company had on issue 1,639,616,775 Shares, and 47,868,907 unlisted options.

Subsequent to period end, the Company announced that it would be undertaking a 1 for 4 non-renounceable pro rata entitlement offer (**Entitlement Offer**) at an issue price of 1.2 cents per Share to raise up to ~\$4.92 million (before costs). The Entitlement Offer, which is fully underwritten by Northern Star, will close on 27 March 2024 (unless extended).

SUBSEQUENT EVENTS

On 18 January 2024 the Company announced the results of the 2024 Scoping Study, which delivered significantly boosted projected economic returns for the Alaska Range Project primarily from improvements in metals recovery and concentrate grades arising from additional metallurgical test work undertaken in HY2024.

On 27 February 2024, the Company announced the Entitlement Offer.

No other significant events have occurred subsequent to the end of the half-year, but prior to the date of this report, that would have a material impact on the consolidated financial statements.

AUDITOR'S DECLARATION

Section 307C of the Corporations Act 2001 requires the Group's auditors to provide the Directors of PolarX with an Independence Declaration in relation to the review of the half-year financial report. A copy of that declaration is included at page 33 of this report. There were no non-audit services provided by the Company's auditor for the half-year ended 31 December 2023.

Signed on behalf of the board in accordance with a resolution of the Directors.

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

Mark Bojanjac
Executive Chairman
15 March 2024

ADDITIONAL DISCLOSURE

There is information in this report relating to:

- (i) the Mineral Resource Estimate for the Caribou Dome Deposit, which was previously announced on 14 June 2023;
- (ii) the Mineral Resource Estimate for the Zackly Deposit, which was previously announced on 17 October 2022; and
- (iii) exploration results which were previously announced on 11 January 2021, 5 July 2022, 8 August 2022 and 5 October 2022, 20 February 2023 and 15 August 2023.

Other than as disclosed in those announcements, the Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements, and that all material assumptions and technical parameters have not materially changed. The Company also confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

All references to the 2024 Scoping Study and its outcomes in this report relate to the announcement of 18 January 2024 titled "2024 Alaska Range Scoping Study". Please refer to that announcement for full details and supporting information.

Forward Looking Statements:

Information included in this report constitutes forward-looking statements. When used in this announcement, forward-looking statements can be identified by words such as "anticipate", "believe", "could", "estimate", "expect", "future", "intend", "may", "opportunity", "plan", "potential", "project", "seek", "will" and other similar words that involve risks and uncertainties.

Forward-looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of resources and reserves, political and social risks, changes to the regulatory framework within which the Company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation as well as other uncertainties and risks set out in the announcements made by the Company from time to time with the Australian Securities Exchange.

Forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management of the Company that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this report will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. The Company does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this report, except where required by applicable law and stock exchange listing requirements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2023

	Notes	Consolidated Six months ended December 31	
		2023 \$	2022 \$
Interest Revenue & Other Income		\$ 49	\$ 29
Public company costs		(26,296)	(31,052)
Consulting and directors fees		(230,678)	(252,647)
Share-based compensation	11	(39,767)	(87,772)
Legal fees		(4,205)	(4,556)
Staff costs		(30,002)	(34,569)
Serviced office and outgoings		(12,000)	(12,000)
Foreign exchange loss		(1,256)	(18,060)
Write off of assets		(15,937)	-
Impairment of exploration assets		(3,627,392)	-
Other expenses	4	(354,566)	(352,300)
		(4,342,099)	(792,956)
Loss from operations		\$ (4,342,050)	\$ (792,927)
Income tax expense		-	-
Loss after Income Tax		\$ (4,342,050)	\$ (792,927)
Other comprehensive income/(loss)			
Items that may be reclassified to profit and loss in subsequent periods		-	-
Foreign currency translation	11	(852,650)	263,880
Other comprehensive (loss)/income for the period		(852,650)	263,880
Total comprehensive loss for the period		\$ (5,194,700)	\$ (529,047)
Loss per share:			
Basic and diluted loss per share (cents per share)		\$ (0.29)	\$ (0.08)
Weighted Average Number of Shares:			
Basic and diluted number of shares		1,520,199,499	945,966,126

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

Consolidated Statement of Financial Position

as at 31 December 2023

	Notes	Consolidated	
		December 31 2023 \$	June 30 2023 \$
Current Assets			
Cash and cash equivalents		\$ 872,714	\$ 732,033
Other receivables and prepayments	5	215,257	433,222
Total current assets		1,087,971	1,165,255
Non-Current Assets			
Property, plant and equipment	6	\$ 29,179	\$ 61,517
Exploration and evaluation assets	7	36,277,513	39,206,132
Total Non-Current Assets		36,306,692	39,267,649
Total Assets		\$ 37,394,663	\$ 40,432,904
Current liabilities			
Trade and other payables	8	\$ 190,583	141,675
Total Current Liabilities		190,583	141,675
Total Liabilities		\$ 190,583	\$ 141,675
NET ASSETS		\$ 37,204,080	\$ 40,291,229
Equity			
Contributed equity	9	\$ 109,432,391	\$107,364,607
Reserves	11	9,038,797	9,851,680
Accumulated losses	10	(81,267,108)	(76,925,058)
TOTAL EQUITY		\$ 37,204,080	\$ 40,291,229
Commitments	16		
Contingent Liability	17		

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

Consolidated Statement of Cash Flows

for the half-year ended 31 December 2023

	Notes	Consolidated	
		Six months ended	
		December 31	
		\$	\$
Cash flows from Operating activities			
Payments to suppliers and employees		\$ (646,365)	\$ (709,582)
Interest received and other income		49	29
Net cash flows (used in) operating activities		<u>(646,316)</u>	<u>(709,553)</u>
Cash flows from investing activities			
Payments for financing activities		(25,000)	-
Payments for expenditure on exploration		(1,248,371)	(2,039,205)
Net cash flows (used in) investing activities		<u>(1,273,371)</u>	<u>(2,039,205)</u>
Cash flows from financing activities			
Proceeds from issue of shares		2,262,773	3,630,735
Proceeds from option exercise		-	121
Share issue costs		(183,880)	(270,462)
Net cash flows generated from financing activities		<u>2,078,893</u>	<u>3,360,394</u>
Net increase in cash and cash equivalents		159,206	611,636
Cash and cash equivalents at beginning of the period		732,033	1,945,756
Foreign exchange variances on cash		(18,525)	(5,427)
Cash and cash equivalents at end of the period		<u>\$ 872,714</u>	<u>\$ 2,551,965</u>

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

Consolidated Statement of Changes in Equity for the half-year ended 31 December 2023

Consolidated	Notes	Number of Shares	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserves	Warrant Reserves	Share Based Payment Reserves	Option Premium Reserve	Total
At 1 July 2023		1,353,910,146	\$ 107,364,607	\$ (76,925,058)	\$ 3,273,603	\$ 1,190,098	\$ 5,384,979	\$ 3,000	\$ 40,291,229
Loss for the period		-	-	(4,342,050)	-	-	-	-	(4,342,050)
Other comprehensive (loss)		-	-	-	(852,650)	-	-	-	(852,650)
Total comprehensive (loss) for the period		-	\$ -	\$ (4,342,050)	\$ (852,650)	\$ -	\$ -	\$ -	\$ (5,194,700)
Transactions with owners in their capacity as owners									
Shares issued	9	205,706,629	2,262,773	-	-	-	-	-	2,262,773
Share issue costs	9		(194,989)	-	-	-	-	-	(194,989)
Shares issued to consultants	19	80,000,000	-	-	-	-	-	-	-
Share-based compensation	11, 13		-	-	-	-	39,767	-	39,767
Balance at 31 December 2023		1,639,616,775	\$ 109,432,391	\$ (81,267,108)	\$ 2,420,953	\$ 1,190,098	\$ 5,424,746	\$ 3,000	\$ 37,204,080

Consolidated	Notes	Number of Shares	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserves	Warrant Reserves	Share Based Payment Reserves	Option Premium Reserve	Total
At 1 July 2022		899,101,093	\$ 104,134,832	\$ (75,367,741)	\$ 2,183,708	\$ 1,190,098	\$ 5,186,365	\$ 3,000	\$ 37,330,262
Loss for the period		-	-	(792,927)	-	-	-	-	(792,927)
Other comprehensive income		-	-	-	263,880	-	-	-	263,880
Total comprehensive (loss)/income for the period		-	\$ -	\$ (792,927)	\$ 263,880	\$ -	\$ -	\$ -	\$ (529,047)
Transactions with owners in their capacity as owners									
Shares issued		453,841,767	3,630,735	-	-	-	-	-	3,630,735
Share issue costs			(413,192)	-	-	-	-	-	(413,192)
Options issued to consultants	13		-	-	-	-	70,405	-	70,405
Exercise of stock options		4,049	121	-	-	-	-	-	121
Share-based compensation	13		-	-	-	-	87,772	-	87,772
Balance at 31 December 2022		1,352,946,909	\$ 107,352,496	\$ (76,160,668)	\$ 2,447,588	\$ 1,190,098	\$ 5,344,542	\$ 3,000	\$ 40,177,056

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

1. Corporate Information

The financial report of PolarX Limited (**PolarX** or the **Company**) and its subsidiaries (the **Group**) for the half-year ended 31 December 2023 was authorised for issue in accordance with a resolution of the Directors on 15 March 2024.

PolarX Limited is an Australian public company limited by shares and which is listed on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' report.

2. Going Concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

For the half-year ended 31 December 2023, the Group incurred a loss of \$4,342,050 (2022: \$792,927) and generated net cash inflows of \$159,206 (2022: \$611,636). At 31 December 2023, the Group had net current assets of \$897,388 (30 June 2023: \$1,023,580).

The Group's ability to continue as a going concern is dependent upon it maintaining sufficient funds for its operations and commitments. The Directors continue to be focused on meeting the Group's business objectives and is mindful of the funding requirements to meet these objectives. The Directors consider the basis of going concern to be appropriate for the following reasons:

- the recently announced underwritten Entitlement Offer, which is expected to be completed in April 2024;
- given the Company's market capitalisation and the underlying prospects for the Group to raise further funds from the capital markets; and
- the fact that subject to meeting certain minimum expenditure commitments, further exploration activities may be slowed or suspended as part of the management of the Group's working capital.

The Directors are confident that the Group can continue as a going concern and as such are of the opinion that the financial report has been appropriately prepared on a going concern basis. However, should the Group be unable to raise further required financing, there is uncertainty which may cast doubt as to whether or not the Group will be able to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

3. Summary of Significant Accounting Policies

(a) Basis of Presentation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2023 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2023 (**2023 Annual Financial Report**), together with any public announcements made during the following half-year.

(b) Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the 2023 Annual Financial Report except for those as described in Note 3(c) below.

(c) New and Amended Standards Adopted by the Group

Standards and Interpretations applicable to 31 December 2023

The Group has considered the implications of new and amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material.

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

4. Other expenses

	Consolidated	
	For the six months ended	
	31 December 2023	31 December 2022
	\$	\$
Accounting and audit fees	59,404	47,858
Corporate finance	24,859	37,500
Insurance	29,599	26,554
Media coverage	53,695	35,144
Other	187,009	205,244
	354,566	352,300

Consolidated

31 December	30 June
2023	2023
\$	\$

5. Other Receivables and Prepayments**Current**

GST / VAT receivable	28,079	31,125
Prepayments	187,178	402,097
	215,257	433,222

Other receivables, mainly goods and services tax, are non-interest bearing and generally receivable on 30 day terms. These are neither past due nor impaired. The amount is fully collectible. Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

Consolidated

31 December	30 June
2023	2023
\$	\$

6. Property, Plant and Equipment**Plant and Equipment**

Cost	27,133	27,856
Accumulated depreciation	(18,457)	(17,376)
Net carrying amount	8,676	10,480

Motor Vehicles

Cost	43,283	134,168
Accumulated depreciation	(25,410)	(86,280)
Net carrying amount	17,873	47,888

Office Furniture and Fixtures

Cost	-	-
Accumulated depreciation	-	-
Net carrying amount	-	-

Computer Equipment

Cost	9,040	9,039
Accumulated depreciation	(6,410)	(5,890)
Net carrying amount	2,630	3,149

Total property, plant and equipment

Cost	79,456	171,063
Accumulated depreciation	(50,277)	(109,546)
Net carrying amount	29,179	61,517

6. Property, Plant and Equipment (continued)

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial period:

	Consolidated	
	31 December	30 June
	2023	2023
	\$	\$
Plant and Equipment		
Carrying amount at beginning of period	10,480	16,600
Additions	-	-
Disposals	-	(1,579)
Depreciation expense	(1,599)	(5,100)
Net exchange differences on translation	(205)	559
Carrying amount at end of period	8,676	10,480
Motor Vehicles		
Carrying amount at beginning of the period	47,888	65,920
Additions	-	-
Disposals	(25,093)	-
Depreciation expense	(5,301)	(20,255)
Net exchange differences on translation	379	2,223
Carrying amount at end of period	17,873	47,888
Office Furniture and Fixtures		
Carrying amount at beginning of the period	-	83
Additions	-	-
Disposals	-	(66)
Depreciation expense	-	(17)
Net exchange differences on translation	-	-
Carrying amount at end of period	-	-
Computer Equipment		
Carrying amount at beginning of the period	3,149	4,742
Additions	-	-
Disposals	-	(30)
Depreciation expense	(519)	(1,563)
Net exchange differences on translation	-	-
Carrying amount at end of period	2,630	3,149
Total property, plant and equipment	29,179	61,517

	Consolidated	
	31 December	30 June
	2023	2023
	\$	\$

7. Exploration and Evaluation Assets

Exploration and evaluation expenditure

At cost	48,243,028	47,606,245
Accumulated provision for impairment	(11,965,515)	(8,400,113)
Total exploration and evaluation assets	36,277,513	39,206,132

	Consolidated	
	31 December	30 June
	2023	2023
	\$	\$
Carrying amount at beginning of the period	39,206,132	34,973,692
Exploration and evaluation expenditure during the period/year	1,532,591	3,142,588
	-	(7,743)
Net exchange differences on translation	(833,818)	1,097,595
Carrying amount at end of period	39,904,905	39,206,132
Impairment of exploration and evaluation expenditures	(3,627,392)	-
Carrying amount at end of period	36,277,513	39,206,132

The Directors' assessment of the carrying amount for the Group's exploration and development expenditure was made after consideration of (i) the results from the 2024 Scoping Study; (ii) prevailing market conditions, including the Company's market capitalisation and metal prices; (ii) the level of previous expenditure undertaken and the results from those programs; and (iii) the potential for future development, noting the current mineral resource estimates for both the Caribou Dome, Humboldt Range and Stellar projects.

The recoverability of the carrying amount of the deferred exploration and evaluation expenditure is dependent on successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest. An impairment charge was recorded during the period in relation to the carrying value of exploration on certain mineral claims within the Stellar Project, which were not incorporated into the 2024 Scoping Study and hence the relevant expenditure was not considered to be recoverable.

	Consolidated	
	31 December	30 June
	2023	2023
	\$	\$

8. Trade and other payables

Trade payables	86,391	27,558
Accruals	104,192	114,117
	190,583	141,675

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

Consolidated

31 December	30 June
2023	2023
No. of shares	No. of shares

9. Contributed Equity

(a) Issued and paid up capital

Ordinary shares fully paid	1,639,616,775	1,353,910,146
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	31 December		30 June	
	2023		2023	
	Number of shares	\$	Number of shares	\$
(b) Movements in ordinary shares on issue				
Balance at beginning of the period	1,353,910,146	107,364,607	899,101,093	104,134,832
Share issues (net of costs)	205,706,629	2,067,784	453,841,767	3,216,168
Shares issued for exercise of stock options	-	-	4,049	121
Share issues to consultants	-	-	963,237	13,486
Shares issued related to Atthe-Market Subscription Agreement (Note 19)	80,000,000	-	-	-
Balance at end of the period	1,639,616,775	109,432,391	1,353,910,146	107,364,607

Consolidated

31 December	30 June
2023	2023
\$	\$

10. Accumulated losses

Movements in accumulated losses were as follows:

Balance at beginning of the period/year	76,925,058	75,367,741
Loss for the period/year	4,342,050	1,557,317
Balance at end of the period/year	81,267,108	76,925,058

	Consolidated	
	31 December	30 June
	2023	2023
	\$	\$
11. Reserves		
Foreign currency translation reserve	2,420,953	3,273,603
Warrant reserves	1,190,098	1,190,098
Share based payments reserves	5,424,746	5,384,979
Option premium reserve	3,000	3,000
Balance at end of period/year	9,038,797	9,851,680

	Consolidated	
	31 December	30 June
	2023	2023
	\$	\$
Movement in reserves:		
<i>Share based payments and option premium reserve</i>		
Balance at beginning of period/year	5,384,979	5,186,365
Options issued to corporate advisors	-	70,405
Options exercised	-	-
Equity benefits expense	39,767	128,209
Balance at end of period/year	5,424,746	5,384,979

The Share based payments and option premium reserve is used to record the value of equity benefits provided to directors and employees as part remuneration, and to consultants and for services rendered.

	Consolidated	
	31 December	30 June
	2023	2023
	\$	\$
<i>Foreign currency translation reserve</i>		
Balance at beginning of period/year	3,273,603	2,183,708
Foreign currency translation	(852,650)	1,089,895
Balance at end of period/year	2,420,953	3,273,603

The foreign currency translation reserve is used to record the currency difference arising from the translation of the financial statements of the foreign operations.

	Consolidated	
	31 December	30 June
	2023	2023
	\$	\$
<i>Warrant reserve</i>		
Balance at beginning of period/year	1,190,098	1,190,098
Warrants exercised	-	-
Balance at end of period/year	1,190,098	1,190,098

The warrant reserve is used to record the value of warrants provided to shareholders as part of capital raising activities.

12. Related Party Disclosures

The ultimate parent entity is PolarX Limited.

Mitchell River Group Pty Ltd., a Company of which Frazer Tabeart is a Director and Principal, provided the Company with consulting services totalling \$655 (2022: \$3,895 of which \$nil was outstanding at period end (30 June 2023: Nil).

There were no other related party disclosures for the half-year ended 31 December 2023 (2022: Nil).

13. Share Based Payment Plans**(a) Recognised share based payment transactions**

Total expenses and capital raising costs arising from share based payment transactions recognised during the half-year were as follows:

	Consolidated	
	31 December 2023	31 December 2022
	\$	\$
Options issued to employees and directors	39,767	87,772
Options issued to consultants	-	-
Options issued to consultants related to capital raisings	-	70,405
Balance at end of period	<u>39,767</u>	<u>158,177</u>

(b) Share based payment - options

The Group has established a Long-Term Incentive Plan (**Plan**) and also issues options to consultants and other service providers outside the Plan. The objective of the equity awards under the Plan (including previous incentive plans) or options issued outside the Plan, is to assist in the recruitment, reward, retention and motivation of the recipients and/or reduce the level of cash remuneration that would otherwise be paid to the recipient. An eligible person may receive the awards or nominate a relative or associate to receive the award. Details of options granted are as follows:

2023

Grant date	Expiry date	Exercise price	Balance at start of the period Number	Granted during the period Number	Exercised during the period Number	Expired during the period Number	Balance at end of the period Number	Exercisable at end of the period Number
2 Nov 2020	1 Nov 2023	A\$0.05	3,000,000	-	-	(3,000,000)	-	-
28 Jul 2021	27 Jul 2024	A\$0.05	5,000,000*	-	-	-	5,000,000	5,000,000
21 Dec 2021	27 Oct 2025	A\$0.058	15,000,000**	-	-	-	15,000,000	10,000,000
4 May 2022	6 Nov 2023	A\$0.03	18,209,695	-	-	(18,209,695)	-	-
6 May 2022	6 Nov 2023	A\$0.03	59,799,892	-	-	(59,799,892)	-	-
2 Jun 2022	6 Nov 2023	A\$0.03	13,543,098	-	-	(13,543,098)	-	-
24 Oct 2022	1 Apr 2025	A\$0.03	19,127,436	-	-	-	19,127,436	19,127,436
9 Feb 2023	8 Feb 2026	A\$0.016	8,741,471	-	-	-	8,741,471	8,741,471
31 December 2023			<u>142,421,592</u>	-	-	<u>(94,552,685)</u>	<u>47,868,907</u>	<u>42,868,907</u>

13. (b) Share based payment – options (continued)

2023

Grant date	Expiry date	Exercise price	Balance at start of the period Number	Granted during the period Number	Exercised during the period Number	Expired during the period Number	Balance at end of the period Number	Exercisable at end of the period Number
Weighted remaining contractual life (years)			0.52				1.52	1.48
Weighted average exercise price			\$ 0.032				\$ 0.038	\$ 0.036

* On 28 July 2021, the Company issued 5,000,000 options with a fair value of \$93,848, each exercisable at \$0.05 on or before 26 July 2024, to consultants as part remuneration for their services.

** On 21 December 2021, the Company issued 15,000,000 incentive options with a fair value of \$293,666, each exercisable at \$0.058 on or before 27 October 2025, to directors. Options were granted for no consideration and shall vest upon evenly over three years upon completion of continual service to the Company and remaining as a director for 1 year, 2 years, and 3 years. At 31 December 2023, 10 million of the 15 million options have vested.

No options were issued during the six months ended December 31, 2023.

2022

Grant date	Expiry date	Exercise price	Balance at start of the period Number	Granted during the period Number	Exercised during the period Number	Expired during the period Number	Balance at end of the period Number	Exercisable at end of the period Number
2 Nov 2020	1 Nov 2023	A\$0.05	3,000,000	-	-	-	3,000,000	3,000,000
28 Jul 2021	27 Jul 2024	A\$0.05	5,000,000	-	-	-	5,000,000	5,000,000
21 Dec 2021	27 Oct 2025	A\$0.058	15,000,000	-	-	-	15,000,000	4,950,000
4 May 2022	6 Nov 2023	A\$0.03	18,209,695	-	-	-	18,209,695	18,209,695
6 May 2022	6 Nov 2023	A\$0.03	59,799,892	-	-	-	59,799,892	59,799,892
2 Jun 2022	6 Nov 2023	A\$0.03	13,547,147	-	(4,049)	-	13,543,098	13,543,098
20 Oct 2022*	8 Feb 2026	A\$0.016	-	8,741,471	-	-	8,741,471	8,741,471
24 Oct 2022	1 Apr 2025	A\$0.03	-	19,127,436	-	-	19,127,436	19,127,436
31 December 2022			114,556,734	27,868,907	(4,049)	-	142,421,592	132,371,592
Weighted remaining contractual life (years)			1.64				1.41	1.30
Weighted average exercise price			\$ 0.035				\$ 0.03	\$ 0.031

*On 20 October 2022, the Company entered into an agreement with Mahe Capital Pty Ltd (**Mahe Capital**) to act as the lead manager in relation to the November 2022 rights issue (the **Mahe Mandate**). On 9 February 2023, the Company issued a total of 8,741,471 options to Mahe Capital and other advisers, pursuant to the Mahe Mandate, as part consideration for their services in relation to the rights issue which was completed during the half year ended 31 December 2022.

On 24 October 2022, the Company issued 19,127,436 options, each exercisable at \$0.03 on or before 1 April 2025, as part consideration for capital raising services. The fair value of these options of \$124,105 was recognised to share issue costs in the financial year ended 30 June 2022 (refer to Note 14).

On 1 November 2022, 4,049 options issued on 2 June 2022 with an exercise price of \$0.03 per option and expiry date of 6 November 2023 were exercised.

On 9 February 2023, the Company issued 8,741,471 options, each exercisable at \$0.016 on or before 8 February 2026, pursuant to the Mahe Mandate. The fair value of these options of \$70,405 was recognised to share issue costs.

14. Issue of Options

The director options noted below vest over a three-year period based on continued service with the Company. During the period, the Group recognised \$39,767 (31 December 2022 - \$87,772) as the vested portion and included the amount in share-based compensation in the consolidated statement of profit and loss and other comprehensive income from the options issued in the year to 30 June 2023.

31 December 2023

No options were issued during the six months ended 31 December 2023.

30 June 2023

On 24 October 2022, 19,127,436 options with a fair value of \$124,105 were issued as part consideration to the lead manager to the financings undertaken in the period April 2022 to June 2022. Accordingly, these costs were recognised at 30 June 2022. The options were fully vested at the time of issue. The fair value at grant date of these broker options was determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option. The model inputs for the broker options granted in October 2022, but recognised during the period ended 30 June 2022, were as follows:

- a) options were issued with an exercise price of \$0.03;
- b) expected life of options is 2.68 years;
- c) share price at grant date was \$0.013;
- d) expected volatility of 112%, based on the history of the Company's share prices for the expected life of the options;
- e) expected dividend yield of nil; and
- f) a risk-free interest rate of 2.87%

On 9 February 2023, 8,741,471 options with a fair value of \$70,405 were issued pursuant to the Mahe Mandate. The options were fully vested at the time of issue. Accordingly, the costs were recognised at 31 December 2022, even though the broker options had not yet been issued. The fair value of the broker options at grant date, was determined using the Black Scholes option pricing model. The fair value of the options was capitalised a share issue cost. The model inputs for the broker options granted in February 2023, but recognised during the period ended 31 December 2022, were as follows:

- a) options were issued with an exercise price of \$0.016;
- b) expected life of options is 3.0 years;
- c) share price at grant date was \$0.009;
- d) expected volatility of 200%, based on the history of the Company's share prices for the expected life of the options;
- e) expected dividend yield of nil; and
- f) a risk-free interest rate of 3.12%

14. Operating Segment

For management purposes, the Group is organised into one main operating segment, which involves mineral exploration, predominantly for copper and gold. All of the Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole. The Group operates in Australia and the USA. The following table shows the assets and liabilities of the Group by geographic region:

	Consolidated	
	31 December 2023 \$	30 June 2023 \$
Assets		
Australia	691,510	777,287
United States	36,703,153	39,655,617
Total Assets	<u>37,394,663</u>	<u>40,432,904</u>
Liabilities		
Australia	122,933	77,100
United States	67,650	64,575
Total Liabilities	<u>190,583</u>	<u>141,675</u>
	31 December 2023 \$	31 December 2022 \$
Operating Result		
Australia	(634,785)	(753,703)
United States	(3,707,265)	(39,224)
Total loss from operations	<u>(4,342,050)</u>	<u>(792,927)</u>

15. Expenditure commitments**Tenement expenditure commitments*****Caribou Dome Property***

Remaining commitments related to the Caribou Dome Property at reporting date but not recognised as liabilities are as follows:

- (i) maintaining the claims (licenses) at the property in good standing, including making annual claim rental payments and ensuring minimum expenditure commitments are met;
- (ii) either meeting the following substantially reduced qualifying expenditure requirements or conducting a feasibility study to mine the Caribou Dome Project:

Due Date	Expenditure
2 September to Earn-in deadline*	US\$400,000

*Note: Earn-in deadline has been extended to 6 June 2024

For any period during which the Company does not complete US\$400,000 of qualifying expenditure until it has conducted a feasibility study, it shall pay to the underlying vendors a penalty in the amount of 25% of the expenditure shortfall. This payment will be in lieu of the expenditure shortfall. Excess qualifying expenditure in any period may be carried forward to future periods. As at 1 September 2023, the Company had carry forward qualifying expenditure of US\$427,259, which is sufficient to satisfy the remaining expenditure requirement to 6 June 2024;

- (iii) making annual payments to the underlying vendors of the property in the amounts of:

Due Date	Payment
Earn-in deadline (currently 6 June 2024)	US\$1,260,000

- (iv) the issue to certain underlying vendors of \$12,500 worth of Shares before 1 June each year as long as the option remains in effect. For each Share payment instalment, the number of Shares to be issued will be based on the 10-day volume weighted average price of the Company's shares immediately prior to the date of each Share issue; and
- (v) a 5% net smelter return royalty is payable in relation to the sale of ore from the property and the Company has the right to purchase the royalty for US\$1,000,000 for each 1.0%.

16. Expenditure commitments (continued)

Stellar Copper Gold Property

Remaining commitments related to the Stellar Copper Gold Property at reporting date but not recognised as liabilities are as follows:

- (i) payment of USD \$1,000,000 cash to Millrock Resources Inc. (**Millrock**) if a JORC Indicated Resource of 1Moz contained Au or more is delineated;
- (ii) payment of USD \$2,000,000 cash to Millrock if a JORC Indicated Resource of 1Moz contained copper (or copper equivalent) metal is delineated;
- (iii) 45 claim blocks covering the Zackly, Moonwalk, Mars and Gemini prospects, are subject to a royalty payable to Altius Minerals, being:
 - a. 2% gross value royalty on all uranium produced;
 - b. 2% net smelter return royalty on gold, silver, platinum, palladium and rhodium; and
 - c. 1% net smelter return royalty on all other metals;
- (iv) All Stellar claim blocks are subject to a royalty payable to Millrock, being:
 - a. 1% gross value royalty on all uranium produced; and
 - b. 1% net smelter royalty on all other metals;

and

- (v) making advance royalty payments (payments are deductible from future royalty payments) to Millrock in the amounts of:

Due Date	Payment
31 March 2024*	US\$45,000
31 March 2025*	US\$50,000
31 March 2026*	US\$55,000
31 March 2027,* and 31 March of each year thereafter occurring prior to the fifth anniversary of the commencement of Commercial Production	US\$60,000

* Such payments will not be payable if the fifth anniversary of the commencement of Commercial Production has occurred before such date.

16. Expenditure commitments (continued)***Tenement expenditure commitments – Humboldt Range Property***

Remaining commitments related to the Humboldt Range Property at reporting date but not recognized as liabilities include the following:

- (i) monthly payments of US\$10,000, commencing September 2022, as advance against production royalties; and
- (ii) a royalty on gold production of 2.5% NSR (3.75% NSR if grade > 15.6g/t Au).

17. Contingent Liabilities

The Company has a contingent liability arising from the termination of a drilling contract in Paraguay in 2008, subsequent to which Arbitration proceedings were commenced by the drilling contractor.

In August 2016, the Company received notice of the Arbitration Tribunal's determination. Based on its review of the Tribunal's judgement and advice from its Paraguayan legal counsel, the Company assessed the quantum of damages that may be payable by it to be approximately US\$40,000 plus interest. Subsequently on 7 March 2018, the Company received notice that the plaintiff was seeking a Paraguayan judicial order for the enforcement of an arbitration award against the Company in the amount of US\$123,853.

Subject to receiving a Paraguayan court order for execution of the Tribunal's judgement, the Company intends to defend any attempt to enforce the order in Australia. As at the date of this report the Company has not received notice of a court order having been issued for the execution of the Tribunal's judgement. No provision for a liability was recognised as at 31 December 2023.

Refer also to Notes 16 for the contingent payments and royalties applicable to the Caribou Dome, Stellar and Humboldt Range properties.

18. Agreements over the Uncle Sam Gold Project

In July 2015, the Company entered into a mineral lease and purchase agreement (Option Agreement) with Great American Minerals Exploration Inc. (GAME), pursuant to which GAME agreed to lease the Uncle Sam Project for 10 years with an option to purchase the property outright at any time during the lease period. Subject to exercise of the purchase option, GAME would assume liability for all royalty obligations on the project.

During the 2018 financial year, the Company received notice 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 labour filed by the previous tenement owner in 2011. As a result, GAME has sought to terminate the Option Agreement.

Following a review of its options in relation to this matter, PolarX and its US subsidiary (Crescent) which previously held an interest in the Uncle Sam Project, have entered into an agreement with the underlying royalty holder, International Royalty Corporation (IRC), pursuant to which:

- i. they have assigned to IRC its rights, titles, and interests (if any) in the Uncle Sam Project (including its rights as against GAME);
- ii. they have granted the Group a full release from any causes of action, claims, or damages that IRC could assert against PolarX or Crescent; and
- iii. IRC has the right convey the claims back to Crescent, if it is successful in any court action to recover the mineral claims from GAME.

IRC brought claims against GAME for declaratory judgment, breach of contract, fraudulent conveyance, constructive trust, unjust enrichment, breach of the covenant of good faith and fair dealing, and conversion. GAME filed an answer and third-party complaint against PolarX, Crescent and Millrock Alaska LLC (collectively Third-Party Defendants), asserting among other theories that the Third-Party Defendants had breached their duties by improperly representing that they owned the claims in question and should thus refund certain lease payments. Trial is currently set for mid-2024. The parties have conducted some written discovery, but no depositions have been taken. In January 2024, the court entered partial summary judgment in favor of GAME on IRC's breach of contract claims. The court declined to enter summary judgment on IRC's non-contract claims or on GAME's third-party claims. IRC and GAME both filed motions for reconsideration with the court, which are currently pending.

The Company also notes that the Uncle Sam Project:

- (i) is considered a non-core asset and has a \$nil carrying value in the Company's financial statements; and
- (ii) is independent of the Company's other projects in the USA.

19. At-The-Market Subscription Facility

On the 1 December 2023, the Company announced that it had entered into an At-The-Market subscription facility (**ATM Facility**) with Acuity Capital Investment Management Pty Ltd (**Acuity**). The ATM Facility provides the Company with up to \$3,000,000 of standby equity over the period to 28 February 2027.

The Company has full discretion as to whether or not to utilise the ATM Facility, the maximum number of shares to be issued, the minimum issue price of shares and the timing of each subscription (if any). There are no requirements on the Company to utilise the ATM Facility and the Company may terminate the ATM Facility at any time, without cost or penalty. There are no restrictions on the Company raising capital through other methods. If the Company does decide to utilise the ATM Facility, it is able to set an issue price floor at its sole discretion, with the final issue price being calculated as the greater of the nominated floor price and up to a 10% discount to a Volume Weighted Average Price (**VWAP**) over a period of the Company's choosing (again at its sole discretion). As security for the ATM Facility, the Company issued 80,000,000 Shares (**Collateral Shares**) at nil cash consideration to Acuity. Upon early termination or maturity of the ATM Facility, the Company may buy back and cancel the Collateral Shares for no cash consideration (subject to shareholder approval).

20. Subsequent events

On 18 January 2024 the Company announced the results of the 2024 Scoping Study, which delivered significantly boosted projected economic returns for the Alaska Range Project primarily from improvements in metals recovery and concentrate grades arising from additional metallurgical test work undertaken in HY2024.

On 27 February 2024, the Company announced that it would be undertaking a 1 for 4 non-renounceable pro rata entitlement offer (**Entitlement Offer**) at an issue price of 1.2 cents per Share to raise up to ~\$4.92 million (before costs). The Entitlement Offer, which is fully underwritten by Northern Star Resources Limited, will close on 27 March 2024 (unless extended).

No other significant events have occurred subsequent to the end of the half-year, but prior to the date of this report, that would have a material impact on the consolidated financial statements.

DIRECTORS' DECLARATION

In the opinion of the directors of PolarX Limited:

1. The attached condensed consolidated financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2011 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date.
2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors

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

Mark Bojanjac
Executive Chairman
15 March 2024



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15 March 2024

Board of Directors
PolarX Limited
Unit 25, 22 Railway Road
Subiaco WA 6008
Australia

Dear Sirs

RE: POLARX LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of PolarX Limited.

As Audit Director for the review of the financial statements of PolarX Limited for the half-year ended 31 December 2023, 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.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Martin Michalik
Director



**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
POLARX LIMITED**

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of PolarX Limited (the "Company") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2023, 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, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that causes us to believe that the accompanying half-year financial report of PolarX Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of PolarX Limited's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *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 Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the 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* has been given to the directors of the Company on 15 March 2024.

Emphasis of Matter – Carrying Amount of the Exploration and Evaluation Assets

We draw attention to Note 7 to the half-year financial report which shows the carrying amount of deferred exploration and evaluation expenditure held as non-current assets as at 31 December 2023 amounted to \$36,277,513. The recoverability of the carrying amount of the Group's deferred exploration and evaluation expenditure is dependent upon the successful commercial exploitation of the assets and/or sale of the assets to generate sufficient funds to at least that of their carrying value.



In the event that the Group is not successful in the commercial exploitation and/or sale of the assets, the realisable value of the Group's exploration and evaluation expenditure may be significantly less than its current carrying amount.

Our conclusion is not modified in respect of this matter.

Material Uncertainty Related to Going Concern

As referred to note 2, the consolidated financial statements have been prepared on a going concern basis. For the half-year ended 31 December 2023, the Group incurred a loss after income tax of \$4,342,050, had net cash outflows from operating activities of \$646,316, and had cash and cash equivalents of \$872,714 at 31 December 2023.

The ability of the Group to continue as a going concern and meet its planned exploration, administration and other commitments is dependent upon the Group raising further working capital and/or successfully exploiting its mineral assets. In the event that the Group is not successful in raising further equity or in exploiting its mineral assets, the Group may not be able to meet its liabilities as and when they fall due and the realisable value of the Group's current and non-current assets may be significantly less than book values.

Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of PolarX Limited 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 gives a true and fair view and 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. ASRE 2410 requires us to conclude whether 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 Group's financial position as at 31 December 2023 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.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

Martin Michalik
Director

West Perth, Western Australia
15 March 2024