



PolarX Limited

ABN 76 161 615 783

Financial Report
for the half-year ended 31 December 2020

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CONTENTS

Page No

Corporate Directory	1
Directors' Report	2
Consolidated Statement of Profit or Loss and Other Comprehensive Income	15
Consolidated Statement of Financial Position	16
Consolidated Statement of Cash Flows	17
Consolidated Statement of Changes in Equity	18
Notes to the Condensed Consolidated Financial Statements	19
Directors' Declaration	34
Auditor's Independence Declaration	35
Independent Audit Report	36

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CORPORATE DIRECTORY

Directors

Mr. Mark Bojanjac	Executive Chairman
Dr. Frazer Tabear	Managing Director
Dr. Jason Berton	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

Auditors

Stantons International Audit and Consulting Pty Ltd
Level 2, 1 Walker Avenue
West Perth WA 6005
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 2020.

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
Frazer Tabear	Managing Director
Jason Berton	Executive Director
Robert Boaz	Non-Executive Director

RESULTS OF OPERATIONS

The Group's total loss from operations and total comprehensive loss attributable to the members of PolarX Limited for the half-year ended 31 December 2020 was \$650,840 (2019: \$1,012,937) and \$2,862,244 (2019: \$1,047,703), respectively.

REVIEW OF OPERATIONS

ALASKA RANGE PROJECT

Overview

The Company's focus in HY2021 was on further exploration at the Alaska Range Project, which contains the Caribou Dome Project (where PolarX is earning 80-90%) and the Stellar Project (100% PolarX). Collectively these form a contiguous package covering 262km² with ~35km strike length hosting extensive copper- and gold-in-soil anomalism consistent with several mineralised districts (Figure 1).

Previous campaigns by PolarX have focussed on resource delineation drilling at the high-grade Caribou Dome VMS copper deposit (2.8Mt @ 3.1% Cu) and the high-grade Zackly Au-Cu-Ag skarn deposit (3.4Mt @ 2.0g/t Au, 1.2% Cu and 14.0g/t Ag) (refer Table 1). Both deposits remain open at depth and along strike and are likely to increase in size with further drilling.

The regional geological setting, presence of large copper anomalies in soil sampling, and the occurrence of skarn mineralisation at Zackly strongly support the potential for major porphyry Cu-Au deposits in the Stellar Project. Porphyry Cu-Au mineralisation was discovered at the Mars prospect in 2019, where drill hole 19MAR001 intersected 102m @ 0.22% Cu and 0.1g/t Au in potassic alteration directly below a 1200m x 800m Cu-Mo-Au-As surface geochemical anomaly. This drill hole ended in mineralisation and warrants further drilling to follow-up on this discovery.

Further drilling is also warranted at the Saturn porphyry target, with less advanced but highly compelling porphyry targets also noted at Jupiter and Gemini. The Company is seeking an earn-in JV partner to fund a large porphyry exploration program but will continue to fund its own technical studies and resource expansion drilling at Zackly and Caribou Dome.

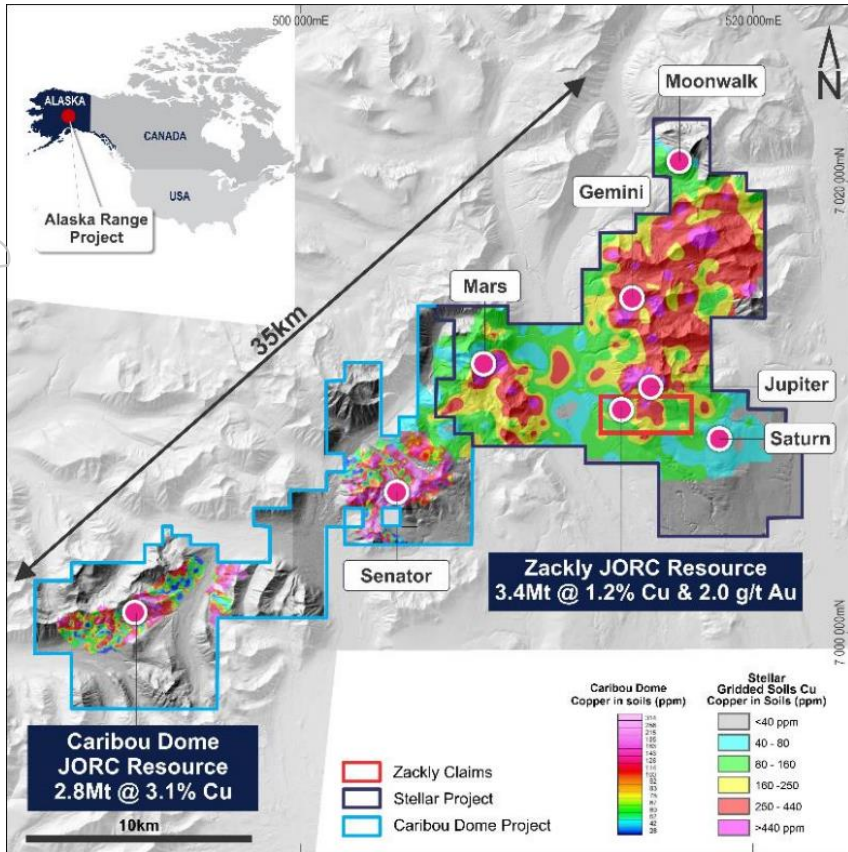


Figure 1. Location map showing main deposits and prospects at the Stellar and Caribou Dome projects in central Alaska and showing regional copper geochemistry in soil sampling draped on digital elevation

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

	Category	Million Tonnages	Cu %	Au g/t	Ag g/t	Contained Cu (t)	Contained Cu (M lb)	Contained Au (oz)	Contained Ag (oz)
ZACKLY	Inferred	3.4	1.2	2.0	14.0	41,200	91	213,000	1,500,000
CARIBOU DOME	Measured	0.6	3.6	-	-	20,500	45	-	-
	Indicated	0.6	2.2	-	-	13,000	29	-	-
	Inferred	1.6	3.2	-	-	52,300	115	-	-
	TOTAL					127,000	280	213,000	1,500,000

2020 Zackly Exploration Program

Zackly East sits immediately adjacent to the Zackly Main skarn deposit, where the JORC Inferred Resource currently stands at 213,000oz of gold, 41,000t of copper and 1.5Moz silver (Table 1 and Figure 2).

The 2020 core drilling program commenced in July 2020 and focussed on the Zackly East mineralisation to the east of the discovery holes which intersected 55m @ 2.8g/t gold and 0.6% copper (hole ZX18020) and 47m @ 3.1g/t gold and 0.6% copper (ZX18024) (see Figure 2 for location). Assay results are reported in Table 2 with key results and observations being:

- Holes ZX20035 and ZX20040 which confirmed that gold-copper mineralisation continues 120m to the east of the two discovery holes (ZX18020, ZX18024, Figure 3):

ZX20035: 11.6m @ 1.8g/t Au + 0.4% Cu from 47m
 ZX20040: 68.6m @ 0.6g/t Au + 0.3% Cu from 8.5m

- Including: 24.5m @ 1.24g/t Au + 0.6% Cu from 52.5m
- Including: 11.2m @ 2.45g/t Au + 1.1% Cu from 58.6m
- Hole ZX20046 and ZX20053 which further confirm up to 57m of mineralisation on the very strong magnetic structure (Figures 3 and 4), and hole ZX20047 which shows that the mineralisation intersected in holes ZX20035 and ZX20040 continues for another 50m along strike (Figure 3).
- Hole ZX20056 which was drilled into a faulted offset of an intense magnetic gradient (see Figure 3). This hole contained skarn alteration with sulphides visible from surface to 58.5m down-hole depth. Assays have confirmed this, with the interval from 1.7m to 58.7m containing 0.2g/t Au and 0.26% Cu. Within this is a high-grade zone containing 5.01g/t Au and 3.15% Cu over a 1.53m interval from 11.6m down-hole depth (Figure 4).
- Hole ZX20047 which shows that the mineralisation intersected in holes ZX20035 and ZX20040 continues for another 50m along strike (Figure 3).
- The best mineralisation assayed to date at Zackly East occurs immediately south of an intense magnetic gradient which extends for over 2km of strike length, most of which remains untested (Figures 3 and 5). Further drilling to test the eastwards extension of this structure is warranted, along with testing of a similar structure a further 100m to the north.

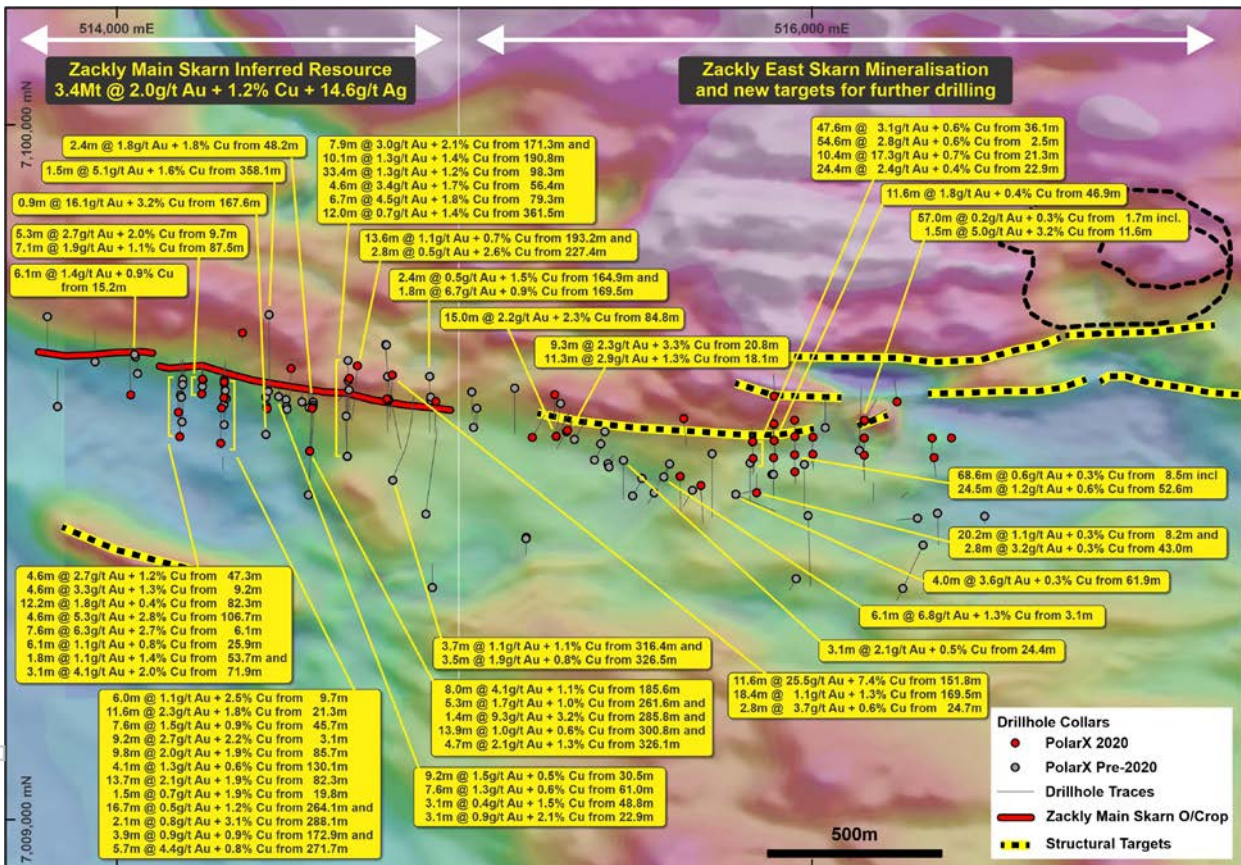


Figure 2. Aeromagnetic map (RTP) showing PolarX (red drill collars) and pre-PolarX drilling and all significant assays to date. Drilling in 2020 focussed to the east of the Zackly Main deposit (red line) which contains 3.4Mt @ 2.0g/t Au + 1.2% Cu.

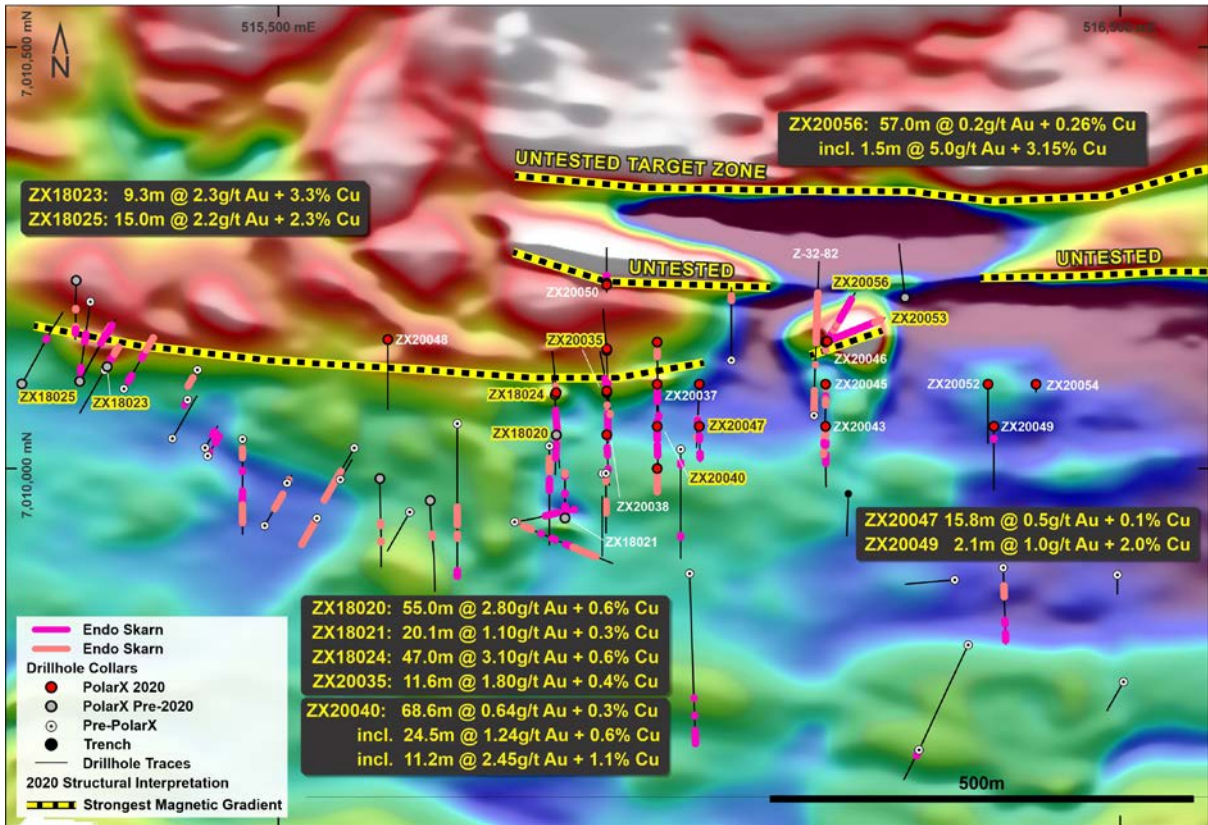


Figure 3. Overview of the Zackly East skarn mineralisation on ultra-high-resolution drone aeromagnetic data (RTP). Drilling in 2020 has focussed to the east of the two discovery holes, ZX18020 and ZX18024.

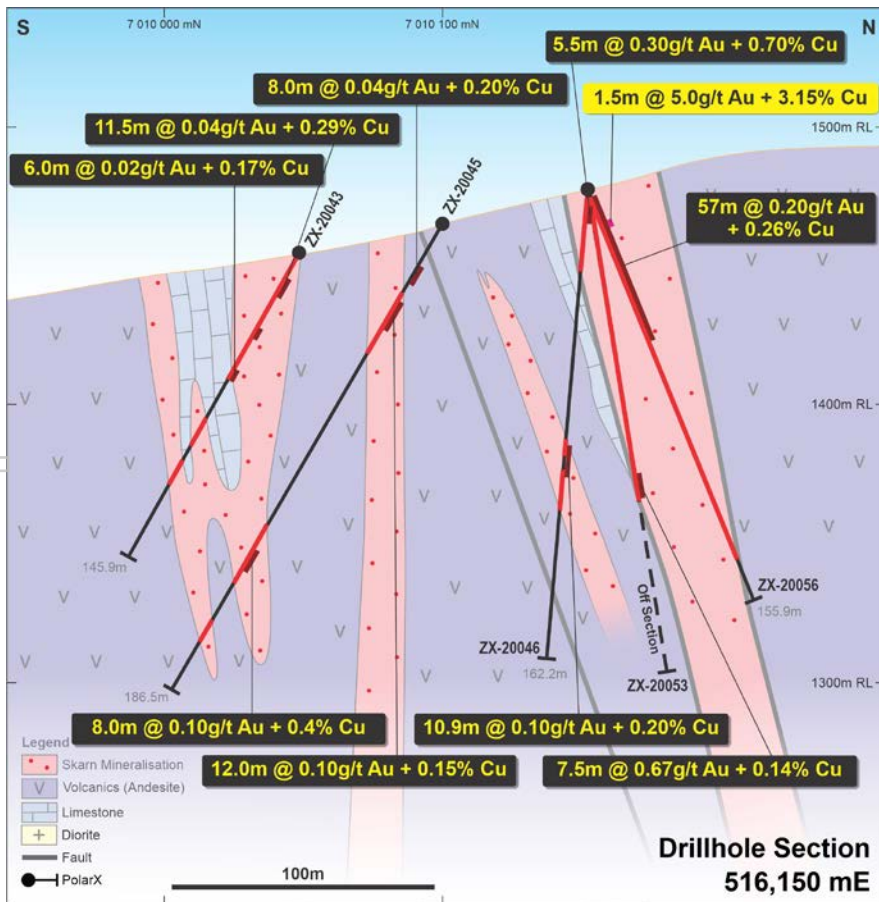


Figure 4. Drill cross-section showing assays for holes ZX20046, ZX20053 and ZX20056

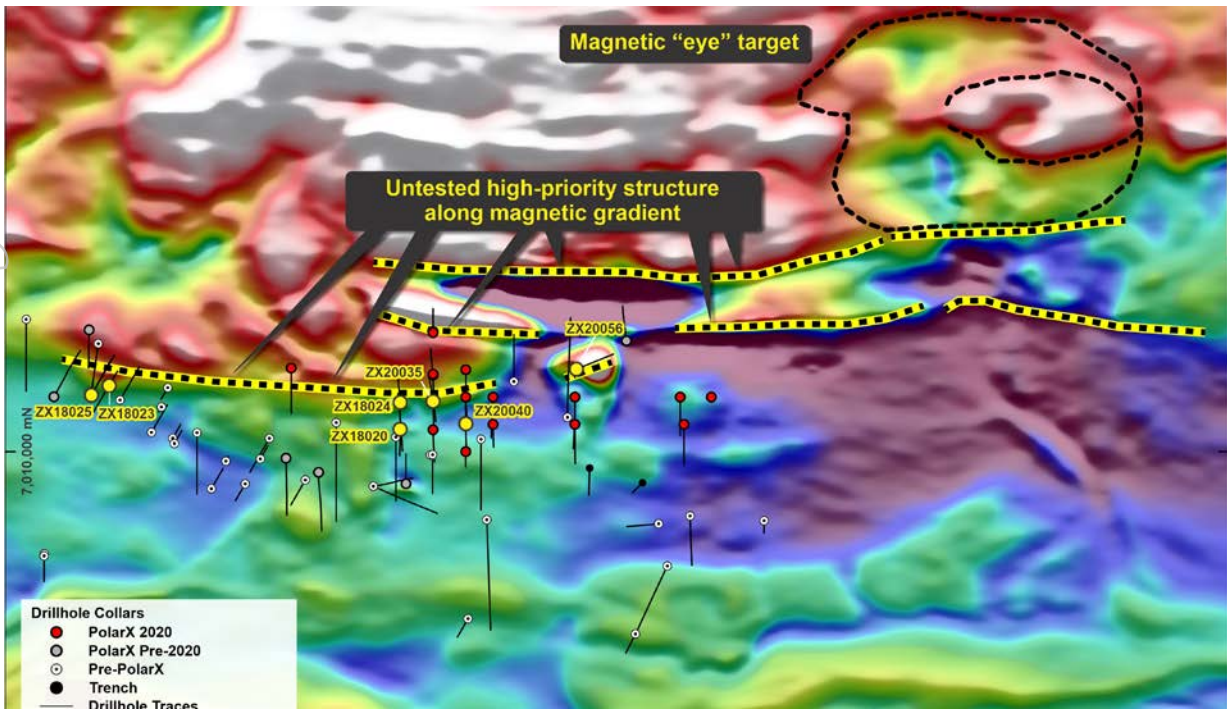


Figure 5. Un-tested targets at Zackly East, including structures along strong magnetic gradients, and a porphyry target (magnetic "eye") to the north and east of drilling

Table 2. Assay Results for 2020 holes, Zackly East

	From (m)	To (m)	Interval (m) ¹	Gold ppm	Cu %	Silver ppm
ZX20034				No significant assays		
ZX20035	46.94	58.52	11.58	1.76	0.38	4.36
	incl 49.68	58.52	8.84	2.22	0.40	5.17
	70.71	83.68	12.97	0.29	0.08	1.13
	91.90	98.45	6.55	0.92	0.17	2.13
	105.46	110.03	4.57	0.18	0.15	0.91
ZX20036	81.55	83.98	2.43	0.07	0.46	1.42
ZX20037	80.86	99.67	18.81	0.33	0.11	1.52
	incl 92.78	99.67	6.89	0.66	0.10	1.68
	and 123.9	126.64	2.74	0.24	0.13	1.23
ZX20038	37.95	49.38	11.43	0.45	0.22	3.74
	and 52.27	57.91	5.64	0.37	0.23	3.36
	and 76.50	79.45	2.95	0.13	0.13	0.82
	and 81.84	85.34	3.5	0.25	0.14	0.83
ZX20039	80.64	82.72	2.08	0.11	0.17	0.28
	150.57	154.23	3.66	0.15	0.14	1.07
ZX20040	8.49	77.11	68.62	0.64	0.31	4.86
	incl 8.49	11.57	3.08	1.57	0.20	3.79
	and 16.15	34.94	18.79	0.21	0.10	1.19
	and 42.16	49.28	7.12	0.51	0.50	9.97
	and 52.57	77.11	24.54	1.24	0.59	9.01
	incl 58.63	69.85	11.22	2.45	1.07	16.8
ZX20041	103.49	106.38	2.89	0.08	0.14	0.96
	175.00	179.37	4.37	0.15	0.21	1.40
ZX20042	45.58	54.71	9.13	0.03	0.11	0.58
ZX20043	10.17	21.66	11.49	0.04	0.29	2.28
	38.10	43.00	4.90	0.03	0.15	0.89
	71.50	77.50	6.00	0.19	0.17	5.12
ZX20044				No significant assays		
ZX20045	16.00	23.93	7.93	0.04	0.20	1.75
	32.00	44.00	12.00	0.07	0.15	1.04
	130.50	138.53	8.03	0.13	0.38	4.74
ZX20046	3.05	8.53	5.48	0.31	0.73	4.20
	86.00	96.93	10.93	0.10	0.19	1.48
ZX20047	65.00	80.77	15.77	0.51	0.11	1.78
ZX20048	22.00	24.00	2.00	0.23	0.27	1.07
ZX20049	28.35	30.48	2.13	1.00	1.98	22.40
ZX20050	26.52	31.00	4.48	0.06	0.27	1.25
ZX20051				No significant assays		
ZX20052				No significant assays		
ZX20053	1.70	11.50	9.80	0.18	0.43	2.09
	119.48	127.00	7.52	0.67	0.14	0.86
	139.50	151.00	11.50	0.03	0.25	1.13
ZX20054				Not sampled – hole abandoned		
ZX20055	13.11	37.80	24.69	0.14	0.13	1.26
ZX20056	1.70	58.74	57.04	0.19	0.26	3.96
	Incl 1.7	7.62	5.92	0.21	0.50	2.54
	and 11.58	13.11	1.53	5.01	3.15	26.00
	and 28.96	35.97	7.01	0.10	0.32	1.68
	and 50.90	58.74	7.84	0.08	0.47	1.72

Thickness of mineralisation reported is down-hole thickness. There is currently insufficient interpretation of the mineralisation to confidently report "true widths". It is however noted that the mineralized lenses appear to dip obliquely to the drill holes, and as such it is probable that "true widths" will be less than the down-hole width

Caribou Dome Deposit

A program of water sampling in the Caribou Dome vicinity was completed in September 2020. Results will be added to the Company's database of baseline water chemistry surveys, which commenced in 2017.

In November 2020, the Company secured more favourable amendments to the terms of its right to acquire the Caribou Dome VMS Project, which comprises (i) an 80% interest in the Caribou Dome copper deposit, and (ii) a 90% interest in the adjacent Senator property.

The revised option terms with the underlying vendors of the Caribou Dome Project are:

- (1) Earn-in deadline extended to 6 June 2024 ("Earn-In Deadline")
- (2) One-off cash payment to the underlying vendors of US\$75,000 upon execution of the option amendments
- (3) Subsequent annual payments to the underlying vendors in the amounts of:

Due Date	Payment
6 June 2021	US\$100,000
6 June 2022	US\$100,000
6 June 2023	US\$100,000
Earn-In Deadline	US\$1,260,000

- (4) Either meeting the following substantially reduced qualifying expenditure requirements or conducting a feasibility study to mine the Caribou Dome Project:

Assessment Period	Expenditure
12 months ending 1 Sept 2021	US\$400,000
12 months ending 1 Sept 2022	US\$400,000
12 months ending 1 Sept 2023	US\$400,000
2 Sept 2023 to Earn-In Deadline	US\$400,000

For any period during which the Company does not complete U\$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.

Proposed Program at Alaska Range

The Company has commenced the following work programs to advance Zackly to evaluate its economic viability, either as a stand-alone project, or in some form of combined operation with Caribou Dome:

- Planning is underway for a metallurgical test work program to evaluate processing options for the Zackly mineralisation and the potential for co-processing with Caribou Dome mineralisation:
 - Initial work to evaluate gravity-recovery of coarse gold in the Zackly mineralisation.
 - Evaluation of subsequent flotation of the gravity circuit residue to recover copper sulphides, silver and remaining gold.
 - Comparison of the above dual processing flow sheet with a single phase of flotation only.
 - Comparison of the above results with Caribou Dome flotation results to evaluate co-processing or batch processing options.
- An initial scoping study is being considered to evaluate combined mining and processing of Zackly East, Caribou Dome and Zackly Main mineralisation to help determine minimum resource size required for a viable project and whether Caribou Dome can be mined on a campaign basis and processed at Zackly.
- Compilation of all available drilling data, surface geochemical sampling, geophysical surveying and spectral analysis into a detailed 3D model which will be used to formulate the next drilling program at Zackly. Over 2.6km of strike-length remains untested at Zackly East (Figure 3), and Zackly Main remains open at depth and down-plunge to the north.
- In addition to the Zackly skarn mineralisation, the recently acquired ultra-high-resolution magnetic data has highlighted a potential porphyry target to the north and east of current drilling, in which a magnetic high is surrounded by a magnetic low, producing an “eye” structure consistent with geophysical models of porphyry style mineralisation (Figure 5). This target has never been drilled and is a high priority for follow-up.
- The Company is still pursuing farm-out opportunities for its major copper-gold porphyry exploration plans and expects this to accelerate as COVID-19 restrictions ease and vaccination programs take effect. Significantly more evidence of porphyry presence, including the Mars drill intersection (102m @ 0.22% Cu + 0.1g/t Au), has been demonstrated since the previous farm-out arrangement was negotiated.

HUMBOLDT RANGE PROJECT

In January 2021, the Company announced that it had secured an option to acquire a Mining Lease Agreement over the highly prospective Humboldt Range Gold-Silver Project in Nevada, USA (Figures 6 and 7), which comprised 177 lode mining claims (“Humboldt Option”). The Humboldt Range Project comprises two groups of lode claims: Black Canyon and Fourth of July, neither of which has been extensively explored using modern techniques, but both of which contain outcropping narrow quartz veins (5cm to 150cm widths) and mine dumps from historical workings (pre-1927) which have been sampled with high grades of gold and silver (Figures 8 and 9).



Figure 6. 3D view of the Black Canyon claims situated in the hills just 2km behind the operating Florida Canyon gold mine.

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The Company has subsequently staked and registered 96 new federal lode claims to consolidate tenure at Fourth of July (Figure 9). The Humboldt Range Project now comprises 273 lode mining claims, with the 96 new lode claims to be subject to the Mine Lease Agreement upon exercise of the Humboldt Option.

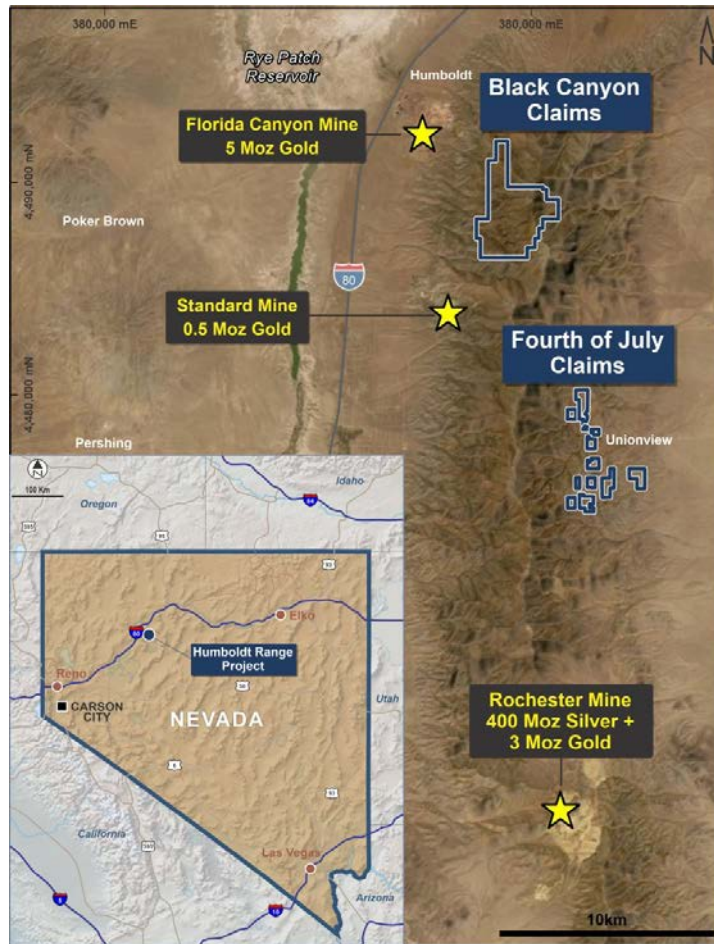


Figure 7. Location map depicting Black Canyon and Fourth of July Claim Blocks, and proximal large-scale gold-silver mining operations.

Previous Exploration Results

Very limited previous exploration data is available for the Humboldt Range claims other than limited exploration by Victoria Gold Corp, who briefly evaluated the area between July 2005 and July 2009. During this period, Victoria Gold Corp collected rock-chip samples from outcropping quartz veins and sampled mine dumps near many of the abandoned underground workings and adits. A total of 227 samples were collected on the Black Canyon and Fourth of July claims. Of the 227 samples previously collected on the Humboldt Range claims, 44 returned assays over 1g/t Au, of which 19 were above 10g/t Au. Locally very high silver and lead grades were also recorded (Figures 8 and 9).

PolarX validated several of the Victoria Gold Corp sample locations in November 2020. Ten samples were collected at these locations, and assay results have confirmed the presence of high grades of gold and silver (Table 3, and see Figures 8 and 9), providing strong validation of the previous exploration data, and allowing PolarX to finalise its technical due diligence on the project.

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Table 3: Due Diligence validation assay results

Sample	Easting	Northing	Elevation (m)	Au ppm	Ag ppm	Historic Site	Historical results	Field Description of Sample
BLACK CANYON								
1719602	398,550	4,488,564	2149.118	27.7		9 Lois Vein are	512.73g/t Au 120.41g/t Au	Black Canyon Lois Vein. Massive white/grey quartz with rare disseminated py. Sample chipped from in-situ vein above adit entrance
1719603	398,556	4,488,564	2149.472	37.7		18 Lois Vein are	335.03g/t Au 21.74g/t Au	Black Canyon Lois Vein. Massive white/grey quartz with rare disseminated py. Sample chipped from in-situ vein above adit entrance
1719604	398,514	4,488,535	2158.249	0.05		0.5 Lois Vein are	No previous sampling here	Black Canyon- in-situ subvertical quartz vein in canyon wall ~50m west of Lois Vein adit. White-grey mottled quartz
FOURTH OF JULY								
1719605	402,924	4,478,847	1781.907	10.75	992	KM-11-1-16	15.47g/t Au, 6,006.3g/t Ag, 3.5% P	Congress Canyon. FeOx/yellow-stained friable quartz in-situ within excavated pit ~20m east of historically Au placer in creekbed
1719606	402,583	4,478,974	1921.055	5.59	1590	KM-11-1-7	1.78g/t Au, 1,069.8g/t Ag, 0.5% P	Sugary to massive vuggy quartz with grey mottling and <1% galena and pyrite. Collected from dump ~20m south of mine shaft.
1719607	402,553	4,479,032	1921.862	31.2	853	KM-11-1-4	12.3g/t Au, 838.9g/t Ag, 1.0% Pb	Vuggy grey mottled quartz vein from pit excavation dump (possibly collapsed adit). Disseminated galena and possible AgS
1719608	402,854	4,475,258	1963.094	0.15	246	KM-11-16-3	3.41g/t Au, 526.6g/t Ag, 0.5% Pb	Laminated quartz vein on excavated pit dump. Patchy chrysocolla and possible disseminated AgS
1719609	402,856	4,475,264	1958.147	5.44	689	KM-11-16-3	9.41g/t Au, 2,095.5g/t Ag, 1.3% P	Quartz vein breccia with laminations of AgS? + sooty black MnOx?. Patchy malachite stain.
1719610	402,803	4,474,417	2021.984	0.44	236	KM-11-17-16	13.6g/t Au, 131.0g/t Ag, 0.2% Pb 5.23g/t Au, 269.3g/t Ag, 0.3% Pb	Qtz vein from mine adit dump. Laminated AgS and rare Cu stain.
1719612	401,974	4,474,510	2100.408	0.34	247	KM-11-11-6	4.69g/t Au, 2,083.3g/t Ag, 2.3% P	Qtz vein from mine adit dump. Laminated with disseminated py, possible AgS and more malachite locally compared to other sites visited

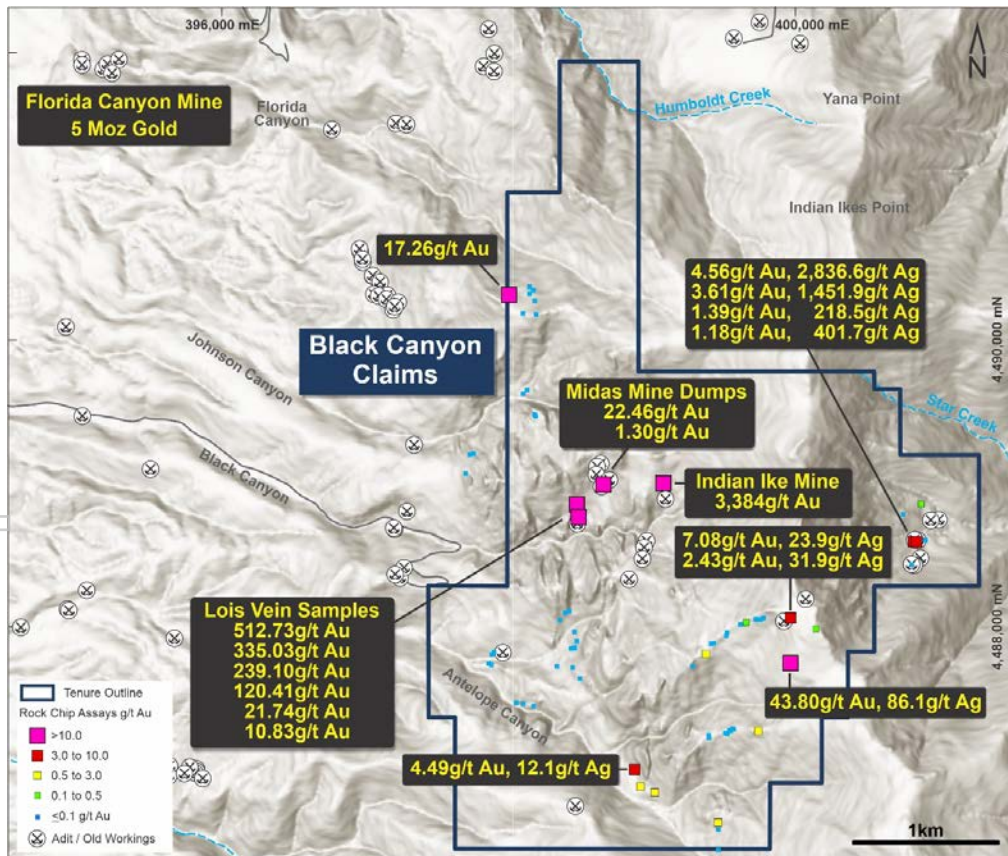


Figure 8. Sample locations and assay results in Black Canyon claims

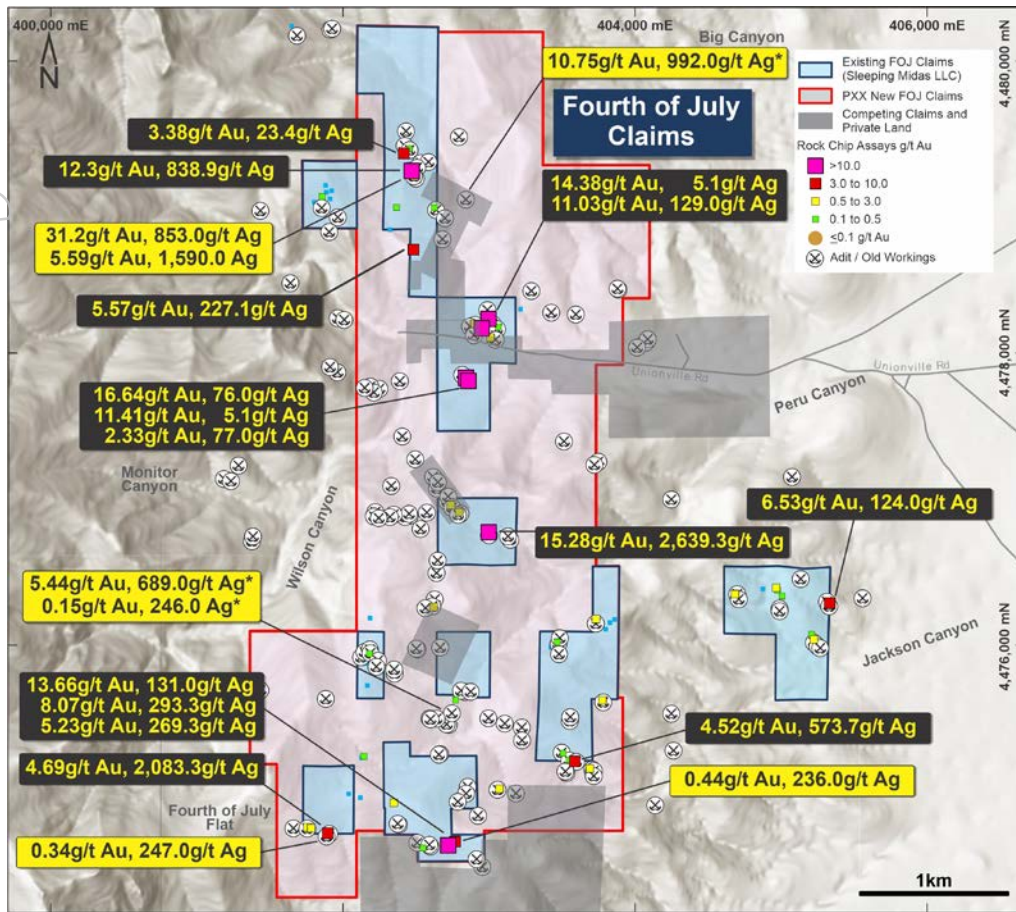


Figure 9. Fourth of July Claims showing the outline of the 96 new federal lode claims and previously reported sampling of outcropping epithermal veins and historic mine dumps.

Key findings of the previous exploration and review of sporadic records from historical mining are:

- The project contains volcanic rocks of the Koipato Formation (which also host the Rochester Ag-Au deposit), with limestones emplaced both above and below the volcanic rocks.
- Epithermal veins occur in very wide structural corridors varying from 30m to 275m width.
- The veins in these wide structural corridors are oriented N60E (200-275m wide structural system), N45W (140-200m), ~ N-S (100-130m), and N25-30E (60-100m).
- Within the structural corridors there are hundreds of quartz-sulfide veins that carry visible gold and which range in width from 5cm to over 1.5 meters.
- Host rocks are strongly silicified over widths up to 5 times the thickness of the veins or more.
- Previous studies have indicated that the strongly altered host rock can also carry good gold values up to 2m away from 20-30cm wide veins.
- No exploration for limestone-hosted Carlin-style gold mineralisation has been undertaken to date on the claims.
- In addition to evaluating individual high-grade veins as possible mining targets, PolarX intends to evaluate these structural corridors to determine if modern-scale bulk mineable widths and grades are present. This will include geological mapping, rock chip and channel sampling and ground geophysics (IP to detect resistivity highs associated with the silicification).

Acquisition Terms

PolarX has paid an initial fee of US\$35,000 to secure the Humboldt Option for up to 120-days whilst it conducts due-diligence investigations to further verify previous exploration results and confirm ownership of the underlying lode claims. Due diligence is expected to be completed in March 2021.

On satisfactory completion of due diligence, the Company can exercise the Option by (i) payment of a further US\$35,000 cash; and (ii) issuing to the vendor 5m fully paid ordinary shares (escrowed for 2-years). In the event of exercise, the Company will also be required to make the following payments to the vendors or owner of the Humboldt Range Project:

- (i) US\$70,000 on each of the first and second anniversary of the execution date
- (ii) Payment of 2022 claim fees (by 1 Sept 2021) as advance against production royalties
- (iii) Monthly payment of US \$10,000 from September 2022 as advance against production royalties
- (iv) Royalty on gold production of 2.5% NSR (3.75% NSR if grade > 15.6g/t Au)

Proposed Exploration Program

Fieldwork is scheduled to commence in April 2021 and the Company intends to immediately commence an evaluation of the length and continuity of the vein sets and a determination of whether the altered rock between the veins contains economically viable grades of gold and silver amenable to bulk mining. The initial exploration program will comprise:

- (i) Geological mapping and channel sampling to delineate and evaluate zones of intense quartz veining and alteration (silicification) and assess bonanza vein potential.
- (ii) Ground geophysics (IP) to help map out zones of silicification (resistive zones) with bulk mining potential.
- (iii) Generation of targets ready for drilling by the start of Q4 2021.

CORPORATE

On 17 July 2020, the Company completed a share purchase plan, which raised gross proceeds of ~\$1M pursuant to the issue of 26,315,719 ordinary shares (Shares) at an issue price of \$0.038 per Share.

On 17 February 2021, the Company completed a share placement (Placement), pursuant to which the Company issued 125,000,000 Shares at an issue price of \$0.04 per Shares to raise gross proceeds of \$5 million.

Following completion of the Placement, the Company now has on issue 666,878,894 Shares and 32,000,000 unlisted options.

EVENTS ARISING AFTER BALANCE SHEET DATE

On 11 January 2021, the Company announced that it had secured an option to acquire a Mining Lease Agreement ("MLA") over the Humboldt Range Gold-Silver Project in Nevada, USA ("Humboldt Option"), which comprised 177 lode mining claims. The acquisition terms for which are detailed above in *Review of Operations – Humboldt Range Project*.

On 17 February 2021, the Company completed a share placement, which raised gross proceeds of \$5 million pursuant to the issue of 125,000,000 Shares at an issue price of \$0.04 per Share.

On 3 March 2021, the Company announced that it staked and registered 96 new lode mining claims at Humboldt Range, with the project now comprising 273 lode mining claims. The new lode mining claims will be subject to the MLA upon exercise of the Humboldt Option.

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 35 of this report. There were no non-audit services provided by the Company's auditor for the half-year ended 31 December 2020.

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



Mark Bojanjac
Executive Chairman
12 March 2021

ADDITIONAL DISCLOSURE

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC Code') sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves. The information contained in this announcement has been presented in accordance with the JORC Code.

Information in this report relating to Exploration results is based on information compiled by Dr Frazer Tabearth (an employee and shareholder of PolarX Limited), who is a member of The Australian Institute of Geoscientists. Dr Tabearth has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person under the 2012 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Tabearth consents to the inclusion of the data in the form and context in which it appears.

There is information in this report relating to:

- (i) the Mineral Resource Estimate for the Caribou Dome Deposit (Alaska Range Project), which was previously announced on 5 April 2017;*
- (ii) the Mineral Resource Estimate for the Zackly Deposit (Alaska Range Project), which was previously announced on 20 March 2018; and*
- (iii) exploration results which were previously announced on 5 November 2018, 12 November 2018, 29 January 2019, 25 March 2019, 5 August 2019, 1 October 2019, 21 October 2019, 19 November 2019, 20 January 2020, 19 May 2020, 14 September 2020, 9 October 2020, 17 December 2020, 11 January 2021, 2 February 2021, 4 February 2021 and 3 March 2021.*

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.

Forward Looking Statements:

Any forward-looking information contained in this report is made as of the date of this news release. Except as required under applicable securities legislation, PolarX does not intend, and does not assume any obligation, to update this forward-looking information. Any forward-looking information contained in this report is based on numerous assumptions and is subject to all of the risks and uncertainties inherent in the Company's business, including risks inherent in resource exploration and development. As a result, actual results may vary materially from those described in the forward-looking information. Readers are cautioned not to place undue reliance on forward-looking information due to the inherent uncertainty thereof.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Consolidated	
		Six months ended	
		December 31	
		2020	2019
		\$	\$
Interest & Other Income		\$ 133	\$ 5,960
Public company costs		(31,982)	(23,918)
Consulting and directors fees		(191,413)	(213,795)
Share-based compensation		-	(33,664)
Legal fees		(14,843)	(22,004)
Staff costs		(31,560)	(41,464)
Serviced office and outgoings		(12,000)	(18,000)
Foreign exchange loss (gain)		(27,118)	39,888
Write off of exploration assets	7	-	(17,376)
Other expenses	4	(342,057)	(688,564)
		(650,973)	(1,018,897)
Loss from operations		\$ (650,840)	\$ (1,012,937)
Income tax expense		-	-
Loss after Income Tax		\$ (650,840)	\$ (1,012,937)
Other comprehensive income			
Items that may be reclassified to profit and loss in subsequent periods		-	-
Foreign currency translation	11	(2,211,404)	(34,766)
Other comprehensive loss for the period		(2,211,404)	(34,766)
Total comprehensive loss for the period		\$ (2,862,244)	\$ (1,047,703)
Loss per share:			
Basic and diluted loss per share (cents per share)		\$ (0.12)	\$ (0.24)
Weighted Average Number of Shares:			
Basic and diluted number of shares		539,175,033	415,181,467

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

	Notes	Consolidated	
		December 31 2020	June 30 2020
		\$	\$
Current Assets			
Cash and cash equivalents		\$ 449,970	\$ 4,179,072
Other receivables and prepayments	5	352,765	377,673
Total current assets		802,735	4,556,745
Non-Current Assets			
Property, plant and equipment	6	\$ 92,670	\$ 43,226
Deferred exploration and evaluation expenditure	7	26,144,475	24,307,272
Total Non-Current Assets		26,237,145	24,350,498
Total Assets		\$ 27,039,880	\$ 28,907,243
Current liabilities			
Trade and other payables	8	95,994	149,758
Total Current Liabilities		95,994	149,758
Total Liabilities		\$ 95,994	\$ 149,758
NET ASSETS		\$ 26,943,886	\$ 28,757,485
Equity			
Contributed equity	9	\$ 94,607,063	\$ 93,611,709
Reserves	11	5,450,765	7,608,878
Accumulated losses	10	(73,113,942)	(72,463,102)
TOTAL EQUITY		\$ 26,943,886	\$ 28,757,485
Commitments	16		
Contingent Liability	17		

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

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Consolidated Statement of Cash Flows

	Consolidated	
	Six months ended	
	December 31	
	2020	2019
	\$	\$
Cash flows from Operating activities		
Payments to suppliers and employees	\$ (646,880)	\$ (929,231)
Interest received and other income	133	5,960
Net cash flows (used in) operating activities	<u>(646,747)</u>	<u>(923,271)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(73,476)	(48,636)
Payments for expenditure on exploration	(3,921,183)	(4,687,023)
Net cash flows (used in) investing activities	<u>(3,994,659)</u>	<u>(4,735,659)</u>
Cash flows from financing activities		
Proceeds from issue of shares	1,000,000	3,456,314
Share issue costs	(34,766)	(309,387)
Net cash flows generated from financing activities	<u>965,234</u>	<u>3,146,927</u>
Net decrease in cash and cash equivalents	(3,676,172)	(2,512,003)
Cash and cash equivalents at beginning of the period	4,179,072	4,254,493
Foreign exchange variances on cash	(52,930)	40,008
Cash and cash equivalents at end of the period	<u>\$ 449,970</u>	<u>\$ 1,782,498</u>

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

Consolidated Statement of Changes in Equity

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 2020		515,205,009	\$ 93,611,709	\$(72,463,102)	\$ 1,706,722	\$ 1,190,098	\$ 4,709,058	\$ 3,000	28,757,485
Loss for the period		-	-	(650,840)	-	-	-	-	(650,840)
Other comprehensive loss		-	-	-	(2,211,404)	-	-	-	(2,211,404)
Total comprehensive loss for the period		-	\$ -	\$(650,840)	\$ (2,211,404)	\$ -	\$ -	\$ -	\$(2,862,244)
Transactions with owners in their capacity as owners									
Shares issued	9	26,315,719	1,000,000	-	-	-	-	-	1,000,000
Share issue costs	9	-	(17,540)	-	-	-	-	-	(17,540)
Shares issued to consultants	9	358,166	12,894	-	-	-	-	-	12,894
Options issued to consultants	11, 13	-	-	-	-	-	53,291	-	53,291
Balance at 31 December 2020		541,878,894	\$ 94,607,063	\$(73,113,942)	\$ (504,682)	\$ 1,190,098	\$ 4,762,349	\$ 3,000	\$ 26,943,886

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 2019		372,712,638	\$ 86,874,320	\$(63,568,652)	\$ 1,310,982	\$ 1,190,098	\$ 4,286,676	\$ 3,000	\$ 30,096,424
Loss for the period		-	-	(1,012,937)	-	-	-	-	(1,012,937)
Other comprehensive loss		-	-	-	(34,766)	-	-	-	(34,766)
Total comprehensive loss for the period		-	\$ -	\$(1,012,937)	\$ (34,766)	\$ -	\$ -	\$ -	\$(1,047,703)
Transactions with owners in their capacity as owners									
Shares issued		43,203,922	3,456,314	-	-	-	-	-	3,456,314
Share issue costs		-	(270,230)	-	-	-	-	-	(270,230)
Shares issued to consultants		305,555	27,806	-	-	-	-	-	27,806
Share-based compensation	13	-	-	-	-	-	202,669	-	202,669
Balance at 31 December 2019		416,222,115	\$ 90,088,210	\$(64,581,589)	\$ 1,276,216	\$ 1,190,098	\$ 4,489,345	\$ 3,000	\$ 32,465,280

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

PolarX Limited

Notes to the condensed consolidated financial statements for the half-year ended 31 December 2020

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 2020 was authorised for issue in accordance with a resolution of the Directors on 12 March 2021.

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 2020, the Group incurred a loss of \$650,840 (2019: 1,012,937) and generated net cash outflows of \$3,676,172 (2019: \$2,512,003). At 31 December 2020, the Group had net current assets of \$706,741 (30 June 2020: \$4,406,987).

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:

- on 17 February 2021 the Company completed a share placement which raised gross proceeds of \$5 million;
- 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 2020 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 2020 (**2020 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 2020 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 2020

In the half-year ended 31 December 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2020. As a result of this review, the Directors have applied all new and amended Standards and Interpretations that were effective as at 1 July 2020 including:

Conceptual Framework for Financial Reporting and relevant amending standards (Conceptual Framework)

The Group has adopted the Conceptual Framework with the date of initial application being 1 July 2020.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows:

- Chapter 1 – The objective of financial reporting
- Chapter 2 – Qualitative characteristics of useful financial information
- Chapter 3 – Financial statements and the reporting entity
- Chapter 4 – The elements of financial statements
- Chapter 5 – Recognition and derecognition
- Chapter 6 – Measurement
- Chapter 7 – Presentation and disclosure
- Chapter 8 – Concepts of capital and capital maintenance

Amendments to References to the Conceptual Framework in IFRS Standards has also been issued, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event. In addition, relief has been provided in applying IFRS 3 and developing accounting policies for regulatory account balances using IAS 8, such that entities must continue to apply the definitions of an asset and a liability (and supporting concepts) in the 2010 Conceptual Framework, and not the definitions in the revised Conceptual Framework.

At 1 July 2020, it was determined that the adoption of the Conceptual Framework had no impact on the Group.

AASB 2018-7 Definition of Material (Amendments to AASB 101 and AASB 108)

The Group has adopted AASB 2018-7 with the date of initial application being 1 July 2020.

This Standard amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

At 1 July 2020, it was determined that the adoption of AASB 2018-7 had no impact on the Group.

Consolidated

For the six months ended
 31 December 2020 31 December 2019
 \$ \$

4. Other expenses

Accounting and audit fees	39,118	39,616
Bank fees	5,798	5,985
Business expenses	2,616	44,991
Corporate finance	90,000	219,523
Computer expenses	902	1,001
Conferences	34,548	65,684
Insurance	32,290	33,218
Investor relations	69,291	25,500
Media coverage	39,564	99,692
Printing and stationary	789	935
Postage	2,213	2,065
Rent and accommodations	-	33,062
Subscriptions	3,642	2,783
Telephone	700	-
Travel expenses	-	82,306
Depreciation	706	40
Other	19,880	32,163
	342,057	688,564

Consolidated

31 December 2020 30 June 2020
 \$ \$

5. Other Receivables and Prepayments

Current

GST / VAT receivable	32,458	29,248
Prepayments	320,307	348,425
	352,765	377,673

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.

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PolarX Limited

Notes to the condensed consolidated financial statements for the half-year ended 31 December 2020

	Consolidated	
	31 December 2020 \$	30 June 2020 \$
6. Property, Plant and Equipment		
Plant and Equipment		
Cost	38,020	17,628
Accumulated depreciation	(17,221)	(13,181)
Net carrying amount	20,799	4,447
Motor Vehicles		
Cost	97,167	49,417
Accumulated depreciation	(28,922)	(14,970)
Net carrying amount	68,245	34,447
Office Furniture and Fixtures		
Cost	519	519
Accumulated depreciation	(403)	(389)
Net carrying amount	116	130
Computer Equipment		
Cost	6,231	6,231
Accumulated depreciation	(2,721)	(2,029)
Net carrying amount	3,510	4,202
Total property, plant and equipment		
Cost	141,937	73,795
Accumulated depreciation	(49,267)	(30,569)
Net carrying amount	92,670	43,226

PolarX Limited

Notes to the condensed consolidated financial statements for the half-year ended 31 December 2020

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

	Consolidated	
	31 December 2020 \$	30 June 2020 \$
Plant and Equipment		
Carrying amount at beginning of period	4,447	6,215
Additions	22,383	-
Depreciation expense	(3,126)	(1,955)
Net exchange differences on translation	(2,905)	187
Carrying amount at end of period	20,799	4,447
Motor Vehicles		
Carrying amount at beginning of the period	34,447	-
Additions	50,606	49,417
Depreciation expense	(10,796)	(14,332)
Net exchange differences on translation	(6,012)	(638)
Carrying amount at end of period	68,245	34,447
Office Furniture and Fixtures		
Carrying amount at beginning of the period	130	162
Depreciation expense	(14)	(32)
Carrying amount at end of period	116	130
Computer Equipment		
Carrying amount at beginning of the period	4,202	141
Additions	-	4,285
Depreciation expense	(693)	(227)
Net exchange differences on translation	1	3
Carrying amount at end of period	3,510	4,202
Total property, plant and equipment	92,670	43,226

	Consolidated	
	31 December 2020 \$	30 June 2020 \$
7. Deferred Exploration and Evaluation Expenditure		
Exploration and evaluation expenditure		
At cost	34,544,588	32,724,761
Accumulated provision for impairment	(8,400,113)	(8,400,113)
Write-off	-	(17,376)
Total exploration and evaluation assets	26,144,475	24,307,272

	Consolidated	
	31 December 2020 \$	30 June 2020 \$
Carrying amount at beginning of the period	24,307,272	25,961,956
Acquisition cost	12,600	17,376
Exploration and evaluation expenditure during the period	3,918,627	5,117,692
Net exchange differences on translation	(2,094,024)	334,193
Carrying amount at end of period	26,144,475	31,431,217
Impairment of exploration and evaluation assets	-	(7,106,569)
Write-off of exploration and evaluation assets	-	(17,376)
Net carrying amount at end of period	26,144,475	24,307,272

The Directors' assessment of the carrying amount for the Group's exploration and development expenditure was made after consideration of (i) 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 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.

	Consolidated	
	31 December 2020 \$	30 June 2020 \$
8. Trade and other payables		
Trade payables	51,516	71,492
Accruals	44,478	78,266
	95,994	149,758

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

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PolarX Limited

Notes to the condensed consolidated financial statements for the half-year ended 31 December 2020

	Consolidated	
	31 December 2020	30 June 2020
	No. of shares	No. of shares
9. Contributed Equity		
(a) Issued and paid up capital		
Ordinary shares fully paid	541,878,894	515,205,009

	31 December 2020		30 June 2020	
	Number of shares	\$	Number of shares	\$
(b) Movements in ordinary shares on issue				
Balance at beginning of the period/year	515,205,009	93,611,709	372,712,638	86,874,320
Shares issued (net of costs)	26,315,719	982,460	142,186,816	6,709,583
Shares issued to consultants	358,166	12,894	305,555	27,806
Balance at end of the period / year	541,878,894	94,607,063	515,205,009	93,611,709

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
10. Accumulated losses		
Movements in accumulated losses were as follows:		
Balance at beginning of the period/year	72,463,102	63,568,652
Loss for the period	650,840	8,894,450
Balance at end of the period / year	73,113,942	72,463,102

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
11. Reserves		
Foreign currency translation reserve	(504,682)	1,706,722
Warrant reserves	1,190,098	1,190,098
Share based payments reserves	4,762,349	4,709,058
Option premium reserve	3,000	3,000
Balance at end of period / year	5,450,765	7,608,878

PolarX Limited

Notes to the condensed consolidated financial statements for the half-year ended 31 December 2020

	Consolidated	
	31 December 2020 \$	30 June 2020 \$
Movement in reserves:		
<i>Share based payments and option premium reserve</i>		
Balance at beginning of period	4,709,058	4,286,676
Options issued to consultants	53,291	292,307
Options issued to employees and directors	-	130,075
Balance at end of period	<u>4,762,349</u>	<u>4,709,058</u>

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 2020 \$	30 June 2020 \$
<i>Foreign currency translation reserve</i>		
Balance at beginning of period	1,706,722	1,310,982
Foreign currency translation	(2,211,404)	395,740
Balance at end of period	<u>(504,682)</u>	<u>1,706,722</u>

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 2020 \$	30 June 2020 \$
<i>Warrant reserve</i>		
Balance at beginning of period	1,190,098	1,190,098
Warrants exercised	-	-
Balance at end of period	<u>1,190,098</u>	<u>1,190,098</u>

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 Tabcart is a Director and Principal, provided the Company with consulting services totalling \$8,732 (2019: \$19,386) and serviced office fees totalling \$6,000 (2019: \$6,000) of which \$847 was outstanding at period end (30 June 2020: \$7,464).

There were no other related party disclosures for the half-year ended 31 December 2020 (2019: Nil).

13. Share Based Payment Plans

(a) Recognised share based payment expenses

Total expenses arising from share based payment transactions recognised during the half-year as part of share based payment expense were as follows:

	Consolidated	
	31 December 2020	31 December 2019
	\$	\$
Operating expenditure		
Options issued to employees and directors	-	68,354
Options issued to consultants	53,291	134,315
Balance at end of period	<u>53,291</u>	<u>202,669</u>

(b) Share based payment - options

The Group has established a Long-Term Incentive Plan (**Plan**) and also issues options to consultants 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:

2020

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
19 Sept 2017	18 Sept 2020	A\$0.12	400,000	-	-	(400,000)	-	-
21 Dec 2018	20 Dec 2021	A\$0.125	18,250,000	-	-	-	18,250,000	-
31 Jul 2019	20 Dec 2021	A\$0.125	10,750,000	-	-	-	10,750,000	-
2 Nov 2020	1 Nov 2023	A\$0.05	-	3,000,000	-	-	3,000,000	3,000,000
31 December 2020			<u>29,400,000</u>	<u>3,000,000</u>	<u>-</u>	<u>(400,000)</u>	<u>32,000,000</u>	<u>3,000,000</u>
Weighted remaining contractual life (years)			1.46				1.14	2.84
Weighted average exercise price			\$ 0.12				\$ 0.12	\$ 0.05

On 2 November 2020, the Company issued 3,000,000 options, each exercisable at \$0.05 on or before 1 November 2023, in lieu of cash remuneration to consultants. The fair value of these options of \$53,291 was recognised under investor relations expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Refer further to Note 14.

Options issued on 21 December 2018 and 31 July 2019 vest based on various performance and market related milestones. In relation to the performance milestones, Management has assessed the probability of the options vesting before expiry date is below 50% and therefore no further stock based compensation was recognised for these options.

PolarX Limited

Notes to the condensed consolidated financial statements for the half-year ended 31 December 2020

2019

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
20 Feb 2015	19 Feb 2020	A\$0.0715	4,000,000	-	-	-	4,000,000	4,000,000
18 Jun 2015	17 Jun 2020	A\$0.175	400,000	-	-	-	400,000	400,000
31 Aug 2016	31 Aug 2019	A\$0.195	400,000	-	-	(400,000)	-	-
19 Sept 2017	18 Sept 2020	A\$0.12	400,000	-	-	-	400,000	400,000
21 Dec 2018	20 Dec 2021	A\$0.125	18,250,000	-	-	-	18,250,000	-
31 Jul 2019	20 Dec 2021	A\$0.125	-	10,750,000	-	-	10,750,000	-
31 December 2019			23,450,000	10,750,000	-	(400,000)	33,800,000	4,800,000
Weighted remaining contractual life (years)			2.08				1.72	0.21
Weighted average exercise price			\$ 0.12				\$ 0.12	\$ 0.08

14. Issue of Options

On 2 November 2020, 3,000,000 Options with a fair value of \$53,291 were issued to consultants as part remuneration for their services. The fair value at grant date of options granted during the period and in previous reporting periods, 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 options granted during the period ended 31 December 2020 included:

- options were issued with an exercise price of \$0.05;
- expected life of options is 3 years;
- share price at grant date was \$0.03;
- expected volatility of 103%, based on the history of the Company's share prices for the expected life of the options;
- expected dividend yield of nil; and
- a risk-free interest rate of 0.11%

Options were fully vested at the time of issue.

PolarX Limited

Notes to the condensed consolidated financial statements for the half-year ended 31 December 2020

Prior year issue of Options

On 31 July 2019, 10,750,000 Options with a fair value of \$527,223 were issued to consultants as part remuneration for their services. The fair value at grant date of options granted during the period and in previous reporting periods, 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 options granted during the period ended 31 December 2019 included:

- a) options were issued with an exercise price of \$0.125;
- b) expected life of options is 2.4 years;
- c) share price at grant date was \$0.12;
- d) expected volatility of 89%, 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 0.73%

Options vest based on various market and performance milestones.

15. 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 2020 \$	30 June 2020 \$
Assets		
Australia	976,149	3,843,516
United States	26,063,731	25,063,727
Total Assets	<u>27,039,880</u>	<u>28,907,243</u>
Liabilities		
Australia	49,917	109,019
United States	46,077	40,739
Total Liabilities	<u>95,994</u>	<u>149,758</u>
	31 December 2020 \$	31 December 2019 \$
Operating Result		
Australia	(609,240)	(953,951)
United States	(41,600)	(58,986)
Total loss from operations	<u>(650,840)</u>	<u>(1,012,937)</u>

16. Expenditure commitments

Tenement expenditure commitments

Caribou Dome Property

On 17 November 2020, the Company announced it secured more favourable amendments to the terms of its option to acquire (i) 80% interest in the Caribou Dome copper deposit in Alaska, USA and (ii) a 90% interest in the adjacent Senator property (collectively "the Caribou Dome Project"). Upon execution of the amendments to the option agreement, the Company made a one-off cash payment to underlying vendors of US\$75,000.

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	Payment
12 months ending 1 September 2021	US\$400,000
12 months ending 1 September 2022	US\$400,000
12 months ending 1 September 2023	US\$400,000
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.

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

Due Date	Payment
6 June 2021	US\$100,000
6 June 2022	US\$100,000
6 June 2023	US\$100,000
Earn-in deadline (currently 6 June 2024)	US\$1,260,000

and

- (iv) the issue to certain underlying vendors of \$12,500 worth of Shares on or before 1 June 2021 and on or before 1 June of each subsequent 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.
- (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%.

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PolarX Limited

Notes to the condensed consolidated financial statements for the half-year ended 31 December 2020

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
 - 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 2021	US\$30,000
31 March 2022	US\$35,000
31 March 2023*	US\$40,000
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.

PolarX Limited

Notes to the condensed consolidated financial statements for the half-year ended 31 December 2020

Uncle Sam 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 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 its US subsidiary; and
- (iii) IRC has the right convey the claims back to PolarX's US subsidiary, if it is successful in any court action to recover the mineral claims from GAME.

The Company also notes that the Uncle Sam Project:

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

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 contingent liability was recognised as at 31 December 2020.

18. Subsequent events

On 11 January 2021, the Company announced that it had secured an option to acquire a Mining Lease Agreement (“MLA”) over the Humboldt Range Gold-Silver Project in Nevada, USA (“Humboldt Option”), which comprised 177 lode mining claims. The acquisition terms comprised:

1. Payment on an initial fee of US\$35,000 to secure an exclusive option over the MLA for up to 120-days whilst it conducts due-diligence investigations.
2. On satisfactory completion of due diligence, the Company can exercise the Humboldt Option by issuing to the vendor 5,000,000 Shares (escrowed for 2-years) and making the following cash payments:
 - (i) US\$35,000 to exercise the Humboldt Option
 - (ii) US\$70,000 on the first anniversary of the execution date
 - (iii) US\$70,000 on the second anniversary of the execution date.
3. In the event of exercise of the Humboldt Option, the Company will also be required to make the following payments to the owner of the project:
 - (i) Payment of 2022 claim fees (by 1 Sept 2021) as an advance against future production royalties.
 - (ii) Monthly payment of US \$10,000 from September 2022 as advance against future production royalties
 - (iii) Royalty on gold production of 2.5% NSR (3.75% NSR if grade > 15.6g/t Au)

On 17 February 2021, the Company completed a share placement, which raised gross proceeds of \$5 million pursuant to the issue of 125,000,000 Shares at an issue price of \$0.04 per Share.

On 3 March 2021, the Company announced that it staked and registered 96 new lode mining claims at Humboldt Range, with the project now comprising 273 lode mining claims. The new lode mining claims will be subject to the MLA upon exercise of the Humboldt Option.

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

The directors of PolarX Limited declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the condensed consolidated financial statements and notes, as set out on pages 15 to 33, are in accordance with the Corporations Act 2001, comply with Accounting Standard 134: Interim Financial Reporting and give a true and fair view of the financial position as at 31 December 2020 and the performance of the Group for the half-year ended on that date.

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

On behalf of the Directors



Mark Bojanjac
Executive Chairman
12 March 2021

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12 March 2021

Board of Directors
PolarX Limited
1/100 Railway Road
Subiaco WA 6008

Dear Directors

RE: POLARX LIMITED

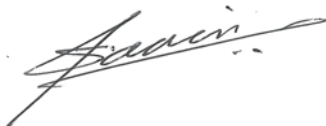
In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of PolarX Limited.

As Audit Director for the review of the financial statements of PolarX Limited for the half year ended 31 December 2020 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 sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD



Samir Tirodkar
Director

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**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 2020, 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, 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 makes us 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 the PolarX Limited financial position as at 31 December 2020 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 Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Company on 12 March 2021.

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Emphasis of Matter – Carrying Amount of Deferred Exploration and Evaluation Expenditure

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 asset amounting to \$26,144,475 as at 31 December 2020. The recoverability of the carrying amount of the Group's deferred exploration and evaluation expenditure is dependent upon 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 deferred exploration and evaluation expenditure may be significantly less than their current carrying amounts.

Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report


The directors of the 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 Company's financial position as at 31 December 2020 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
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd


Samir Tirodkar
Director

West Perth, Western Australia

12 March 2021

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