



## **PolarX Limited**

ABN 76 161 615 783

Financial Report  
for the half-year ended 31 December 2021

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**CORPORATE DIRECTORY**

**Directors**

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

**Company Secretary**

Mr. Ian Cunningham

**Registered Office**

1/100 Railway Road  
Subiaco WA 6008  
Australia  
Telephone: (+61 8) 9226 1356  
Facsimile: (+61 8) 9226 2027

**Principal Place of Business**

Suite 1, 245 Churchill Avenue  
Subiaco WA 6008  
Australia  
Telephone: (+61 8) 6465 5500  
Facsimile: (+61 8) 6465 5599

**Share Register**

Computershare Investor Services Pty Ltd  
Level 11  
172 St Georges Terrace  
Perth WA 6000  
Australia  
Telephone: 1300 787 272  
International: (61 8) 9323 2000  
Facsimile: (61 8) 9323 2033

**Stock Exchange Listing**

Australian Securities Exchange  
ASX Code: PXX

**Auditor**

Stantons  
Level 2, 40 Kings Park Road  
West Perth WA 6005  
Australia

## PolarX Limited

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The Directors present their report for PolarX Limited (**PolarX** or the **Company**) and its subsidiaries (“the Group”) for the half-year ended 31 December 2021 (**HY2022**).

### 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 2021 was \$742,035 (2020: \$650,840) and \$20,446 (2020: \$2,862,244), respectively.

### REVIEW OF OPERATIONS

The Group’s activities during HY2022 were focused on the exploration and development of the:

- Alaska Range Project in Alaska, USA, which contains both the Stellar Gold Copper Project (“Stellar Project” – 100% owned), and Caribou Dome Copper Project (“Caribou Dome Project” – earning 80-90%); and
- Humboldt Range Gold-Silver Project in Nevada, USA (“Humboldt Range Project”), the mining rights of which were acquired by the Company in early 2021.

#### Project Summary

##### **Alaska Range: Stellar Project (100% PXX)**

- 3.4Mt @ 1.2% Cu + 2g/t Au + 14g/t Ag JORC resource at Zackly Project, open in all directions
- Highly prospective for large, bulk tonnage porphyry copper-gold deposits with maiden discovery (102m @ 0.22% Cu + 0.1g/t Au) at the Mars prospect
- Metallurgical test work underway on Zackly to assess gravity gold recovery and copper sulphide flotation
- Mining scoping study commenced into potential joint mining and co-processing options with Caribou Dome Property

##### **Alaska Range: Caribou Dome Property (PXX earning up to 90%)**

- 2.8Mt @ 3.1% Cu JORC resource at Caribou Dome deposit, high grade surface zones at 4.4% Cu
- Mineralisation is open in all directions, and numerous untested IP/geochemical targets
- 1,500m core drilling program completed in September 2021 for infill (metallurgical test work) and new IP/Geochem target testing:
  - infill drilling returned extremely high-grade assays in multiple thick zones of massive sulphides
  - exploration holes intersected finely disseminated and vein hosted native copper spanning a strike-length of 1.1km

##### **Humboldt Range (Nevada)**

- Located in Nevada, USA, a TIER-1 fiscal and geological jurisdiction
- Lies between the 5 Moz Florida Canyon Gold mine, and the 400Moz Rochester Silver mine (which also contains 3.5Moz gold)

- Outcropping quartz veins and historical mines show numerous assays over 10g/t gold, with peak values of 3,384g/t gold, 4,800g/t silver, 22.9% lead and 3.1% Zinc
- Major sampling program recently completed in preparation for maiden drilling, with channel sample assays confirming a very large drill target for bulk-tonnage gold-silver mineralisation at Star Canyon within the Black Canyon lode claims
- Maiden drilling program schedule to commence in the June quarter

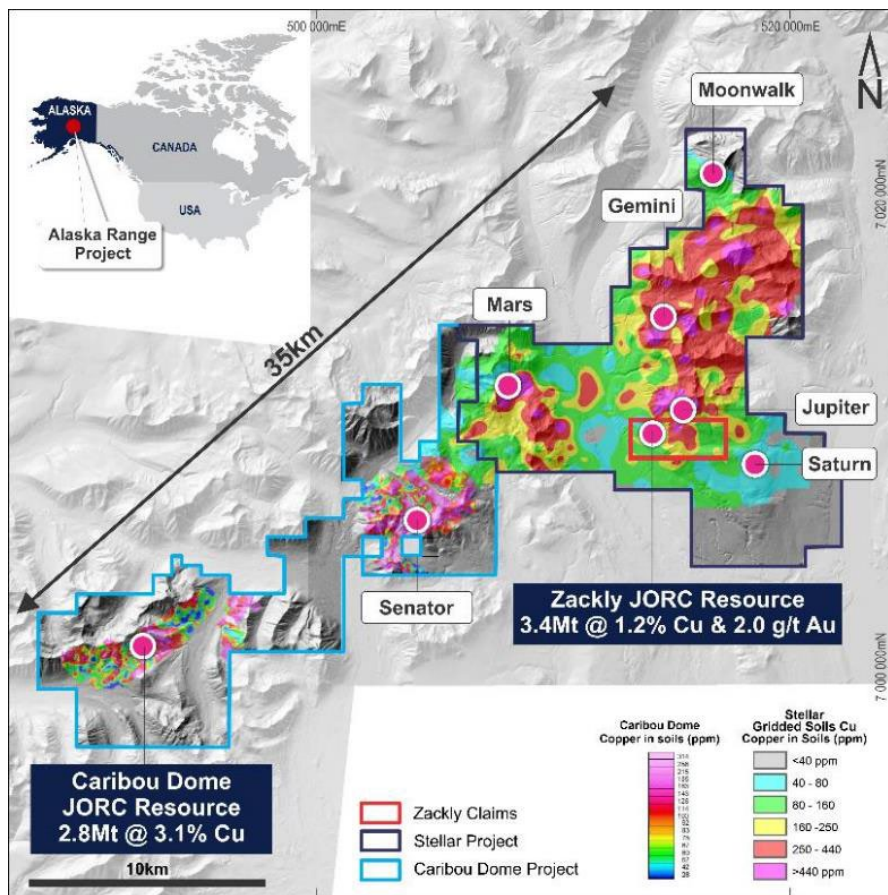
**Alaska Range Project**

**Overview**

The Alaska Range Project comprises a contiguous package covering 262km<sup>2</sup> with ~35km strike length hosting extensive copper- and gold-in-soil anomalism consistent with several mineralised districts (Figure 1).

Previous campaigns by PolarX 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 expected to increase in size with further drilling. A maiden mineral resource estimate for the Caribou Dome deposit was announced in April 2017 (Table 1). A maiden JORC Inferred Resource estimate for the Zackly Deposit was announced in March 2018 (“Zackly Resource”) (refer Table 1). None of the successful new discoveries outside those resources have yet been incorporated into these estimates.



**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

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

	Category	Million Tonnes	Cu %	Au g/t	Ag g/t	Contained Cu (t)	Contained Cu (M lb)	Contained Au (oz)	Contained Ag (oz)
ZACKLY <sup>1</sup>	Inferred	3.4	1.2	2.0	14.0	41,200	91	213,000	1,500,000
CARIBOU DOME <sup>2</sup>	Measured	0.6	3.6	-		20,500	45	-	-
	Indicated	0.6	2.2	-		13,000	29	-	-
	Inferred	1.6	3.2	-		52,300	115	-	-
<b>TOTAL</b>						<b>127,000</b>	<b>280</b>	<b>213,000</b>	<b>1,500,000</b>

**2021 Caribou Dome Drilling Program**

PolarX drilled four holes at Caribou Dome in August/September 2021 to provide samples of copper mineralisation for metallurgical test work (see Figures 2 to 6 and refer to Table 2 for details). The holes were drilled into predicted zones of copper mineralisation hosted in massive to semi-massive sulphides as predicted by the resource block model used for resource estimation in April 2017.

Key Observations were as follows:

CD21-001

- Drill hole CD21-001 intersected 3 distinct zones within a 39m down-hole thickness of calcareous and locally graphitic, fine grained argillaceous sediments (Figure 4).
- The sulphides are extremely fine grained and form thin laminations with very fine-grained calcareous argillite (Figures 5).
- All three zones drilled contain very high grades of copper (refer Table 2 and see Figure 5), locally up to 15% Cu.

**Table 2 Drill intersections and assay results for Caribou Dome massive sulphides**

	From	To	Down-Hole Interval (m)	Est. True Thickness (m)	Cu %	Ag ppm
<b>CD21-001</b>	25.28	35.05	<b>9.77</b>	<b>6.45</b>	<b>6.8</b>	<b>7.8</b>
and	45.16	64.25	<b>19.09</b>	<b>12.60</b>	<b>7.0</b>	<b>11.2</b>
including	45.16	54.1	<b>8.94</b>	<b>5.90</b>	<b>10.0</b>	<b>16.0</b>
including	50.12	54.1	<b>3.98</b>	<b>2.63</b>	<b>14.8</b>	<b>24.0</b>
and	58.4	64.25	<b>5.85</b>	<b>3.86</b>	<b>6.8</b>	<b>10.9</b>
<b>CD21-002</b>	12.07	20.73	8.66	5.89	0.3	1.1
and	43.6	56.85	13.25	9.01	0.4	0.5
<b>CD21-003</b>	26	36.71	<b>10.71</b>	<b>7.50</b>	<b>7.39</b>	<b>15.4</b>

CD21-002

- This hole intersected two zones of semi-massive to blebby sulphides measuring 5.9m and 9.0m true thickness within a broad zone of calcareous argillite and fine-grained limestone (Figure 6).
- The lower-grade of these two intersections show that pyrite dominates over chalcopyrite in this particular part of the lode. Other parts of this lode (off-section) contain a higher ratio of copper to iron sulphides and are commensurately higher grade.

CD21-003

- This hole intersected 7.5m true thickness of very fine-grained, laminated, massive to semi-massive sulphides averaging 7.5% Cu within a 11.5m down-hole thickness of fine-grained calcareous sediments.

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CD21-004

- This hole was terminated after 50m of drilling into heavily faulted andesitic volcanic rocks and was not drilled to target.

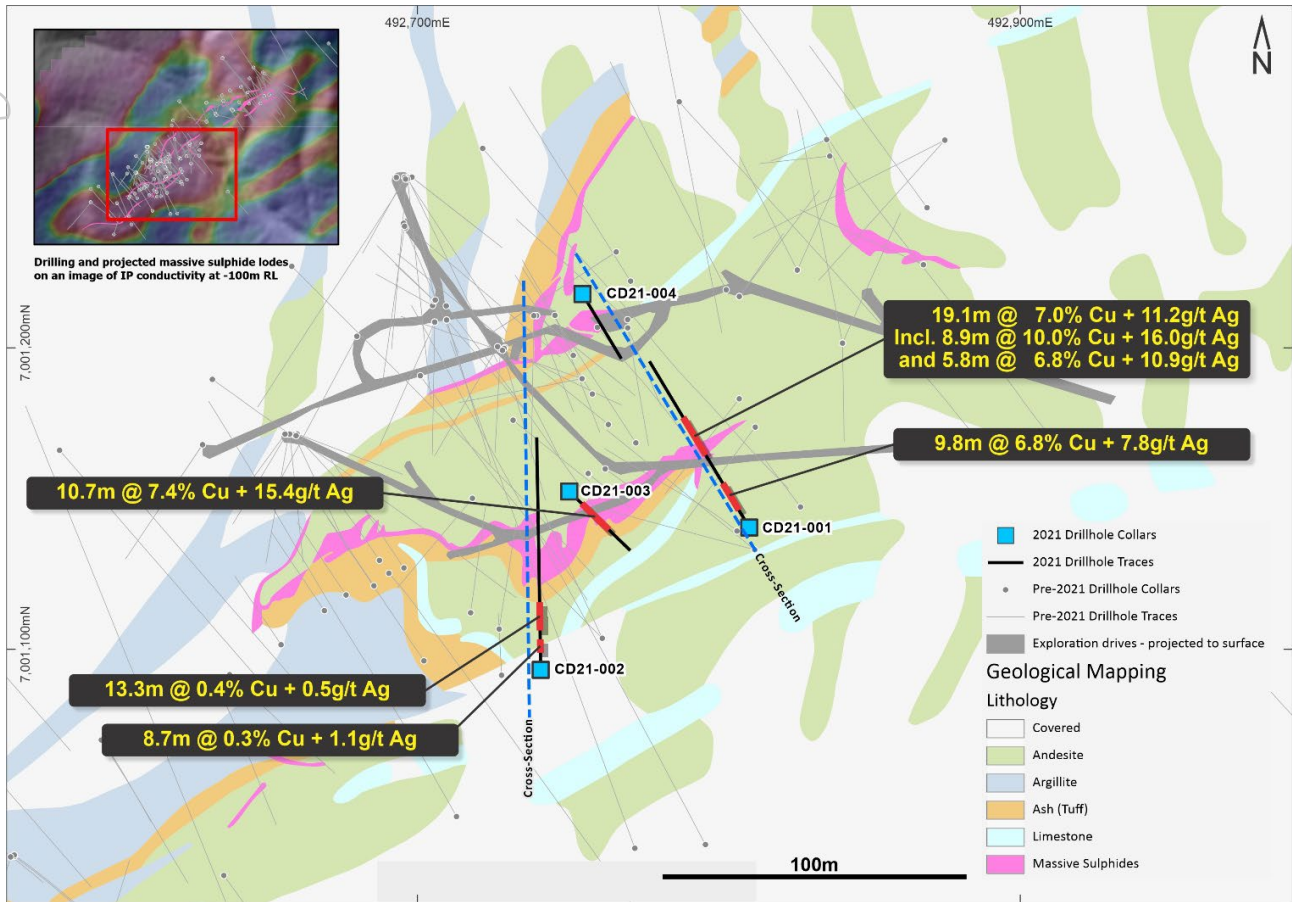


Figure 2. Plan view showing recent assays and location of drill holes into the mineral resource estimate block model at Caribou Dome.



Figure 3. View looking NW towards the mineralised area at Caribou Dome with the field camp in the foreground

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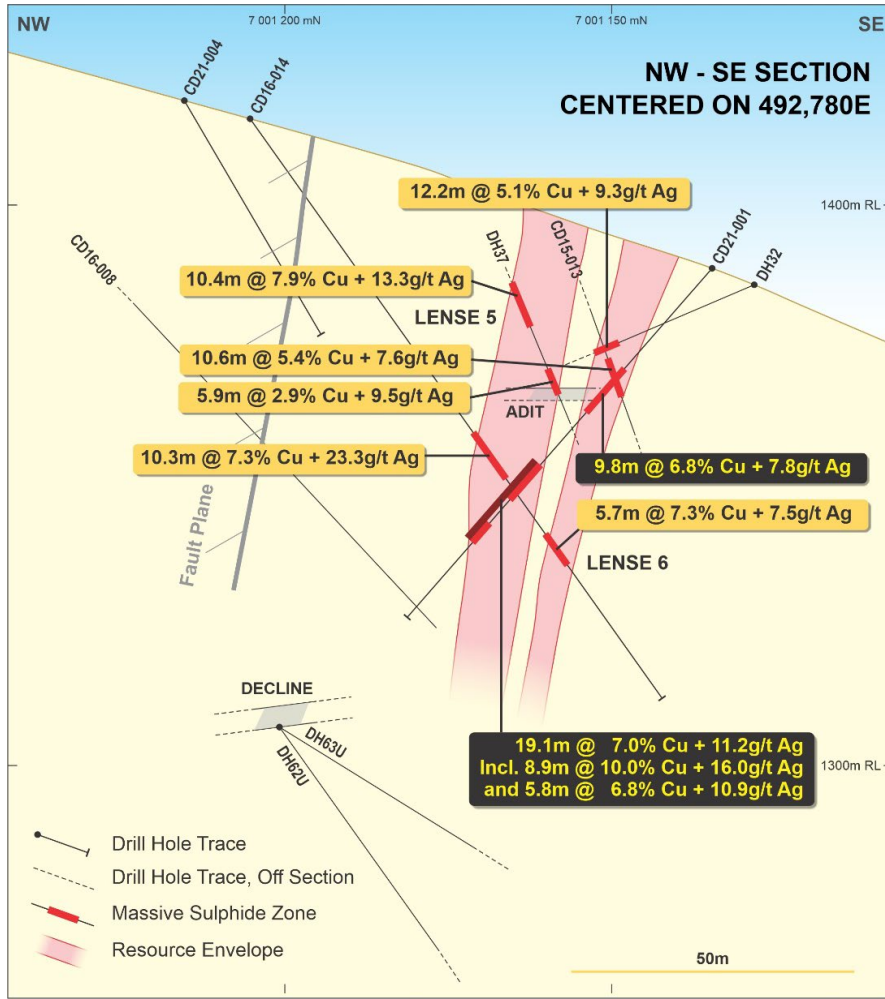


Figure 4. Drill cross section showing multiple high-grade copper intersections in CD21-001



Figure 5. CD21-001 at down-hole depth of 47.5m. Very fine-grained massive pyrite and chalcopyrite with soft sediment folding and slumping. This interval assayed 9.3% Cu and 15.2g/t Ag. Scale bar approx. 5cm.

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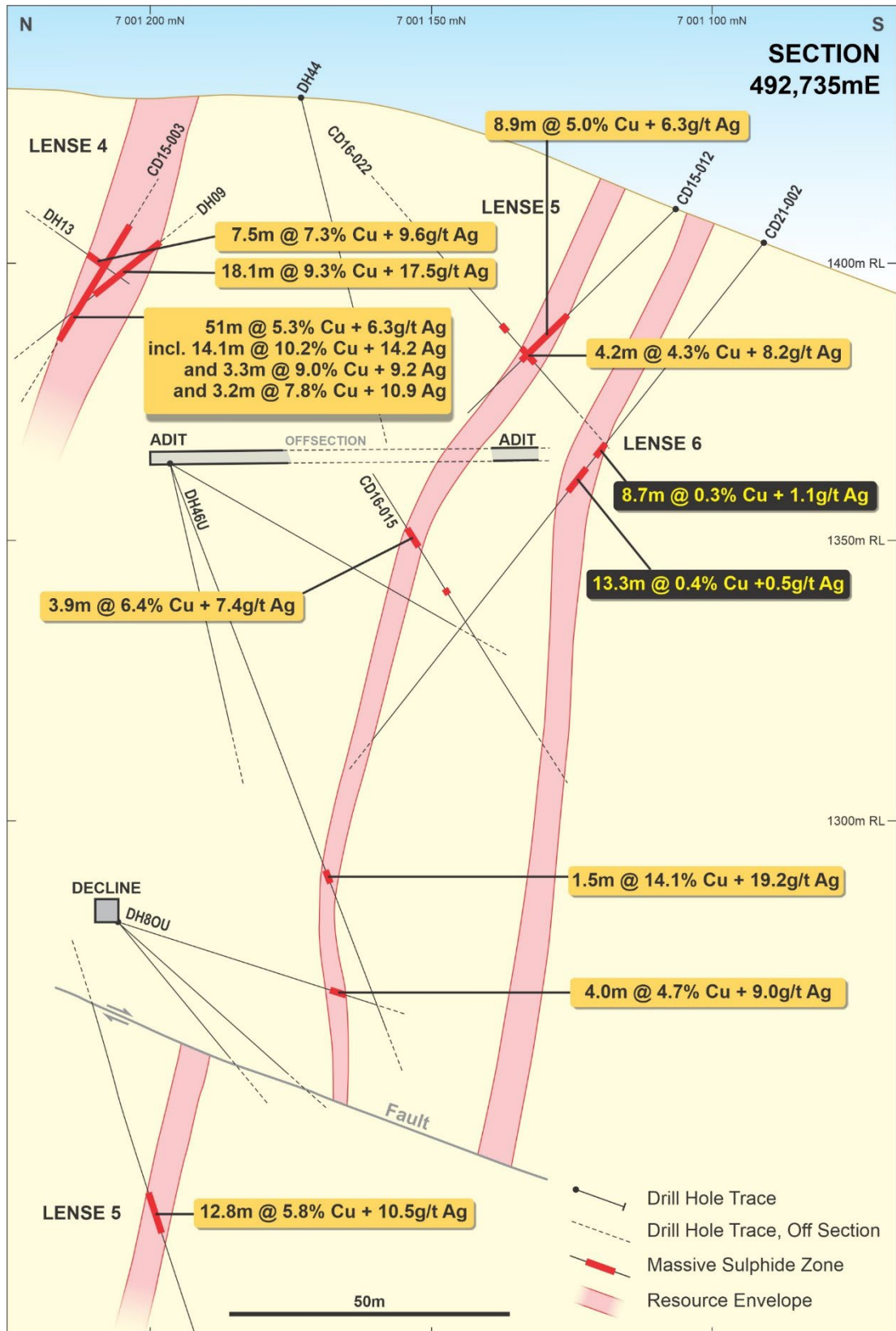
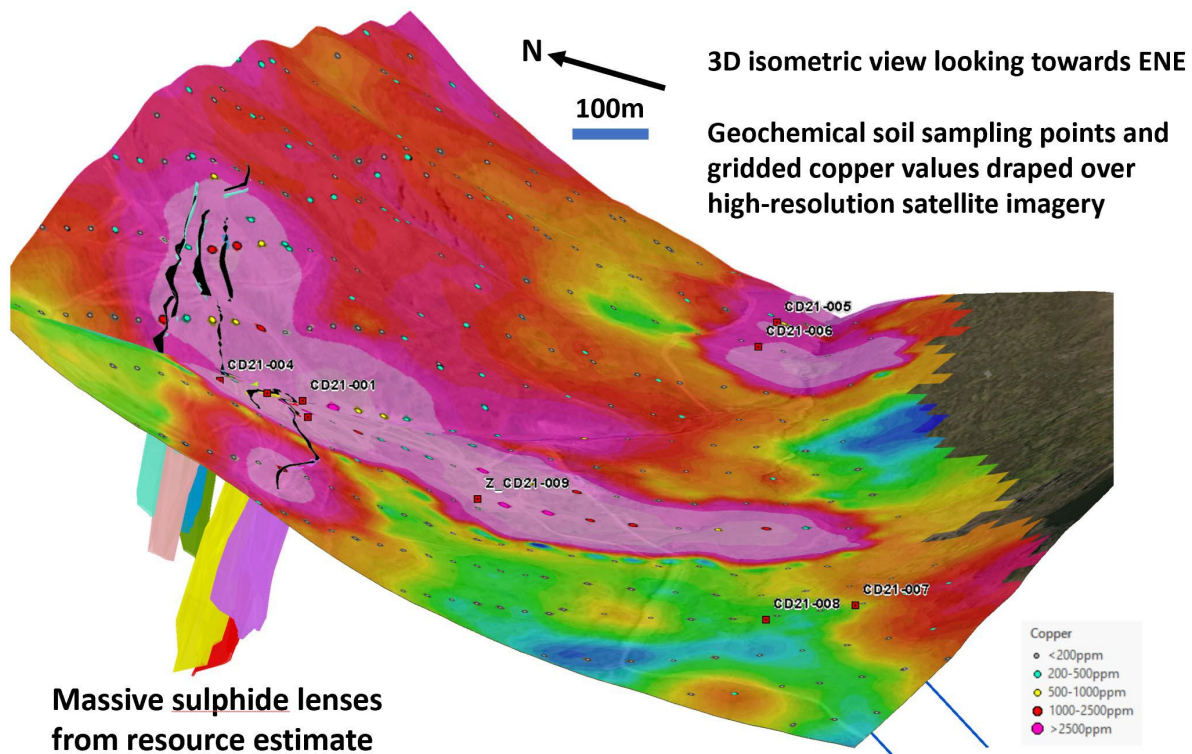


Figure 6 Drill cross-section showing multiple lower grade zones of copper mineralisation in limey argillite in CD21-002

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PolarX also completed a further four exploration drillholes September 2021 (CD21-005 to CD21-008), discovering a new style of copper mineralisation associated with co-incident geochemical and geophysical anomalies. Each target has copper anomalism in surface soil sampling (Figure 7) and is associated with a 3D induced polarisation (“IP”) anomaly of the same magnitude as that associated with the known massive sulphide mineralisation (Figure 8). Assays are still pending, with key observations being:

- The two targets that have been drilled are approximately 1,150m apart, and lie on the same broad 3D IP anomaly which measure approximately 1,500m long by 300m wide (Figure 9).
- All four holes intersected a thick package of andesitic basalt lava flows with individual flow thicknesses ranging between 1m and more than 30m.
- Native copper is present as very fine grained to coarse grained blebs in vesicle infills, in the groundmass of porphyritic flows and in minor cross-cutting quartz veins and is in all four holes.
- The mineralisation stye is unusual, but not unknown, and occurs in much older volcanic rocks on the Keweenaw Peninsular in Michigan, where several significant deposits were mined at an average grade of 1.85% copper until the 1990’s, producing over 11 billion lb (5Mt) of copper metal.
- The significance of this discovery will be assessed once assays have been received.



**Figure 7.** 3D isometric view of Caribou Dome showing copper anomalism in soil geochemistry draped on topography, and drill holes CD21-005 to CD21-008 inclusive, all of which intersected zones containing native copper mineralisation.

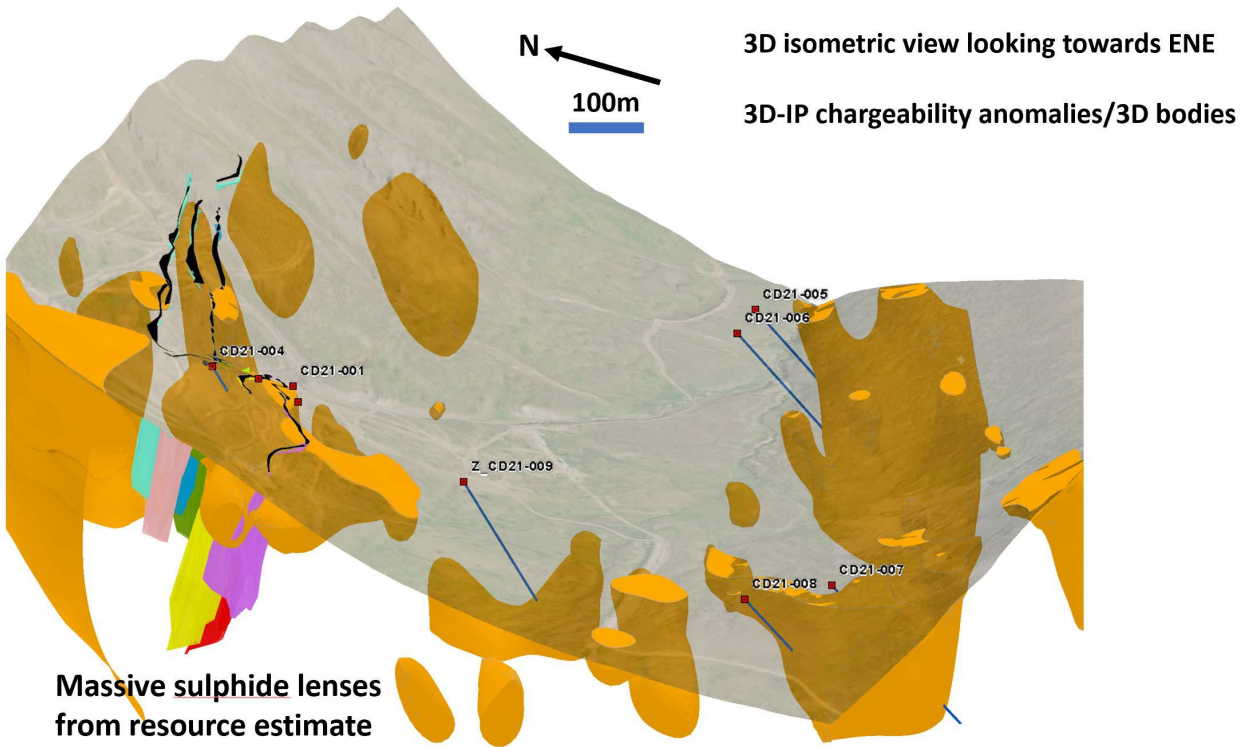


Figure 8. 3D isometric view of Caribou Dome showing 3D IP chargeability highs, relationship with known massive sulphide lenses, and drill holes CD21-005 to CD21-008 inclusive, all of which intersected zones containing native copper mineralisation.

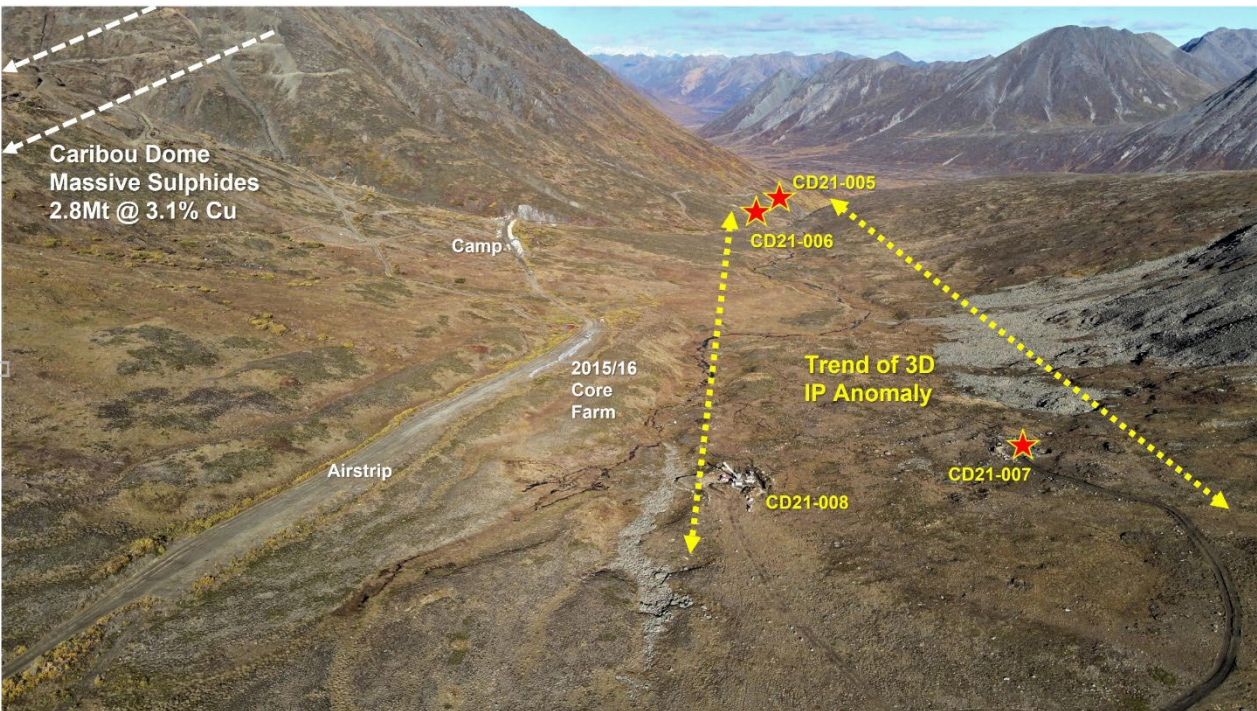


Figure 9. Oblique view to the ENE along the trend of the 3D IP anomaly associated with finely disseminated native copper in andesitic to basaltic lava flows

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### **Scoping Study assessing Mining Potential**

In conjunction with the 2021 drilling program at Caribou Dome, the Company has commenced a scoping study to evaluate combined mining and processing of Caribou Dome and Zackly mineralisation. This will help determine a minimum resource size required for a viable project. As part of this study, a metallurgical test work program is underway to evaluate processing options for the Zackly mineralisation and the potential for co-processing with Caribou Dome mineralisation

### **Stellar Project Porphyry Targets**

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 by PolarX in the first ever drill hole at the Mars prospect in 2019, which 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 prematurely ended in mineralisation due to drill rig failure and warrants further drilling to extend and 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.

During HY2022 the Company continued discussions with potential earn-in JV partners to fund a large porphyry exploration program.

### **Humboldt Range Project**

#### **Overview**

The Humboldt Range Project comprises 333 lode mining claims in Nevada in two claim groups: Black Canyon and Fourth of July and is situated between two large-scale active mines: the Florida Canyon gold mine and the Rochester silver-gold mine (see Figures 10 and 11). 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.

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.

Fieldwork completed at Humboldt Range to date includes:

- Integration of data collected by Renaissance Exploration Inc in 2015/16 into the PolarX database, including data related to vein sampling, soil sampling and geological mapping in the central part of the Fourth of July claims. These data have been validated via assessment of assay certificates and field notes accompanying the sampling.
- Geological mapping over the entire claim block incorporating data from previous mapping by Renaissance Exploration Inc., Victoria Gold Corp, and the US Geological Survey.
- Systematic soil sampling on a notional 200m x 50m grid, has been completed over the entire project with approximately 2200 soil samples and 150 rock chip samples collected and assayed.
- Ultra-high-resolution drone orthophotography and digital terrain mapping for use as 3-D base maps has been collected over the entire project.
- Infill soil sampling, geological mapping and channel sampling of selected anomalies to define drilling targets for the 2022 drill program.

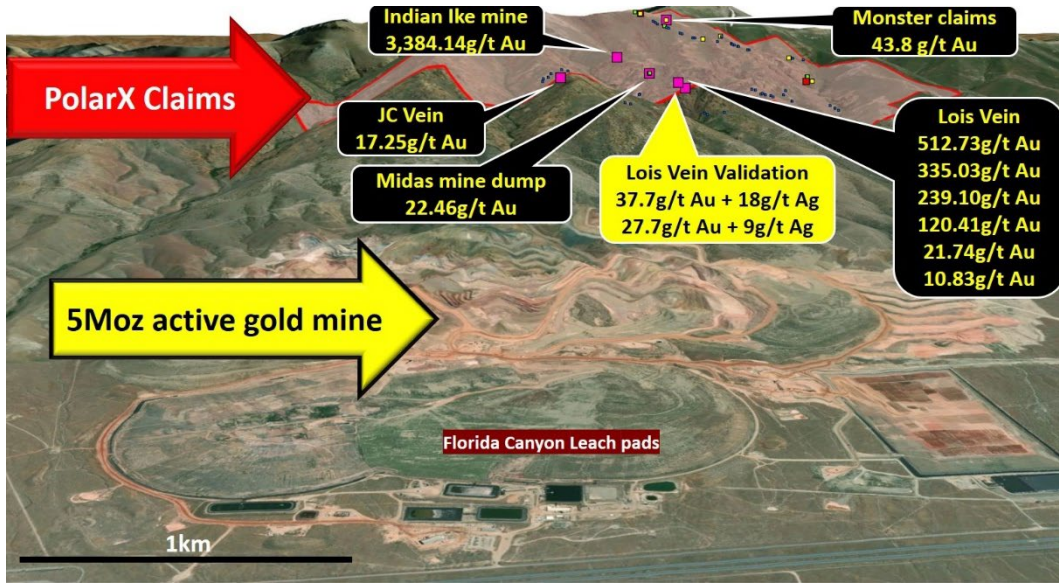


Figure 10. 3D view of the Black Canyon claims situated in the hills less than 3km behind the operating Florida Canyon gold mine.

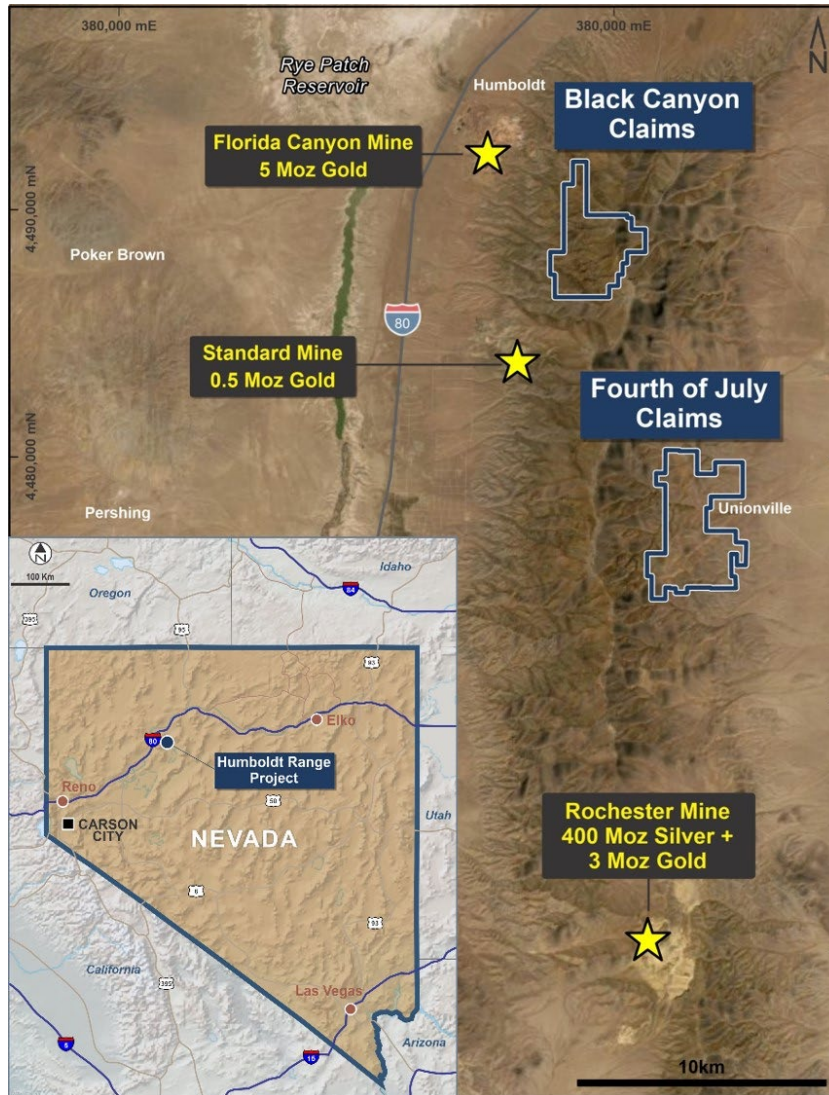


Figure 11. Location map depicting Black Canyon and Fourth of July Claim Blocks, and proximal large-scale gold-silver mining operations.

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**HY2022 Work Program**

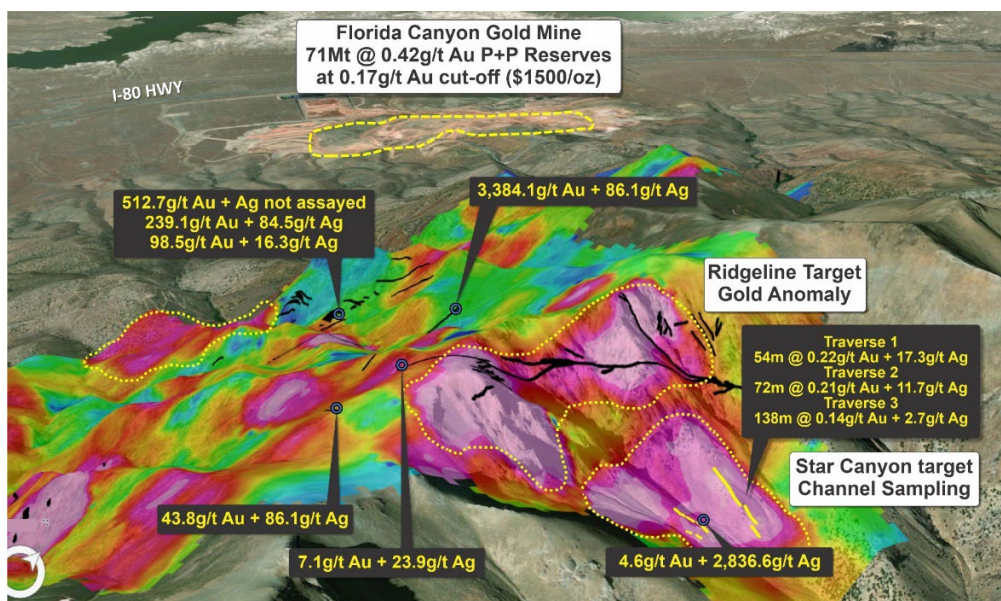
During the HY2022, the Company undertook further sampling programs at the Humboldt Range Project in preparation for the Company's initial drilling program, which included:

- Channel samples taken at outcropping alteration and mineralisation associated with extensive stockworks of quartz veins in the Star Canyon area, which is located within the Black Canyon claim area; and
- Infill soil sampling to define the best gold anomalies more precisely in the Black Canyon claims;

Key Observations and Findings were as follows:

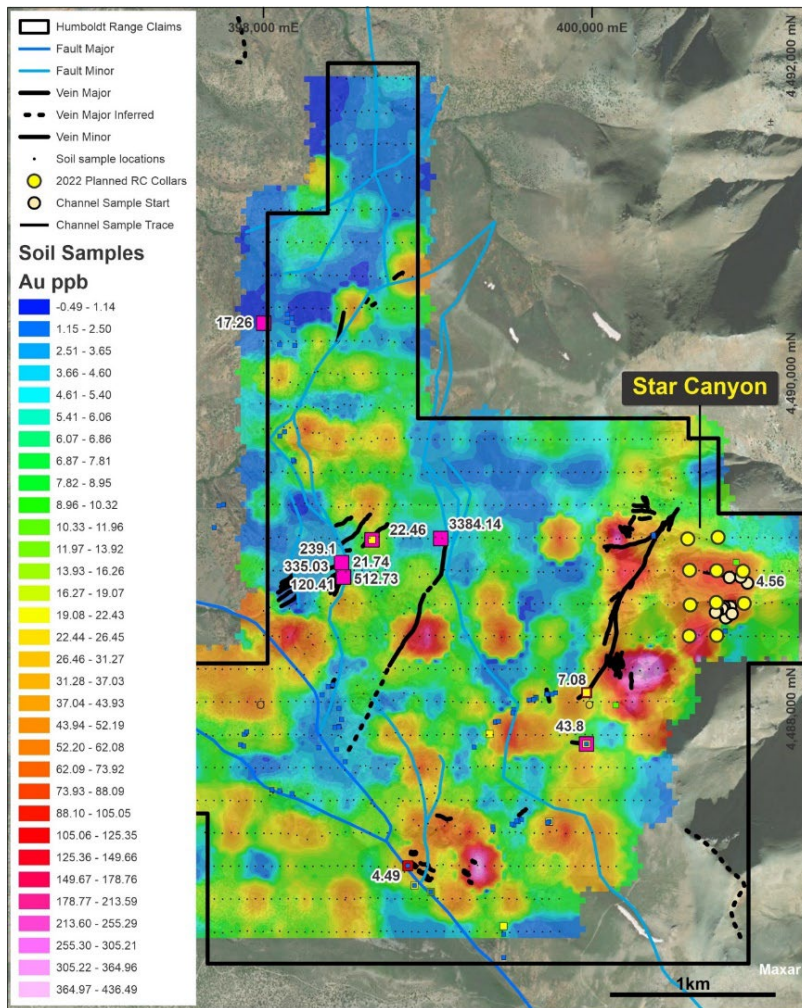
- Channel sampling was completed along eleven traverses at Star Canyon over heavily altered and mineralise volcanic rock outcrops within a large gold in soil geochemical anomaly. The most significant geochemical soil sample anomaly in the Black Canyon project is in the east of the claim block at the head of Star Canyon (Figures 12 and 13):
- The eastern part of Star Canyon contains a large gold in soil anomaly which is situated at the break in slope and which measures 645m long x 500m wide at >50ppb Au, before being concealed under thin soils to the north and south.
- Field validation identified extensive outcropping ridges of intensely silicified and oxidised volcanic rocks hosting multiple quartz vein arrays and old gold-silver workings within this gold anomaly (Figures 14 and Figure 15).
- Follow-up channel sampling to collect 1.5m long samples has been completed in two groups of traverses, covering 275m across the alteration, perpendicular to strike (see Figure 14).
- Assays results for the bulk of the first three channel samples have been received, covering 245m out of the 275m cumulative across-strike sampling length. All three channel samples returned highly anomalous gold and silver levels:
  - Channel 1: 54m @ 0.22g/t Au and 17.3g/t Ag (peak values 2.23g/t Au, 398g/t Ag)
  - Channel 2: 72m @ 0.21g/t Au and 11.7g/t Ag (peak values 2.05g/t Au, 79.9g/t Ag)
  - Channel 3: 138m @ 0.14g/t Au and 2.66g/t Ag (peak values 1.70g/t Au, 20.1g/t Ag)
- Assays for the westernmost section of Channel traverse 3 remain outstanding, as are results for Channel traverses 4 to 11 inclusive.
- The channel sampling results are consistently at or above the cut-off grades at these two large-scale mines, confirming their potential commercial significance prior to drilling.

A program of RC drilling is scheduled to commence at Black Canyon in the June quarter, along with drill testing of targets in the nearby Fourth of July claims.



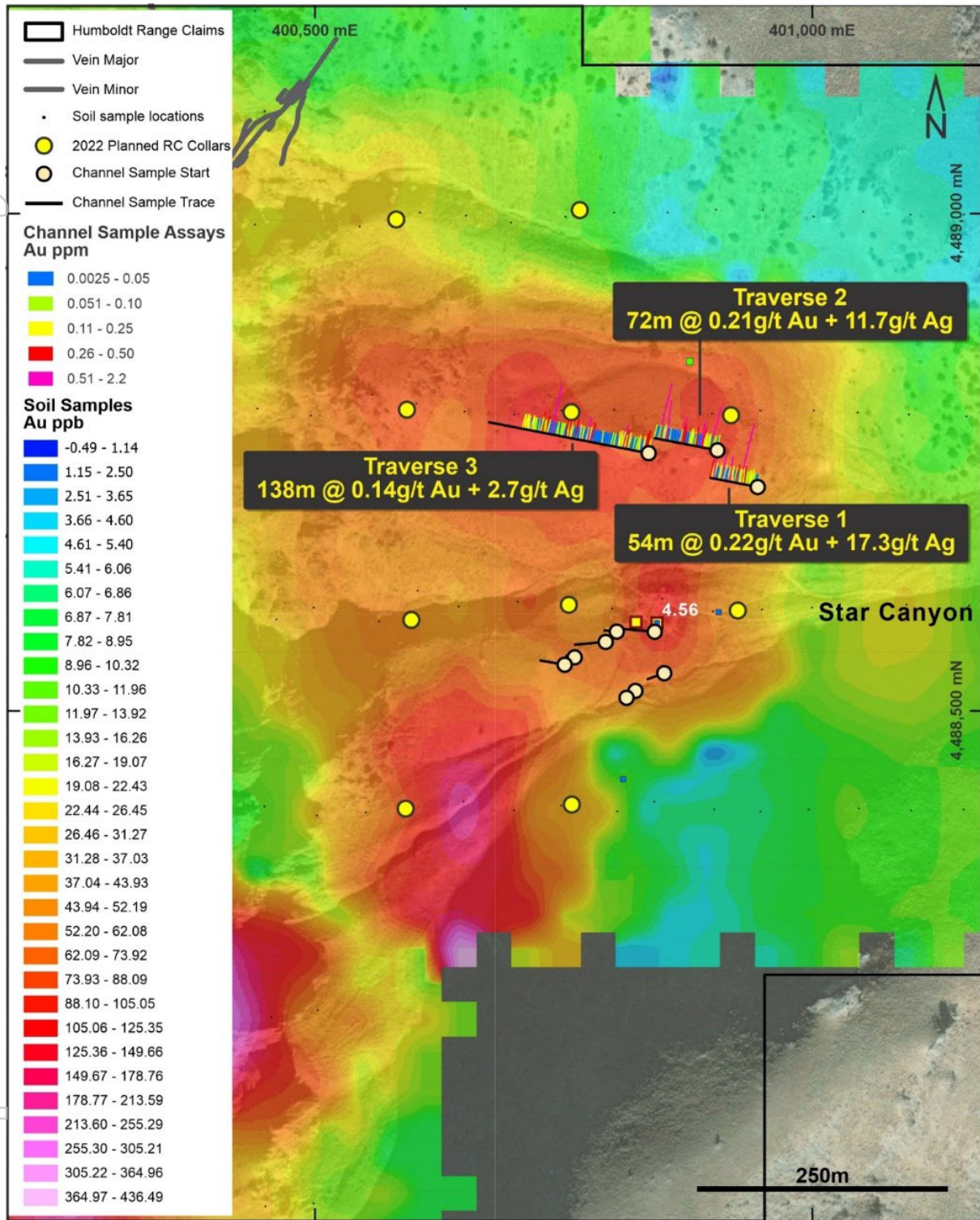
**Figure 12.** Oblique 3D-view showing Star Canyon channel samples with respect to gold-in-soil anomalism, high-grade vein samples and proximity to the Florida Canyon gold mine.

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**Figure 13.** Gridded image of gold in soil sampling overlain with rock-chip sample assays, labelled where >4g/t gold. Location of Channel Samples in Star Canyon shown, along with planned RC drill collar locations.

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**Figure 14.** Channel sample assay results for first three channel traverses across the 645m x 500m +50ppb gold-in-soil anomaly. Planned RC drill collars shown.





**Figure 15.** Intensely veined and altered volcanic rocks associated with gold anomalism exposed in soil sampling and historic gold-silver workings, Star Canyon.

#### **CORPORATE**

On 22 December 2021, the Company completed a share placement, which raised gross proceeds of \$1,376,420 pursuant to the issue of 43,013,125 ordinary shares (Shares) at an issue price of \$0.032 per Share.

As of 31 December 2021, the Company had on issue 715,229,856 Shares and 23,000,000 unlisted options.

#### **EVENTS ARISING AFTER BALANCE DATE**

There have been no other matters which have occurred subsequent to the end of the half year, but prior to the date of this report, that would require disclosure.

#### **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 38 of this report. There were no non-audit services provided by the Company's auditor for the half-year ended 31 December 2021.

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

**Mark Bojanjac**  
Executive Chairman  
14 March 2022

#### **ADDITIONAL DISCLOSURE**

*In relation to the disclosure of visual mineralisation, the Company cautions that visual estimates of mineralised material abundance should never be considered a proxy or substitute for laboratory analysis. Laboratory assay results are required to determine the widths and grade of the visible mineralisation reported in preliminary geological logging. The Company will update the market when laboratory analytical results become available.*

*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 21 July 2015, 6 August 2015, 10 September 2015, 13 November 2015, 28 July 2016, 17 August 2016, 5 November 2018, 12 November 2018, ,10 August 2021, 19 August 2021, 31 August 2021, 5 October 2021, 13 October 2021 and 30 November 2021 16 February 2022, and 23 February 2022.*

*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 report. 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	
		2021	2020
		\$	\$
<b>Interest Income</b>		<b>\$ 2</b>	<b>\$ 133</b>
Public company costs		(22,968)	(31,982)
Consulting and directors fees		(239,129)	(191,413)
Share-based compensation		(34,310)	-
Legal fees		(6,154)	(14,843)
Staff costs		(31,493)	(31,560)
Serviced office and outgoings		(12,000)	(12,000)
Foreign exchange gain/(loss)		21,777	(27,118)
Other expenses	5	(417,760)	(342,057)
		(742,037)	(650,973)
<b>(Loss) from operations</b>		<b>\$ (742,035)</b>	<b>\$ (650,840)</b>
Income tax expense		-	-
<b>(Loss) after Income Tax</b>		<b>\$ (742,035)</b>	<b>\$ (650,840)</b>
<b>Other comprehensive income/(loss)</b>			
Items that may be reclassified to profit and loss in subsequent periods		-	-
Foreign currency translation	12	721,589	(2,211,404)
<b>Other comprehensive income/(loss) for the period</b>		<b>721,589</b>	<b>(2,211,404)</b>
<b>Total comprehensive (loss) for the period</b>		<b>\$ (20,446)</b>	<b>\$ (2,862,244)</b>
<b>(Loss) per share:</b>			
Basic and diluted loss per share (cents per share)		\$ (0.11)	\$ (0.12)
<b>Weighted Average Number of Shares:</b>			
Basic and diluted number of shares		674,320,634	539,175,033

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 2021	June 30 2021
		\$	\$
<b>Current Assets</b>			
Cash and cash equivalents		\$ 1,599,319	\$ 3,485,056
Other receivables and prepayments	6	393,585	394,808
<b>Total current assets</b>		<b>1,992,904</b>	<b>3,879,864</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	7	\$ 100,760	\$ 82,775
Exploration and evaluation assets	8	31,151,054	27,946,204
<b>Total Non-Current Assets</b>		<b>31,251,814</b>	<b>28,028,979</b>
<b>Total Assets</b>		<b>\$ 33,244,718</b>	<b>\$ 31,908,843</b>
<b>Current liabilities</b>			
Trade and other payables	9	110,474	177,247
<b>Total Current Liabilities</b>		<b>110,474</b>	<b>177,247</b>
<b>Total Liabilities</b>		<b>\$ 110,474</b>	<b>\$ 177,247</b>
<b>NET ASSETS</b>		<b>\$ 33,134,244</b>	<b>\$ 31,731,596</b>
<b>Equity</b>			
Contributed equity	10	\$100,711,582	\$ 99,425,122
Reserves	12	6,927,551	6,069,328
Accumulated losses	11	(74,504,889)	(73,762,854)
<b>TOTAL EQUITY</b>		<b>\$ 33,134,244</b>	<b>\$ 31,731,596</b>
Commitments	17		
Contingent Liability	18		

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

## Consolidated Statement of Cash Flows

	Notes	Consolidated	
		Six months ended December 31	
		2021	2020
		\$	\$
<b>Cash flows from Operating activities</b>			
Payments to suppliers and employees		\$ (804,748)	\$ (646,880)
Interest received		2	133
<b>Net cash flows (used in) operating activities</b>		<b>(804,746)</b>	<b>(646,747)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(29,767)	(73,476)
Payments for expenditure on exploration		(2,341,271)	(3,921,183)
<b>Net cash flows (used in) investing activities</b>		<b>(2,371,038)</b>	<b>(3,994,659)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		1,376,420	1,000,000
Share issue costs		(66,810)	(34,766)
<b>Net cash flows provided by financing activities</b>		<b>1,309,610</b>	<b>965,234</b>
Net decrease in cash and cash equivalents		(1,866,174)	(3,676,172)
Cash and cash equivalents at beginning of the year		3,485,056	4,179,072
Foreign exchange variances on cash		(19,563)	(52,930)
<b>Cash and cash equivalents at end of the period</b>		<b>\$ 1,599,319</b>	<b>\$ 449,970</b>

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

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## PolarX Limited

### 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 2021		672,216,731	\$ 99,425,122	\$ (73,762,854)	\$ 39,584	\$ 1,190,098	\$ 4,836,646	\$ 3,000	31,731,596
Loss for the period		-	-	(742,035)	-	-	-	-	(742,035)
Other comprehensive gain		-	-	-	721,589	-	-	-	721,589
<b>Total comprehensive loss for the period</b>		-	\$ -	\$ (742,035)	\$ 721,589	\$ -	\$ -	\$ -	(20,446)
<b>Transactions with owners in their capacity as owners</b>									
Shares issued	10	43,013,125	1,376,420	-	-	-	-	-	1,376,420
Share issue costs	10	-	(89,960)	-	-	-	-	-	(89,960)
Options issued to consultants	12, 14	-	-	-	-	-	120,357	-	120,357
Share-based compensation	12, 14	-	-	-	-	-	16,277	-	16,277
<b>Balance at 31 December 2021</b>		<b>715,229,856</b>	<b>\$ 100,711,582</b>	<b>\$ (74,504,889)</b>	<b>\$ 761,173</b>	<b>\$ 1,190,098</b>	<b>\$ 4,973,280</b>	<b>\$ 3,000</b>	<b>\$ 33,134,244</b>

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)
<b>Total comprehensive loss for the period</b>		-	\$ -	\$ (650,840)	\$ (2,211,404)	\$ -	\$ -	\$ -	(2,862,244)
<b>Transactions with owners in their capacity as owners</b>									
Shares issued		26,315,719	1,000,000	-	-	-	-	-	1,000,000
Share issue costs		-	(17,540)	-	-	-	-	-	(17,540)
Shares issued to consultants		358,166	12,894	-	-	-	-	-	12,894
Share-based compensation	14	-	-	-	-	-	53,291	-	53,291
<b>Balance at 31 December 2020</b>		<b>541,878,894</b>	<b>\$ 94,607,063</b>	<b>\$ (73,113,942)</b>	<b>\$ (504,682)</b>	<b>\$ 1,190,098</b>	<b>\$ 4,762,349</b>	<b>\$ 3,000</b>	<b>\$ 26,943,886</b>

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

# PolarX Limited

## Condensed notes to the financial statements for the half-year ended 31 December 2021

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### 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 2021 was authorised for issue in accordance with a resolution of the Directors on 14 March 2022.

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 2021, the Group incurred a loss of \$742,035 (2020: \$650,840) and generated net cash outflows of \$1,866,174 (2020: \$3,676,172). At 31 December 2021, the Group had net current assets of \$1,882,430 (30 June 2021: \$3,702,617).

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 current cash balance of the Group relative to its fixed and discretionary commitments;
- 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 2021 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 2021 (**2021 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 2021 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 2021*

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There has been no significant impact on the disclosures or the amounts recognised in the Group's consolidated financial statements as a result of the new and revised accounting standards.

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

**4. Acquisition Terms**

On 31 January 2021, the Company announced that it had secured an option with Armada Mining Inc. (**Armada**) to acquire a Mining Lease Agreement over the Humboldt Range Gold-Silver Project in Nevada, USA (**Humboldt Option**), which comprised 177 lode mining claims.

PolarX paid an initial fee of US\$35,000 to secure the Humboldt Option for up to 120-days while it conducted due-diligence investigations to further verify previous exploration results and confirm ownership of the underlying lode claims. On 31 March 2021, the Company exercised the Option (**Humboldt Transaction**) by payment of a further US\$35,000 cash and issuing 5,000,000 fully paid ordinary shares (escrowed for 2-years) with a fair value of \$150,000 to Armada. Refer to Note 17 for Commitments related to the Humboldt Range Project.

The Company accounted for the Humboldt Transaction as an asset acquisition and identified and recognized the individual identifiable assets acquired and liabilities assumed. The purchase price was allocated to the individual identifiable asset acquired, the Humboldt Project on the basis of its relative fair value at the date of acquisition. Consideration for the Humboldt Transaction of \$240,047 and transaction costs of \$12,964, were capitalised as exploration and evaluation assets.



## PolarX Limited

### Condensed notes to the financial statements for the half-year ended 31 December 2021

	Consolidated	
	For the six months ended	
	31 December	31 December
	2021	2020
	\$	\$
<b>5. Other expenses</b>		
Accounting and audit fees	51,880	39,118
Bank fees	4,233	5,798
Business expenses	12,264	2,616
Corporate finance	90,508	90,000
Computer expenses	2,347	902
Conferences	23,562	34,548
Insurance	30,757	32,290
Investor relations	48,000	69,291
Media coverage	71,209	39,564
Printing and stationary	1,955	789
Postage	179	2,213
Rent and accommodations	12,510	-
Subscriptions	3,850	3,642
Telephone	985	700
Travel expenses	-	-
Depreciation	1,178	706
Other	62,343	19,880
	<b>417,760</b>	<b>342,057</b>

	Consolidated	
	31 December	30 June
	2021	2021
	\$	\$
<b>6. Other Receivables and Prepayments</b>		
<b>Current</b>		
GST / VAT receivable	44,384	30,849
Prepayments	349,201	363,959
	<b>393,585</b>	<b>394,808</b>

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.

**PolarX Limited****Condensed notes to the financial statements for the half-year ended 31 December 2021**

	<b>Consolidated</b>	
	31 December	30 June
	2021	2021
	\$	\$
<b>7. Property, Plant and Equipment</b>		
<b>Plant and Equipment</b>		
Cost	43,461	38,194
Accumulated depreciation	(24,182)	(20,588)
Net carrying amount	<u>19,279</u>	<u>17,606</u>
<b>Motor Vehicles</b>		
Cost	122,696	95,559
Accumulated depreciation	(47,218)	(37,571)
Net carrying amount	<u>75,478</u>	<u>57,988</u>
<b>Office Furniture and Fixtures</b>		
Cost	519	519
Accumulated depreciation	(425)	(415)
Net carrying amount	<u>94</u>	<u>104</u>
<b>Computer Equipment</b>		
Cost	10,876	10,876
Accumulated depreciation	(4,967)	(3,799)
Net carrying amount	<u>5,909</u>	<u>7,077</u>
<b>Total property, plant and equipment</b>		
Cost	177,552	145,148
Accumulated depreciation	(76,792)	(62,373)
Net carrying amount	<u>100,760</u>	<u>82,775</u>

## PolarX Limited

### Condensed notes to the financial statements for the half-year ended 31 December 2021

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

	Consolidated	
	31 December 2021 \$	30 June 2021 \$
<b>Plant and Equipment</b>		
Carrying amount at beginning of period	17,606	4,447
Additions	3,757	22,282
Depreciation expense	(3,136)	(7,440)
Net exchange differences on translation	1,052	(1,683)
Carrying amount at end of period	<b>19,279</b>	<b>17,606</b>
<b>Motor Vehicles</b>		
Carrying amount at beginning of the period	57,988	34,447
Additions	25,673	51,131
Depreciation expense	(10,326)	(22,703)
Net exchange differences on translation	2,143	(4,887)
Carrying amount at end of period	<b>75,478</b>	<b>57,988</b>
<b>Office Furniture and Fixtures</b>		
Carrying amount at beginning of the period	104	130
Additions	-	-
Depreciation expense	(10)	(26)
Net exchange differences on translation	-	-
Carrying amount at end of period	<b>94</b>	<b>104</b>
<b>Computer Equipment</b>		
Carrying amount at beginning of the period	7,077	4,202
Additions	-	4,645
Depreciation expense	(1,168)	(1,770)
Net exchange differences on translation	-	-
Carrying amount at end of period	<b>5,909</b>	<b>7,077</b>
Total property, plant and equipment	<b>100,760</b>	<b>82,775</b>

## PolarX Limited

Condensed notes to the financial statements for the half-year ended 31 December 2021

	Consolidated	
	31 December	30 June
	2021	2021
	\$	\$
<b>8. Deferred Exploration and Evaluation Assets</b>		
<b>Exploration and evaluation expenditure</b>		
At cost	39,551,167	36,346,317
Accumulated provision for impairment	(8,400,113)	(8,400,113)
Total exploration and evaluation assets	<b>31,151,054</b>	<b>27,946,204</b>

	Consolidated	
	31 December	30 June
	2021	2021
	\$	\$
Carrying amount at beginning of the period	27,946,204	24,307,272
Acquisition cost (Note 4)	-	253,011
Exploration and evaluation expenditure during the period/year	2,488,342	4,703,325
Net exchange differences on translation	716,508	(1,317,404)
Carrying amount at end of period	<b>31,151,054</b>	<b>27,946,204</b>

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, 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.

	Consolidated	
	31 December	30 June
	2021	2021
	\$	\$
<b>9. Trade and other payables</b>		
Trade payables	40,292	44,053
Accruals	70,182	133,194
	<b>110,474</b>	<b>177,247</b>

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

## PolarX Limited

Condensed notes to the financial statements for the half-year ended 31 December 2021

	Consolidated	
	31 December	30 June
	2021	2021
	No. of shares	No. of shares
<b>10. Contributed Equity</b>		
<b>(a) Issued and paid up capital</b>		
Ordinary shares fully paid	<b>715,229,856</b>	<b>672,216,731</b>

	31 December		30 June	
	2021	2021	2021	2021
	Number of shares	\$	Number of shares	\$
<b>(b) Movements in ordinary shares on issue</b>				
Balance at beginning of the period	672,216,731	99,425,122	515,205,009	93,611,709
Share issues (net of costs)	43,013,125	1,286,460	151,315,719	5,638,695
Shares issued for acquisition of Humboldt Range Inc.	-	-	5,000,000	150,000
Share issues to consultants	-	-	696,003	24,718
Balance at end of the period	<b>715,229,856</b>	<b>100,711,582</b>	<b>672,216,731</b>	<b>99,425,122</b>

	Consolidated	
	31 December	30 June
	2021	2021
	\$	\$
<b>11. Accumulated losses</b>		
Movements in accumulated losses were as follows:		
Balance at beginning of the period/year	73,762,854	72,463,102
Loss for the period/year	742,035	1,299,752
Balance at end of the period/year	<b>74,504,889</b>	<b>73,762,854</b>

	Consolidated	
	31 December	30 June
	2021	2021
	\$	\$
<b>12. Reserves</b>		
Foreign currency translation reserve	761,173	39,584
Warrant reserves	1,190,098	1,190,098
Share based payments reserves	4,973,280	4,836,646
Option premium reserve	3,000	3,000
Balance at end of period/year	<b>6,927,551</b>	<b>6,069,328</b>

## PolarX Limited

### Condensed notes to the financial statements for the half-year ended 31 December 2021

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
<b>Movement in reserves:</b>		
<i>Share based payments and option premium reserve</i>		
Balance at beginning of period/year	4,836,646	4,709,058
Options issued to corporate advisors	120,357	103,618
Equity benefits expense	16,277	23,970
Balance at end of period/year	<u>4,973,280</u>	<u>4,836,646</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 2021	30 June 2021
	\$	\$
<i>Foreign currency translation reserve</i>		
Balance at beginning of period/year	39,584	1,706,722
Foreign currency translation	721,589	(1,667,138)
Balance at end of period/year	<u>761,173</u>	<u>39,584</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 2021	30 June 2021
	\$	\$
<i>Warrant reserve</i>		
Balance at beginning of period/year	1,190,098	1,190,098
Warrants exercised	-	-
Balance at end of period/year	<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.

### 13. 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 \$7,115 (2020: \$8,732) and serviced office fees totalling \$6,000 (2020: \$6,000) of which \$557 was outstanding at period end (30 June 2021: Nil).

There were no other related party disclosures for the half-year ended 31 December 2021 (2020: Nil).

## PolarX Limited

### Condensed notes to the financial statements for the half-year ended 31 December 2021

#### 14. 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 2021	31 December 2020
	\$	\$
<b>Operating expenditure</b>		
Options issued to employees and directors	16,277	-
Options issued to consultants	120,357	53,291
Balance at end of period	136,634	53,291

##### (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:

##### 2021

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
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
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	-
31 December 2021			32,000,000	20,000,000	-	(29,000,000)	23,000,000	8,000,000
Weighted remaining contractual life (years)			0.65				3.29	2.30
Weighted average exercise price			\$ 0.12				\$ 0.055	\$ 0.05

On 28 July 2021, the Company issued 5,000,000 options, each exercisable at \$0.05 on or before 27 July 2024, in lieu of cash remuneration to consultants. The fair value of these options of \$93,848 was recognised to Exploration & Evaluation Assets in the Consolidated Balance Sheet. Refer further to Note 15.

On 21 December 2021, the Company issued 15,000,000 options, each exercisable at \$0.058 on or before 27 October 2025, in lieu of cash remuneration to directors. Refer further to Note 15.

## PolarX Limited

### Condensed notes to the financial statements for the half-year ended 31 December 2021

#### 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			29,400,000	3,000,000	-	(400,000)	32,000,000	3,000,000

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 in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Refer further to Note 15.

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 were recognised for these options.

#### 15. Issue of Options

On 28 July 2021, 5,000,000 Options with a fair value of \$93,848 were issued to consultants as part remuneration for their services to prepare a Concept Study for the Alaska Range Project. The fair value of the options has been capitalised to exploration and evaluation assets. 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 2021 included:

- options were issued with an exercise price of \$0.05;
- expected life of options is 3 years;
- share price at grant date was \$0.033;
- expected volatility of 107%, 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 0.16%

Options were fully vested at the time of issue.



## PolarX Limited

### Condensed notes to the financial statements for the half-year ended 31 December 2021

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On 21 December 2021, 15,000,000 Options with a fair value of \$293,666 were issued to directors 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 2021 included:

- a) options were issued with an exercise price of \$0.058;
- b) expected life of options is 3.85 years;
- c) share price at grant date was \$0.033;
- d) expected volatility of 101%, 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 1.18%

Options vest over a three year period based on continued service with the Company. During the period, the Group recognised \$4,916 as the vested portion and included the amount in consulting fees in the consolidated statement of profit and loss and other comprehensive income.

#### Prior year 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:

- a) options were issued with an exercise price of \$0.05;
- b) expected life of options is 3 years;
- c) share price at grant date was \$0.03;
- d) expected volatility of 103%, 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 0.11%

Options were fully vested at the time of issue.

**16. 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:

	<b>Consolidated</b>	
	31 December 2021	30 June 2021
	\$	\$
<b>Assets</b>		
Australia	2,086,213	3,925,868
United States	31,158,505	27,982,975
<b>Total Assets</b>	<u>33,244,718</u>	<u>31,908,843</u>
<b>Liabilities</b>		
Australia	66,760	79,292
United States	43,714	97,955
<b>Total Liabilities</b>	<u>110,474</u>	<u>177,247</u>
	31 December 2021	31 December 2020
	\$	\$
<b>Operating Result</b>		
Australia	(702,023)	(609,240)
United States	(40,012)	(41,600)
<b>Total loss from operations</b>	<u>(742,035)</u>	<u>(650,840)</u>

**17. 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 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 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 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.
- (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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**17. 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
  - 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 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.

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**17. 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) making payments on the first and second anniversary of the execution date of;

Due Date	Payment
8 January 2022	US\$70,000
8 January 2023	US\$70,000

- (ii) monthly payment of US \$10,000 from September 2022 as advance against production royalties; and

- (iii) a royalty on gold production of 2.5% NSR (3.75% NSR if grade > 15.6g/t Au).

**18. 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 2021.

Refer also to Notes 17 for the contingent payments and royalties applicable to the Caribou Dome, Stellar and Humboldt Range properties.

**19. 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 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.

## **20. Subsequent events**

No 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, 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 2021 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  
14 March 2022

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# Stantons

PO Box 1908  
West Perth WA 6872  
Australia  
Level 2, 40 Kings Park Rd  
West Perth WA 6005  
Australia  
Tel: +61 8 9481 3188  
Fax: +61 8 9321 1204  
ABN: 84 144 581 519  
www.stantons.com.au

14 March 2022

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

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 2021, 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)

**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 2021, 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 PolarX Limited financial position as at 31 December 2021 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 14 March 2022.

**Emphasis of Matter – Carrying Amount of Deferred Exploration and Evaluation Assets**

We draw attention to Note 8 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 2021 amounted to \$31,151,054. 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

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### *Material Uncertainty Relating to Going Concern*

As referred to in Note 2 to the consolidated financial statements, the consolidated financial statements have been prepared on the going concern basis. For the half-year ended 31 December 2021, the Group incurred a loss after income tax of \$742,035 and has net cash outflows of \$1,866,174. At 31 December 2021, the Group had cash and cash equivalents of \$1,599,319.

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 Company's financial position as at 31 December 2021 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)**

A handwritten signature in black ink that reads "Samir Tirodkar" and is written over a faint, larger version of the company name "Stantons International Audit and Consulting Pty Ltd".

**Samir Tirodkar**  
Director

West Perth, Western Australia  
14 March 2022