PolarX Limited

ABN 76 161 615 783

Annual Report
30 June 2019

CONTENTS

CORPORATE DIRECTORY

Directors

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Dr. Frazer Tabeart	Managing Director
Dr. Jason Berton	Executive Director
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REVIEW OF OPERATIONS

During the financial year ended 30 June 2019 (**FY2019**), the Company's continued focus has been on the exploration and development of its **Alaska Range Project** (Alaska, USA), which contains both the Stellar Gold Copper Project (**Stellar Project**) and the Caribou Dome Copper Project (**Caribou Dome Project**) (refer Figure 1). The combined Alaska Range Project now comprises 447 State mineral claims covering a total area of ~261km^2. Collectively these claims form a contiguous package with ~35km strike length containing extensive copper and gold-in-soil anomalism, with significant upside potential for resource extensions and larger porphyry copper-gold discoveries.

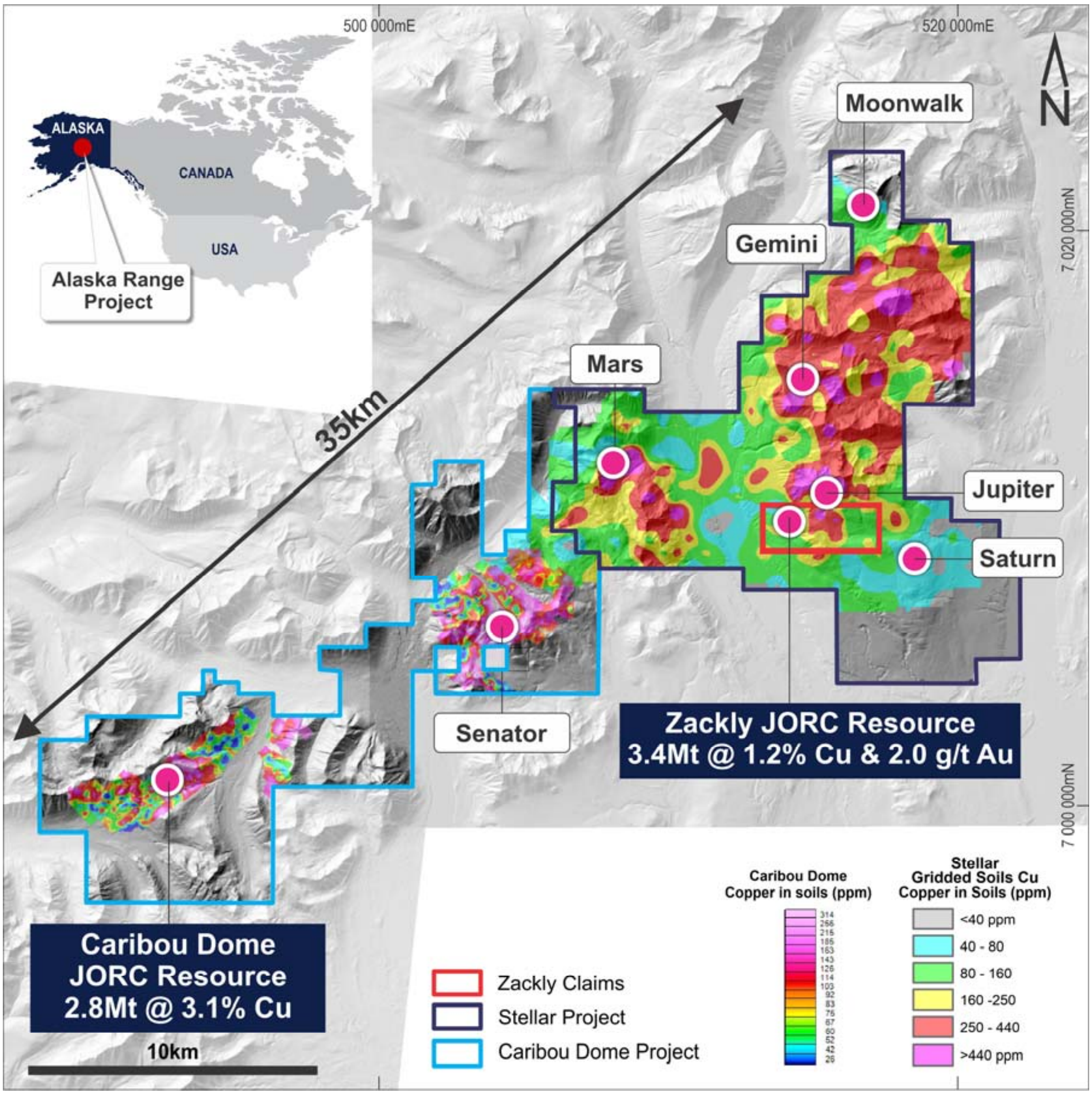

Figure 1. *Location map showing main deposits and prospects at the Stellar and Caribou Dome projects in central Alaska and showing regional copper geochemistry in soil sampling draped on digital elevation.*

<u>Alaska Range Project Overview</u>

The Stellar Property contains six main prospects: the Zackly Cu-Au skarn (Zackly Deposit); the Saturn Porphyry Target (formerly Zackly SE), the Mars Porphyry Target, the Jupiter and Gemini porphyry Cu-Au targets, and the Au-only Moonwalk Prospect (Figure 1). A maiden JORC Inferred Resource estimate for the Zackly Deposit was announced in March 2018 (Zackly Resource, refer Table 1). The Zackly Resource extends from surface and remains open for extension along strike and at depth.

The Caribou Dome deposit is located approximately 20km south-west of the Zackly Deposit (Figure 1) and includes the Senator copper prospect. A maiden mineral resource estimate for the Caribou Dome deposit was announced in April 2017 (Table 1).

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[1]	Inferred	3.4	1.2	2.0	14.0	41,200	91	213,000	1,500,000
CARIBOU	Inferred	1.6	3.2	-		52,300	115	-	-
DOME[2]	Indicated	0.6	2.2	-		13,000	29	-	-
	Measured	0.6	3.6	-		20,500	45	-	-
					TOTAL	127,000	280	213,000	1,500,000

Notes:

1. *Refer to the ASX announcement of 20 March 2018 for full details on the Stellar Project Resource Estimate, including applicable technical information and reporting criteria. During FY2019 there was no change to the Zackly Resources Estimate reported at 30 June 2018 for comparison.*

2. *Refer to the ASX announcement of 5 April 2017 for full details on the Caribou Dome Project Resource Estimate, including applicable technical information and reporting criteria. During FY2019 there was no change to the Caribou Dome mineral resources estimate reported at 30 June 2018 for comparison.*

Strategic Partnership – Lundin Mining Corporation

On 3 June 2019, the Company and Lundin Mining Corporation (**Lundin Mining**) agreed terms for a strategic earn-in joint venture over select porphyry Cu-Au targets within the Stellar Project (**Strategic Partnership**). The following summary sets out the key terms and conditions of the Strategic Partnership:

- The Strategic Partnership contemplates an earn-in joint venture over select porphyry Cu-Au targets in PolarX's 100% owned Stellar Project within its Alaska Range Project. The Zackly Cu-Au skarn claims and the Caribou Dome Project are excluded from the earn-in area (Figure 1).

- Lundin Mining subscribed for 53.4M ordinary shares in PolarX at A$0.08 per share for A$4.3M (**Lundin Mining Placement**) following which Lundin Mining become PolarX's largest shareholder. This share subscription secures an exclusive option for Lundin Mining to enter an earn-in joint venture on porphyry Cu-Au targets within PolarX's Stellar Claims.

- PolarX agreed to use the proceeds of this share subscription to fund an exploration program on porphyry Cu-Au targets in the Stellar Claims. The exploration program is to be completed by the end of 2019, subject to extension in certain limited circumstances, and will be determined by a five-person exploration committee (3 Lundin Mining members, 2 PolarX).

- Lundin Mining will make its decision as to whether to exercise the option to commence the earn-in on or before the later of a thirty-day period to review results of the exploration program and 31 December 2019 (the "Option Exercise Date").

- Lundin Mining can exercise the option to enter into a 3-year Earn-in Period for a joint venture at any time prior to Option Exercise Date, with the following earn-in terms:

  - Year 1 - upfront cash payment to PolarX of US$2M within 30 days of the Option Exercise Date (anticipated to be 30 January 2020) plus a minimum of US$8M exploration expenditure by the end of Year 1 to earn the right to continue.

  - Year 2 - upfront cash payment to PolarX of US$3M within 30 days of the first anniversary of the Option Exercise Date (anticipated to be 30 January 2021) plus a minimum of US$8M exploration expenditure by the end of Year 2 to earn the right to continue.

  - Year 3 - upfront cash payment to PolarX of US$5M within 30 days of the second anniversary of the Option Exercise Date (anticipated to be 30 January 2022) plus a minimum of US$8M exploration expenditure by the end of Year 3 to earn the right to then enter into a joint venture.

  - Final cash payment of US$10M to PolarX to exercise the right to form a joint venture initially owned 51% Lundin Mining and 49% PolarX.

- Lundin Mining can withdraw at any time prior to formation of the JV as long as the required upfront cash payments for said year to PolarX have been made to that point.

- Lundin Mining may accelerate the earn-in phase by spending the total of $24M and making the $20M cash payments in a shorter timeframe at its sole election.

- Once formed, the JV will be managed by a five-person board (3 Lundin Mining appointees, 2 PolarX appointees). Both parties will be responsible for funding their share of future expenditure, with standard dilution provisions for non-contributing parties.

Pursuant to the Lundin Mining Placement, the Company also granted Lundin Mining the right to maintain its equity interest in the Company in the event that the Company commits to issue equity securities other than in specified circumstances (**Anti-Dilution Right**). The Company obtained an ASX waiver from ASX Listing Rule 6.18 to allow the Company to grant the Anti-Dilution Right.

Exploration Programs

Geological Setting and Porphyry Cu-Au Potential

The Alaska Range Project occurs immediately south of a series of thrust faults which mark the local boundary between the Tintina Gold Belt to the north and the well-endowed Cretaceous porphyry copper belt to the south (this belt hosts the supergiant Pebble Deposit which contains 37Mt of copper and 107Moz gold).

A corridor of NW to WNW trending faults intersects the thrusts in the NE part of the Alaska Range Project (refer to Figure 2). A series of magnetic anomalies consistent with porphyry-style intrusions occur within this fault corridor. Interpreted porphyry-style intrusions occur below Mars, Gemini and Saturn.

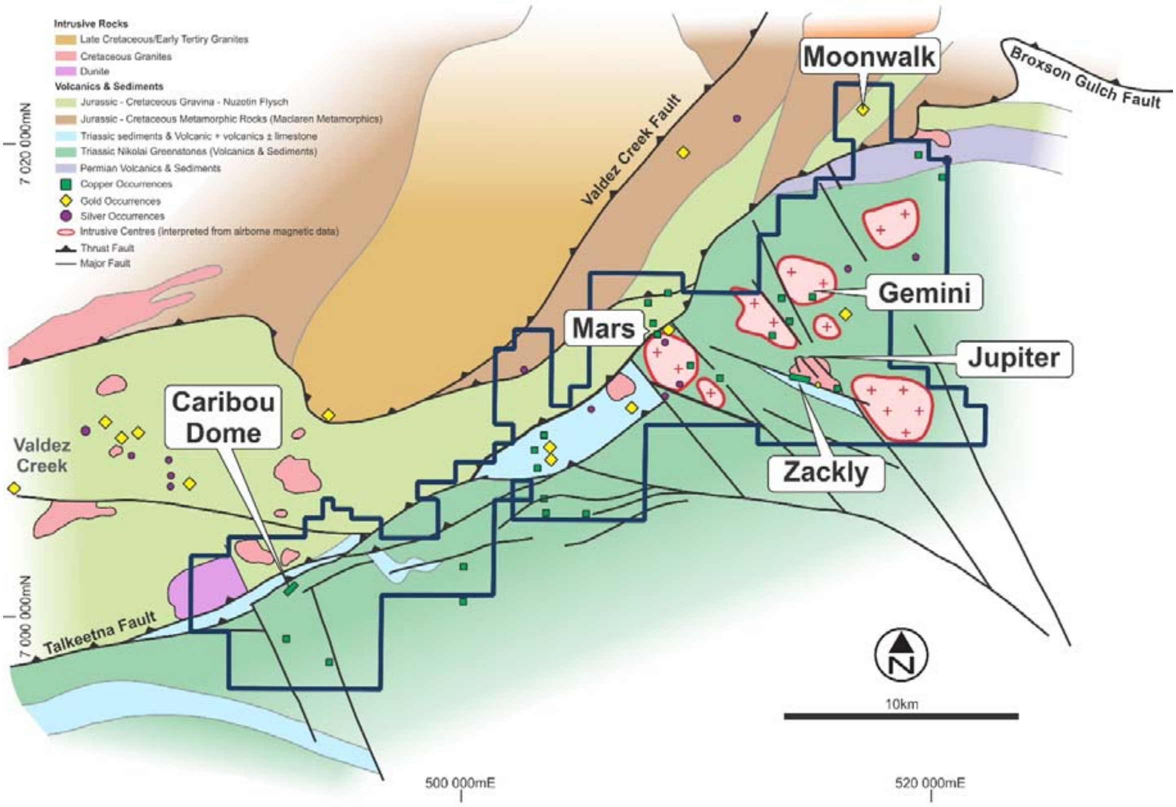

Figure 2. *Geological interpretation for the Alaska Range Project, showing the Zackly prospect occurring in limestones next to a cluster of intrusive centres, bounded by a major fault corridor which is perpendicular to terrane bounding thrust faults.*

Based on geological and geophysical interpretations published to date:

- a very pronounced, 12km long structural corridor extends from Mars in the WNW to Saturn in the ESE. This structural corridor is up to 1km wide and hosts the Zackly Skarn along its northern edge (Figure 3);

- the Saturn complex can be resolved with an interpretation of multiple intrusive bodies surrounded by a significant halo of magnetite destruction; and

- inversion modelling of the magnetic data has highlighted that the anomaly at Saturn represents a steeply south plunging, upward flaring cylinder. The magnetic body is approximately 2km x 1km in areal extent and extends to depths in excess of 3km which the lower extent of the inversion model (Figure 4). It is covered by glacial till and is blind to surface geochemistry.

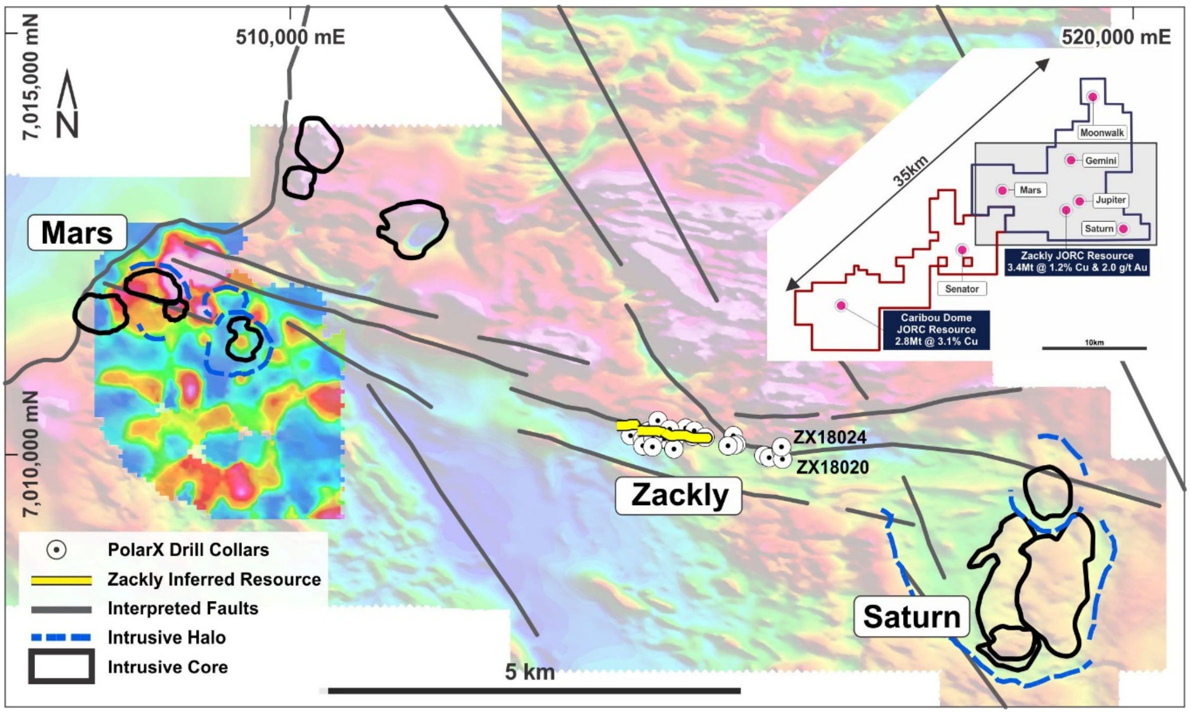

Figure 3. *District scale overview showing the 12km long WNW trending corridor which hosts Mars porphyry Cu-Au target, the high-grade Zackly Cu-Au skarn and the Saturn porphyry target.*

Saturn Porphyry Target

The Saturn copper-gold porphyry target was identified in early 2018 from PolarX's evaluation of regional aeromagnetic data and confirmed through a higher-resolution survey in October 2018. Saturn is approximately 3km to the east of the 100% owned high-grade Zackly skarn deposit, a style of mineralisation often associated with large mineralised porphyry systems. The Saturn anomaly is interpreted to be the potential fluid source for the east-west trend of skarn mineralization and alteration discovered at Zackly (Figures 4 and 5).

The Saturn magnetic body is approximately 2km x 1km in areal extent and is covered by post-mineral glacial gravels and is therefore blind to surface geochemistry.

The geometry of the Saturn magnetic body, its geological setting, and the bulls-eye magnetic high/low pattern are consistent with an interpretation of a hydrothermal system related to a porphyry intrusive body, including an interpreted halo of magnetite destruction and propylitic alteration surrounding the body. These factors, plus the proximity of high-grade Cu-Au mineralisation at the Zackly Skarn deposit, support the interpretation that Saturn may host a porphyry Cu-Au system.

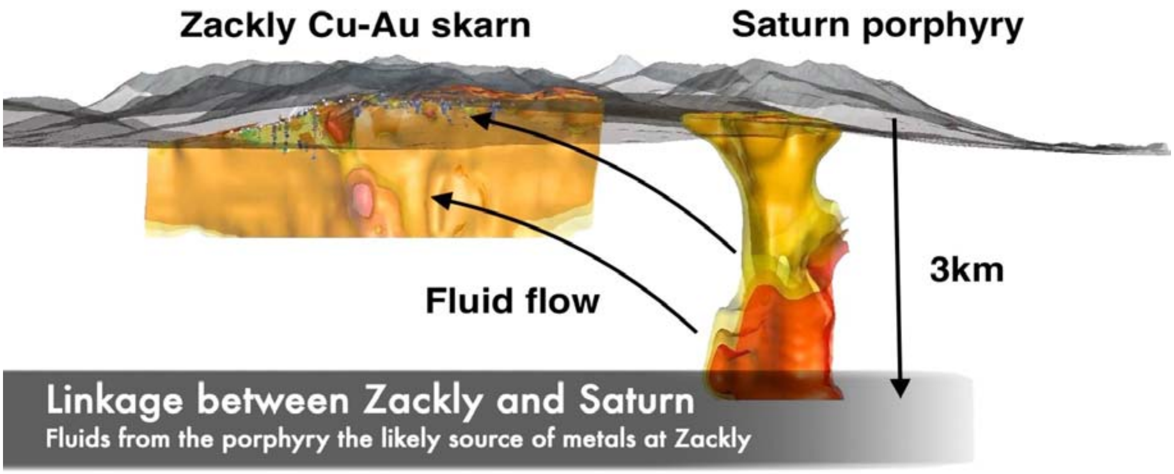

Figure 4. *Oblique view of 3D inversion modelling showing the strongly magnetic, upward flaring cylinder of the Saturn anomaly and its spatial relationship to the mineralisation at Zackly. The image shows three cylindrical iso-surfaces of magnetic susceptibility, with red representing the most magnetic and yellow the least. Non-magnetic areas are blank.*

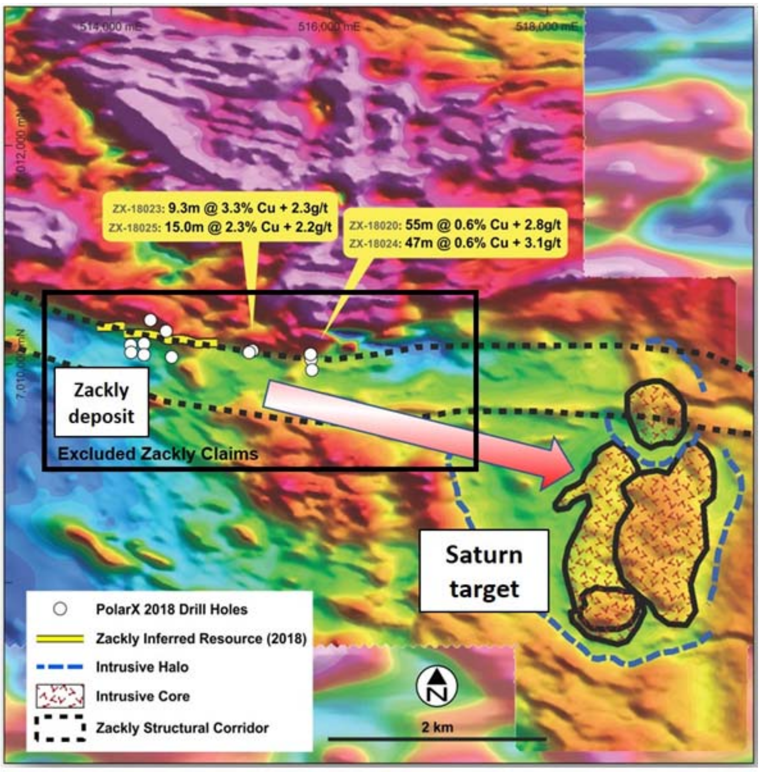

Figure 5. *The Saturn target showing proximity to the high-grade Zackly Cu-Au deposit.*

IP Survey

A program of induced polarisation ground geophysics (**IP survey**) commenced in July 2019 over the Saturn target to collect data along several profiles (Figure 6). Areas of anomalous chargeability have been identified on all five sections.

In Section 9175 the highest chargeability occurs on the outer flanks of the magnetic high, surrounding a zone of elevated chargeability associated with the magnetic high (Figures 6, 7 and 8). This pattern is entirely consistent with the classic porphyry copper exploration model; a pyritic shell in propylitic alteration surrounding the interpreted core of the porphyry intrusions and is also consistent with the potential for disseminated sulphides and stockwork quartz veins within the porphyry intrusions. This again confirms the interpreted porphyry intrusion as a high priority for drill testing.

The IP data also show zones of decreased resistivity above the chargeability highs, possibly indicating the presence of clay-minerals associated with argillic alteration or weathering.

Two core drilling rigs commenced drilling in August 2019, to down-hole depths of 600m, to test the IP chargeability response and magnetic bodies (Figure 8). Further drilling will be planned after an assessment of the geology encountered in the initial holes is combined with the IP survey results and the previously announced detailed magnetic data.

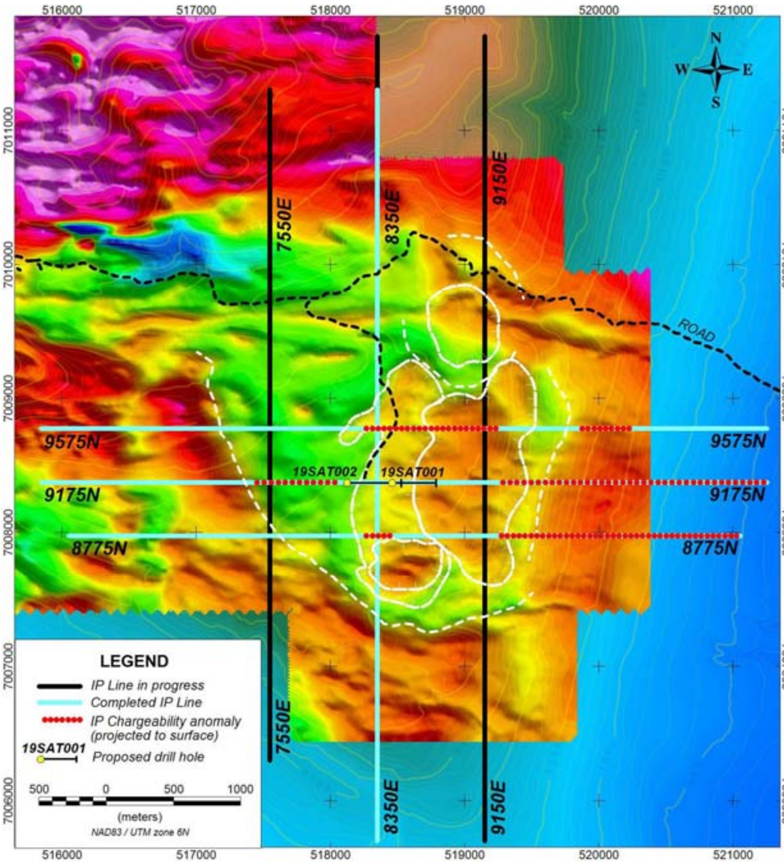

Figure 6. *Plan view of IP survey lines and projections of chargeability highs delineated at the Saturn target. The collar positions of the first two diamond drill holes on line 9175N are also shown*

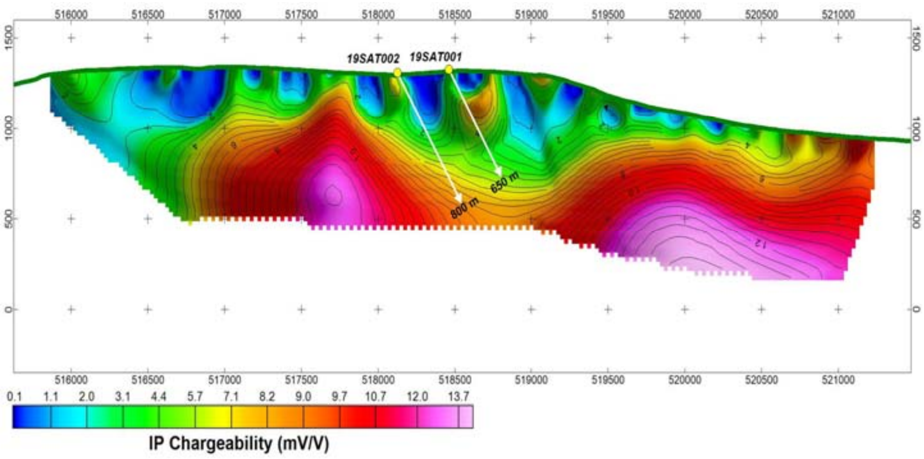

Figure 7. *IP Line 9175N Inversion model showing chargeability response*

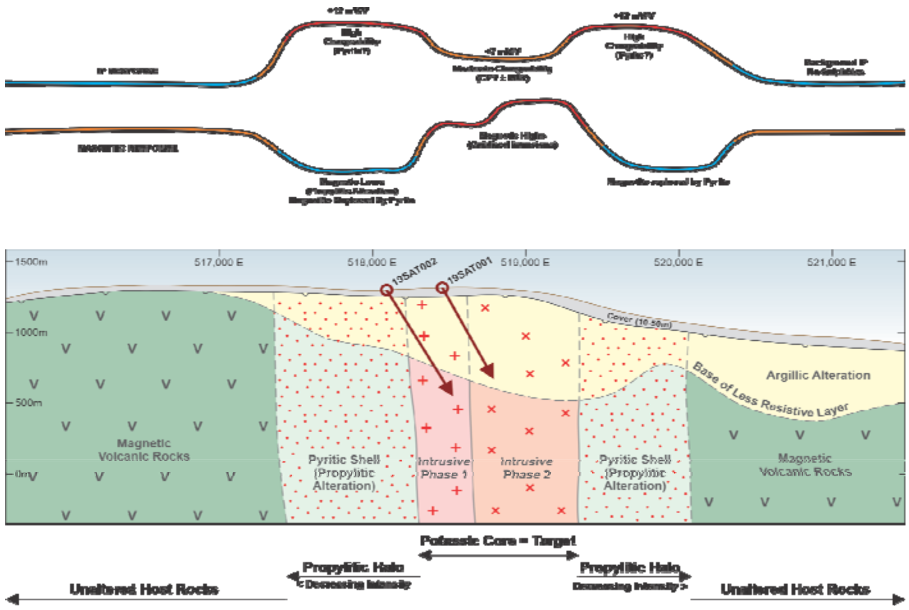

Figure 8. *IP Line 9175N Geological interpretation showing IP chargeability and magnetic responses and highlighting the potential potassic core of the intrusive centres as a high priority drilling target*

Zackly Deposit (100% owned by PolarX and excluded from the Lundin Mining earn-in area)

The skarn alteration and associated Cu-Au-Ag mineralisation at Zackly occurs in silty limestones (exoskarn) and also locally in andesitic-basalt volcanic rocks and dioritic intrusive rocks (endokarn).

A drill program comprising 18 core holes for approximately 3,560m was completed in the first half of FY2019 (Zackly Drilling Program) and determined that the mineralisation extends below the current resource and for at least 850m outside the resource along-strike to the east (Figure 9). Assay results from that field program are detailed below (refer Figure 9 and Table 2):

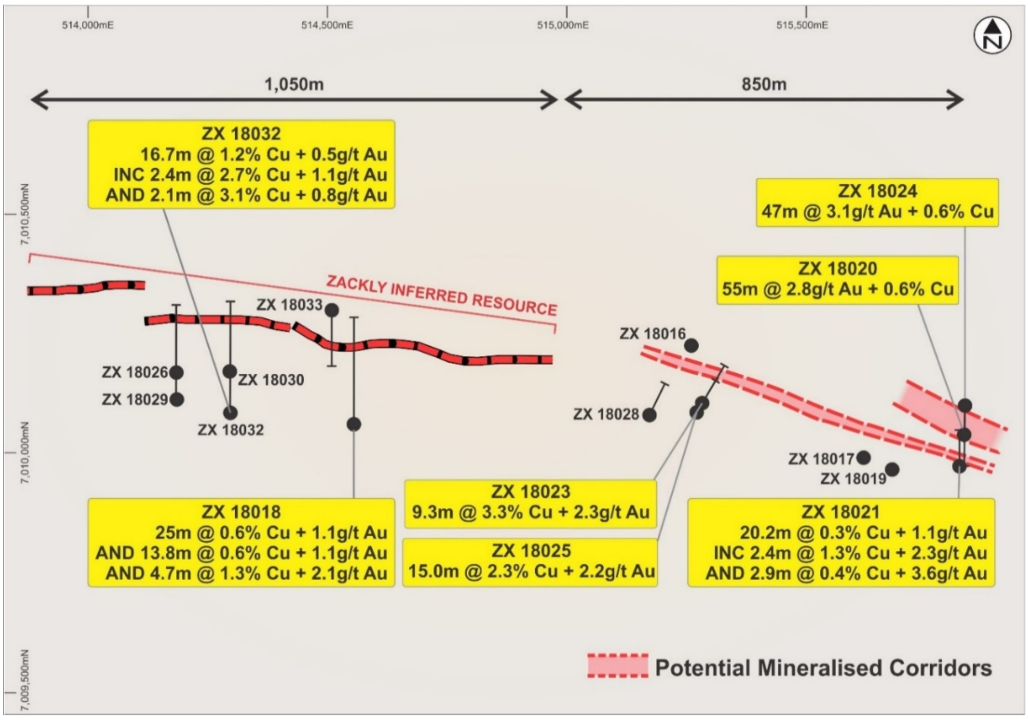

Figure 9. *Drill hole plan for Zackly showing the 2018 surface trace of PolarX's inferred resource outline (red) and the 2018 drill hole collars and key assay results. Further drilling has been planned in 2019 around the high-grade intersections in holes ZX-18020 and ZX-18024.*

Table 2: Assay Results Received from 2018 Zackly Drilling Program

Hole_ID		Depth from (m)	Down hole Interval (m)	Au g/t	Cu%	Ag g/t
ZX-18016		no significant assays - hole off trend				
ZX-18017		no significant assays - hole off trend				
ZX-18018		**261.6**	**25.5**	**1.1**	**0.6**	**5.5**
	Including	261.6	5.3	1.7	1.1	11.3
	and	273.5	3.8	1.2	0.8	6.3
	and	285.8	1.4	**9.3**	**3.2**	38.2
	AND	**300.8**	**13.9**	**1.1**	**0.6**	**4.7**
	Including	312	2.7	2.1	1.3	10.5
	AND	**326.1**	**4.7**	**2.1**	**1.3**	**10.6**
	Including	326.1	**2.5**	**3.5**	**2.3**	18.5
ZX-18019		No significant assays – fault zone offsets trend				
ZX-18020		**2.5**	**55**	**2.8**	**0.6**	**9.5**
ZX-18021		**8.2**	**20.2**	**1.1**	**0.3**	**5.3**
	Including	**8.5**	**2.4**	**2.3**	**1.3**	**23.6**
	and	**16.0**	**2.9**	**3.6**	**0.4**	**7.1**
		45.1	3.8	2.4	0.2	3.9
		57.1	2.1	1.0	0.5	7.4
		76.6	2.6	0.6	0.1	1.6
		83.7	7.3	**1.0**	0.3	1.9
ZX-18022*		hole failed to reach target - rods jammed				
ZX-18023		**20.8**	**9.3**	**2.3**	**3.3**	**19.7**
ZX-18024		**36.1**	**47**	**3.1**	**0.6**	**3.3**
ZX-18025		**84.8**	**15.0**	**2.2**	**2.3**	**11.9**
ZX-18026		148.6	0.24	0.7	0.8	8.9
ZX-18027		149.9	5.4	0.7	0.7	7.6
ZX-18028		no significant assays				
ZX-18029		248.2	4.3	0.5	0.4	5.0
	and	285.5	6.2	0.6	0.3	5.2
ZX-18030		128.3	5.8	0.9	0.5	4.9
ZX-18032		**264.1**	**16.7**	**0.5**	**1.2**	**6.9**
	Including	**264.1**	**2.1**	**1.5**	**1.1**	**1.1**
		276.6	**2.4**	**1.1**	**2.7**	**12.0**
	and	**288.1**	**2.1**	**0.8**	**3.1**	**13.2**
	And	366.4	0.9	0.6	0.4	5.8
ZX-18033		406.1	2.0	0.7	0.3	4.7

Highlights and key conclusions from the 2018 assays were:

ZX-18020 and ZX-18024: Thick, High-Grade Gold with Copper Oxides from Surface

Strong, visible copper oxide mineralisation **associated with quartz and sericite alteration** was seen in hole ZX-18020 commencing near the surface immediately below 2.5m of transported over-burden, and also in hole ZX-18024 down dip to the north (Figure 10). **This mineralisation is hosted within sub-horizontal garnet bearing skarn alteration.**

This wide, new drill intersection is approximately 850m to the east of the current inferred resource at Zackly and is open in all directions (Figures 9 and 10). This mineralisation occurs very close to surface and is relatively flat lying, and if extended by further drilling, may be amenable to open pit mining methods (refer Figures 11).

The Company also believes that the geological nature, width and grade of the mineralisation in hole ZX18020 supports its view of the potential for a porphyry copper-gold target at Saturn (Figures 4 and 5).

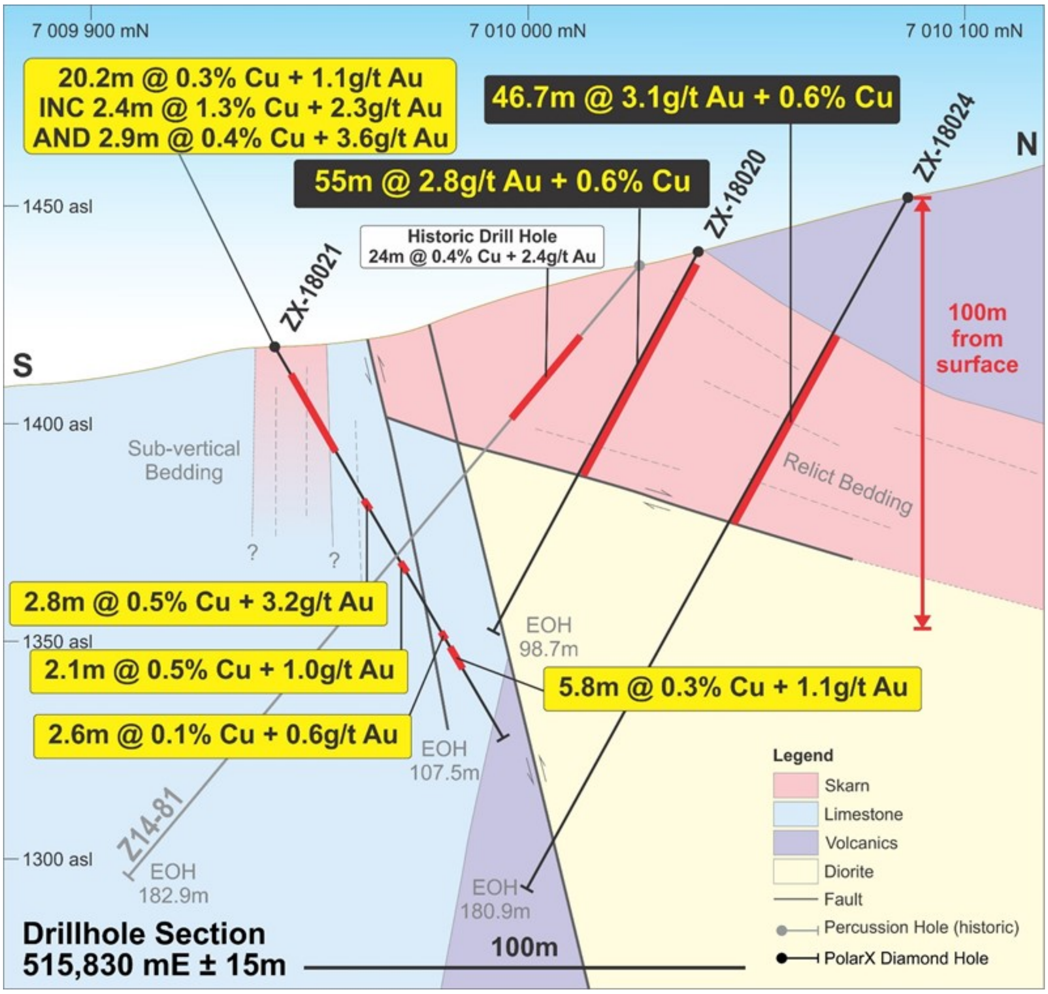

Figure 10. *Drill hole cross section for holes ZX-18020, ZX-18021 and ZX-18024.*

Holes ZX-18023 and ZX-18025: High Grade Zones of Bornite-Chalcopyrite-Magnetite Skarn

Strong, visible copper sulphide mineralisation was seen in hole ZX-18023 and ZX-18025 in a magnetite-rich skarn horizon. This drill section is approximately 350m east of the current Inferred Resource at Zackly (refer Figures 9 and 11). The copper mineralisation is hosted within magnetite-rich skarn alteration and occurs as the high-tenor sulphide bornite, with lesser amounts of chalcopyrite and covellite, with traces of native copper and copper oxides.

Lower grade mineralisation occurs in hole ZX-18027 where there is noticeably less magnetite. However, the aeromagnetic data highlights a very strong magnetic anomaly to the immediate east of this section which has yet to be drill tested by PolarX, offering potential for further shallow high-grade intersections such as those seen in holes ZX-18023 and ZX-18025.

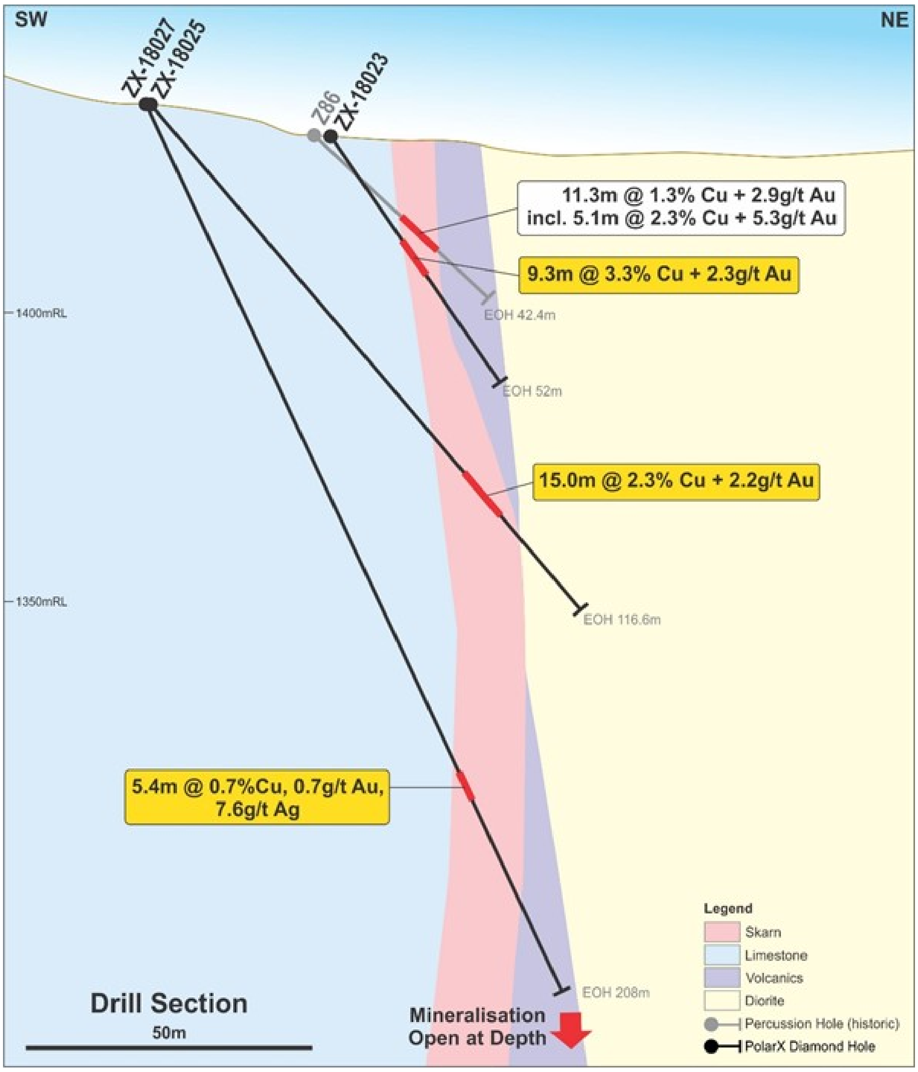

Figure 11. *Drill hole cross section for holes ZX-18023, ZX-18025 and ZX-18027*

Holes ZX-18018 and hole ZX-18032: Zackly Main Skarn Extends Below Existing Resource

Assays from drill hole ZX-18032 confirm a 16.7m wide down-hole interval from 264.1m containing 1.2% copper, 0.5g/t gold and 6.9g/t silver (refer Figure 12 and Table 2), extending the depth of the Main Skarn. This includes 2.4m with 2.7% copper, 1.1 g/t gold and 12 g/t silver from 264.1m and 2.1m with 3.1% copper, 0.8 g/t gold and 13.2 g/t silver from 288.1m.

This wide interval lies adjacent to a historical interval (Z-23-82) of 13.3m @ 2.2 g/t gold, 0.41% copper and 4.29 g/t silver from 271.67m that included 5.7m at 4.43 g/t gold, 0.8% copper and 9.06 g/t silver.

Diamond hole ZX-18030, on the same cross-section as ZX-18032, intersected 5.8m at 0.8 g/t gold, 0.5% copper and 4.9 g/t silver from 128.3 metres, beneath a historical intercept (Z-07-81) of 7.9m at 2.05% copper, 2.55 g/t gold and 22 g/t silver.

These intersections, along with those reported last year from hole ZX-18018, clearly demonstrate the potential for the Zackly mineral resource to extend further at depth, where it has yet to be closed off by drilling.

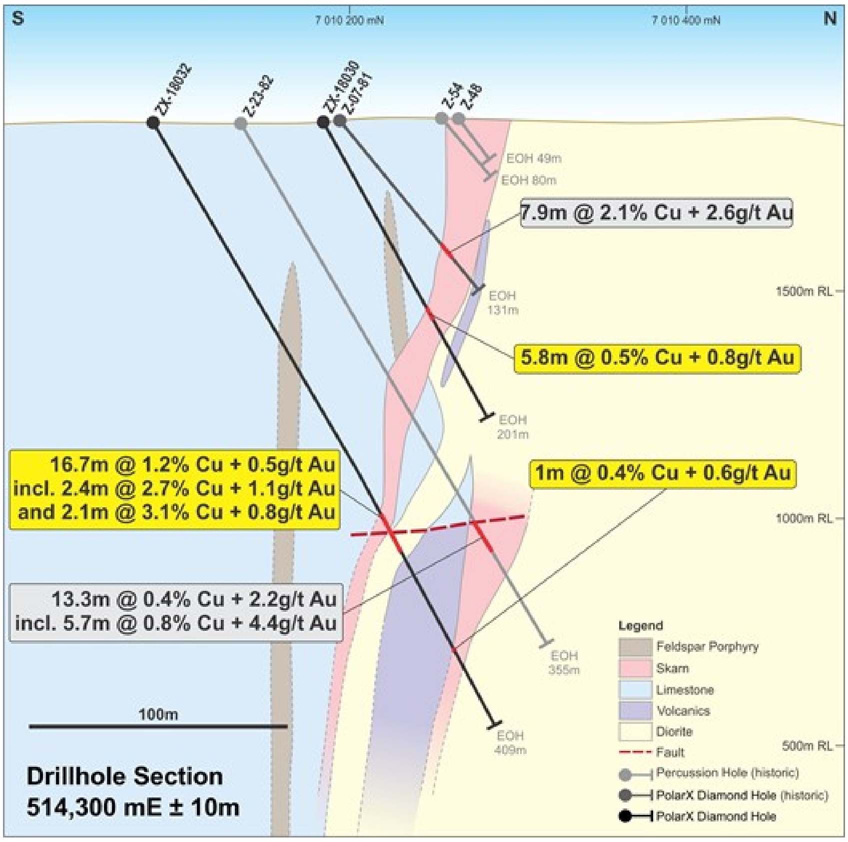

Figure 12. *Hole ZX-18032 has intersected multiple copper & gold mineralised zones in skarn commencing near historical drill intercepts. This confirms that mineralisation remains open at depth.*

Mars Porphyry Cu-AU Target

The Mars prospect lies 6km to the WNW of the Zackly Skarn (see Figures 1 and 3) and is included in the JV Claims which are subject to the Strategic Partnership with Lundin Mining. Mars is characterised by co-incident copper, gold, molybdenum and arsenic anomalism in detailed soil sampling over a large area of approximately 2,000m x 1,500m, spatially co-incident with a strong magnetic anomaly and an IP anomaly.

Key results to date include:

1. Copper (>250ppm) and molybdenum (>5ppm) anomalism in soils occurs in the central 1400m x 800m part of the multi-element anomaly, within larger haloes of gold and arsenic anomalism. Peak values for copper were 1,775ppm and for molybdenum were 24.2ppm.
2. Gold (>50ppb) and arsenic (>50ppm) anomalism in soils covers a larger 2000m x 1500m area, with peak values of 556ppb gold and 1,230ppm arsenic.
3. The copper and molybdenum anomalies coincide with a previously identified IP anomaly (Figure 13), which has been modelled at depths of 100-150m below surface.
4. Rock-chip sampling shows numerous anomalous samples for copper and gold, with 18 of the 87 samples assaying over 1% copper and 10 assaying over 0.5g/t gold.
5. Peak assays in rock-chips of 7.44%, 4.49%, 4.45% and 1.65% copper and 6.93g/t, 2.94g/t, 2.41g/t and 1.78g/t gold all occur on the northern edge of the soil anomaly closets to the intersection of the terrane bounding fault, WNW structure and intrusive cluster.

The Mars prospect is drill-ready and will be evaluated after completion of the 2019 the drilling program at Saturn.

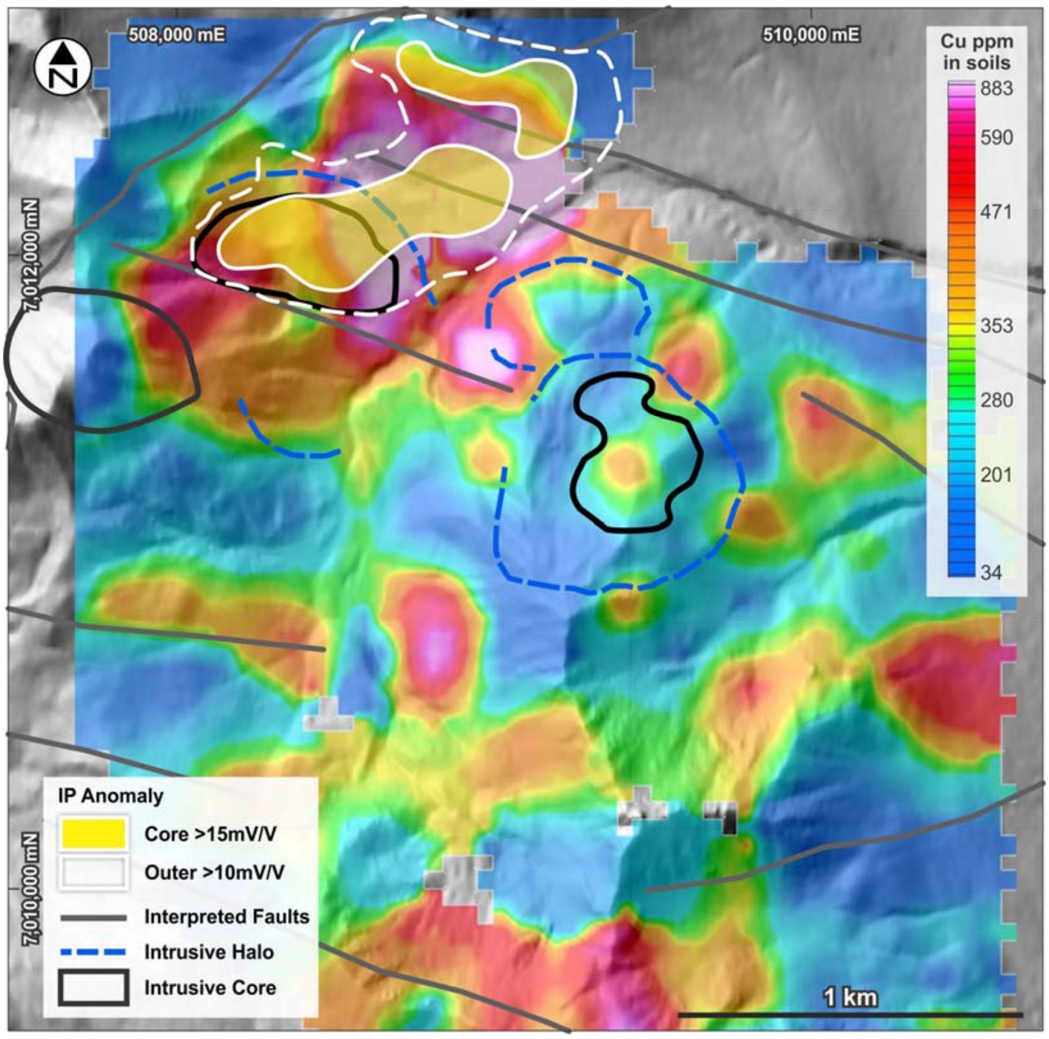

Figure 13. *IP anomaly outlines plotted on gridded soil sampling copper assays for Mars. Also shown in black outlines are the magnetic anomalies.*

Figure 14. *Copper oxides on steep outcrop at Mars, looking back towards Zackly*

Environmental Baseline Surveys

Environmental baseline studies to monitor surface and ground water at the Caribou Dome Project and Zackly deposits for future mine permitting purposes continued during FY2019.

Uncle Sam Gold Project, Alaska USA

The Uncle Sam Project is located 75 kilometres southeast of the City of Fairbanks in Alaska. Intrusion-related gold has been targeted in previous exploration programs.

The Company acquired the Uncle Sam Project in April 2013 from Millrock. Subsequently in July 2015, the Company entered into a mineral lease and purchase 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 at any time during the lease period (refer Note 29 to the 2019 Annual Financial Report for key terms).

During the 2018 reporting period the Company received noticed from the Department of Natural Resources (State of Alaska) that the mineral claims which comprise the Uncle Sam Gold Project had been declared abandoned (**DNR Notice**). The basis for the decision was an error on the affidavit of labor filed by the previous tenement owner in 2011. As a result, GAME has sought to terminate the Option Agreement.

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

- is considered a non-core asset and had a $nil carrying value in the Company's financial statements at the time of receipt of the DNR Notice; and

- is independent of the Company's Alaska Range Project.

Corporate

As detailed further above, in June 2019 the Company secured the Strategic Partnership with Lundin Mining in June 2019, the terms of which included Lundin Mining subscribing for 53,442,000 Shares at an issue price of $0.08 per Share for gross proceeds of $4.275 million.

A summary of the other significant corporate activities that have taken place during the reporting period is as follows:

- on 2 August 2018, the Company completed a placement consisting of 35,299,128 Shares at an issue price of $0.11 per share for gross proceeds of $3.883 million to institutional and sophisticated investors;

- on 14 December 2018, the Company completed a placement consisting of 21,100,000 Shares at an issue price of $0.06 per share for gross proceeds of $1.266 million to institutional and sophisticated investors; and

- on 7 June 2019, the Company announced that it would be undertaking a non-underwritten 1-for-7 non-renounceable rights issue (**Entitlement Offer**). The Entitlement Offer subsequently completed on 4 July 2019 and raised gross proceeds of $3,456,314 pursuant to the issue of 43,203,922 Shares at an issue price of $0.08 per share.

As at the date of this report, the Company had on issue 416,222,115 Shares and 33,800,000 unlisted options.

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 report 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 Tabeart (a director and shareholder of PolarX Limited), who is a member of The Australian Institute of Geoscientists. Dr Tabeart 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 Tabeart consents to the inclusion of the data in the form and context in which it appears.

Previously Reported Results

There is information in this report relating to

(1) the Mineral Resource Estimate for the Caribou Dome Deposit (Alaska Range Project), which was previously announced on 5 April 2017;

(2) the Mineral Resource Estimate for the Zackly Deposit (Alaska Range Project), which was previously announced on 20 March 2018; and

(3) exploration results which were previously announced on 13 July 2018, 17 July 2018, 24 July 2018, 7 August 2018, 15 August 2018, 21 August 2018, 27 August 2018, 20 September 2018, 25 September 2018, 31 October 2018, 5 November 2018, 29 January 2019, 25 March 2019 and 6 August 2019.

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.

Strategic Partnership - Anti Dilution Right

As detailed in the report above, the Company obtained an ASX waiver from ASX Listing Rule 6.18 to allow the Company to grant the Anti-Dilution Right to Lundin Mining. A condition of the ASX waiver was that the Company disclose a summary of the Anti-Dilution Right in each annual report. That summary is as follows:

(1) the Anti-Dilution Right lapses on the earlier of:

(i) the date on which Lundin Mining ceases to hold in aggregate at least 10% voting power in the Company;

(ii) the date on which Lundin Mining's voting power in the Company exceeds 25%; or

(iii) the strategic relationship between the Company and Lundin Mining ceasing or changing in such a way that it effectively ceases;

(2) the Anti-Dilution Right may only be transferred to a wholly owned subsidiary of Lundin Mining;

(3) any securities issued under the Anti-Dilution Right must be issued to Lundin Mining for cash consideration that is:

(i) no more favourable to the Company than any cash consideration paid by third parties (in the case of issues of equity securities to third parties for cash consideration); or

(ii) equivalent in value to non-cash consideration offered by third parties (in the case of issues of equity securities to third parties for non-cash consideration); and

(4) the number of securities that may be issued to Lundin Mining under the Anti-Dilution Right in the case of any diluting event must not be greater than the number required in order for Lundin Mining to maintain its percentage holding in the issued share capital of the Company immediately before that diluting event.

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.

The Directors present the annual report of PolarX Limited (**PolarX** or the **Company**) and its controlled entities (the **Group**) for the financial year ended 30 June 2019.

DIRECTORS

The names, qualifications and experience of the Directors in office during or since the end of the financial year are as follows (Directors were in office for the entire period unless otherwise stated).

Mark Bojanjac	Executive Chairman
Qualifications	BCom, ICAA
Experience	Mr Bojanjac is a Chartered Accountant with over 25 years' experience in developing resource companies. Mr Bojanjac was a founding director of Gilt-Edged Mining Limited which discovered one of Australia's highest-grade gold mines and was managing director of a public company which successfully developed and financed a 2.4m oz gold resource in Mongolia. He also co-founded a 3 million oz gold project in China. Mr Bojanjac was most recently Chief Executive Officer of Adamus Resources Limited and oversaw its advancement from an early stage exploration project through its definitive feasibility studies and managed the debt and equity financing of its successful Ghanaian gold mine.
Interest in shares and options	2,000,000 unlisted options exercisable at $0.0715 on or before 19 February 2020 5,000,000 unlisted options exercisable at $0.125 on or before 20 December 2021
Other Directorships	*Non-Executive* Director of Kula Gold Limited (since 21 August 2017) and Geopacific Resources Limited (March 2013 to May 2019)
Frazer Tabeart	Managing Director
Qualifications	Ph.D, B.Sc (Hons), ARSM, MAIG
Experience	Dr. Tabeart is a geologist with over 30-years' international experience in exploration and project development, with strong technical background in porphyry copper-gold systems in SE Asia, SW Pacific, the American Cordillera and central and northern Asia. After spending 16 years with WMC Resources and managing exploration portfolios in the Philippines, Mongolia and Africa, he left to join the Mitchell River Group. Dr. Tabeart has served on ASX-listed Company Boards at Executive level over last 10 years.
Interest in shares and options	4,450,000 ordinary shares 5,000,000 unlisted options exercisable at $0.125 on or before 20 December 2021
Other Directorships	Dr. Tabeart is a Director and Principal at Mitchell River Group, and current Managing Director at African Energy Resources Limited (since 1 November 2007) and Non-Executive Director at Arrow Minerals Limited (since 1 September 2014).
Jason Berton	Executive Director
Qualifications	Ph.D, B.Sc (Hons), MAusIMM
Experience	Dr. Berton is a geologist with over 17 years' mining and exploration experience including working for Homestake, Barrick and BHP Billiton and SRK Consulting. Dr Berton has also previously spent two years in private equity investment and four years as Managing Director of ASX- listed Estrella Resources. Dr Berton holds two Degrees, a Bachelor of Economics and a Bachelor of Science (Hons) plus a PhD in Structural Geology, all from Macquarie University.
Interest in shares and options	13,664,938 ordinary shares 5,000,000 unlisted options exercisable at $0.125 on or before 20 December 2021
Other Directorships	*None*

Robert Boaz	Independent Non-Executive Director
Qualifications	Honors B.A., M.A. Economics
Experience	Mr Boaz graduated with honours from McMaster University of Hamilton, Ontario with a Bachelor of Arts in Economics and has a Masters Degree in Economics from York University in Toronto. He is a highly respected financial and economic strategist in Canadian bond and equity markets with experience related to equity research, portfolio management, institutional sales and investment banking. Mr Boaz has over 20 years' experience in the finance industry, most recently as Managing Director, Investment Banking with Raymond James Ltd and Vice-President, Head of Research and in-house portfolio strategist for Dundee Securities Corporation. Mr Boaz is the former President & CEO of Aura Silver Resources Inc.
Interest in shares and options	1,000,000 unlisted options exercisable at $0.0715 on or before 19 February 2020
Other Directorships	Aura Silver Resources Inc. (2008 - 2018) Caracara Silver Inc. (2011 - 2019) Renaissance Gold Inc. (since 2010)

RESULTS OF OPERATIONS

The Group's total comprehensive loss for the year attributable to the members was $795,651 (2018: $869,476).

DIVIDENDS

No dividend was paid or declared by the Group in the year and up to the date of this report.

CORPORATE STRUCTURE

PolarX Limited is an Australian registered public company limited by shares.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

During the financial year, the Group's principal activity was mineral exploration. The Group currently holds interests in copper and gold exploration projects in Alaska USA. During the 2019 financial year, there were no changes in the principal activities from the prior financial year.

EMPLOYEES

The Group had one employee at 30 June 2019 (2018: one employee).

REVIEW OF OPERATIONS

A detailed summary of the Group's operations during the year, including significant changes in the state of affairs, are detailed in the Review of Operations.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 4 July 2019, the Company completed a non-renounceable rights issue (**Entitlement Offer**), which raised gross proceeds of $3,456,314 pursuant to the issue of 43,203,922 Shares at an issue price of $0.08 per Share. Net proceeds from the Entitlement Offer will be used for exploration and development activities on the Alaska Range Project and for general working capital purposes.

On 31 July 2019, the Company issued 10,750,000 options to consultants and advisers, each exercisable at $0.125 on or before 20 December 2021, as part consideration for past and ongoing services to the Company.

On 30 August 2019, the Company issued 305,555 shares at a deemed issue price of $0.108 per share as part consideration for consulting services.

No other significant events have occurred subsequent to the balance sheet date but prior to the date of this report that would have a material impact on the consolidated financial statements.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group will continue to carry out its business plan, by:

- continuing to explore the Alaska Range Project and advance the project towards development;
- continuing to meet its commitments relating to exploration tenements and carrying out further exploration, permitting and development activities; and
- prudently managing the Group's cash to be able to take advantage of any future opportunities that may arise to add value to the business.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group carries out operations that are subject to environmental regulations under Federal and State legislation in the USA. The Group has procedures in place to ensure regulations are adhered to. The Group is not aware of any breaches in relation to environmental matters.

SHARE OPTIONS

There were 23,450,000 options over unissued ordinary shares at 30 June 2019. During the 2019 financial year:

- the Company issued 18,250,000 options, exercisable at $0.125 on or before 20 December 2021, to directors, employees, and consultants; and
- no options were exercised.

Since the end of the financial year, (i) a further 10,750,000 options, each exercisable at $0.125 on or before 20 December 2021, have been issued; (ii) no options have been exercised; and (iii) 400,000 options have expired. The details of the options on issue at the date of this report are as follows:

Number	Exercise Price	Expiry Date
4,000,000	$0.0715	19 February 2020
400,000	$0.175	17 June 2020
400,000	$0.12	18 September 2020
29,000,000	$0.125	20 December 2021

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

There were 416,222,115 Shares on issue at the reporting date.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has made agreements indemnifying all the Directors and Officers of the Company against all losses or liabilities incurred by each Director or Officer in their capacity as Directors or Officers of the Company to the extent permitted by the *Corporations Act 2001*. The indemnification specifically excludes wilful acts of negligence. The Company paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current Officers of the Company, including Officers of the Company's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Officers in their capacity as officers of entities in the Group. The total amount of insurance premiums paid has not been disclosed due to confidentiality reasons.

DIRECTORS' MEETINGS

During the financial year, in addition to regular informal Board discussions and decisions made via circulating resolutions, the number of Directors' meetings (including meetings of Committees) held during the year, and the number of meetings attended by each Director were as follows:

	Directors Meetings		Audit Committee Meetings	
Name	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
Mark Bojanjac	1	1	2	2
Frazer Tabeart	1	1	-	-
Jason Berton	1	1	-	-
Robert Boaz	1	1	2	2

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

CORPORATE GOVERNANCE

The Board of Directors is responsible for the overall strategy, governance and performance of the Company. The Board has adopted a corporate governance framework which it considers to be suitable given the size, nature of operations and strategy of the Company. To the extent that they are applicable, and given its circumstances, the Company adopts the eight essential Corporate Governance Principles and Best Practice Recommendations ('Recommendations') published by the Corporate Governance Council of the ASX. The Company's Corporate Governance Statement and Appendix 4G, both of which have been lodged with ASX, are available on the Company's website: www.polarx.com.au.

AUDITOR'S INDEPENDENCE AND NON-AUDIT SERVICES

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 audit of the full-year financial report. A copy of that declaration is included at page 71 of this report. There were no non-audit services provided by the Company's auditor.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Directors and other key management personnel of the Group in accordance with the requirements of the *Corporations Act 2001* and its *Regulations*. For the purpose of this report, Key Management Personnel (KMP) are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the Parent entity.

Details of Directors and Key Management Personnel

The directors and other KMP of the Group during or since the end of the financial year were:

Non-Executive Directors

Mr. Robert Boaz	Non-Executive Director

Executive Officers (KMP)

Mr. Mark Bojanjac	Executive Chairman
Dr. Frazer Tabeart	Managing Director
Dr. Jason Berton	Executive Director
Mr. Ian Cunningham	Chief Financial Officer and Company Secretary

Remuneration Policy

In the absence of a remuneration committee, the Board is responsible for determining and reviewing compensation arrangements for the Directors and executives. The key principles which apply in determining remuneration structure and levels are:

- set competitive fixed remuneration packages to attract and retain high calibre directors and executives;
- structure variable remuneration rewards to reflect the stage of development of the Company's operations; and
- establish appropriate performance hurdles for variable executive remuneration.

The Board undertakes an annual review of remuneration arrangements and may seek Independent external advice if required, but did not employ a remuneration consultant during the year ended 30 June 2019.

The structure of Non-Executive Director and Executive remuneration is separate and distinct.

Non-Executive Director Remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of high calibre, whilst incurring costs that are acceptable to shareholders.

In accordance with the Company's Constitution and the ASX Listing Rule, the maximum aggregate remuneration that may be paid to Non-Executive Directors is currently set at $200,000 per annum. The amount of aggregate remuneration and the manner is which is apportioned is reviewed annually. The Board considers the fees paid to non-executive directors of comparable companies and external advice (if required), when undertaking the annual review process.

Executive Director and Senior Manager Remuneration

Remuneration consists of fixed and variable components (currently comprising a long-term incentive scheme).

Fixed remuneration currently consists of cash remuneration. Fixed remuneration levels are reviewed annually by the Board, taking into consideration past performance, time commitments, relevant market comparatives and the Company's stage of development. The Board has access to external advice if required.

The Board determines the appropriate form and levels of variable remuneration as and when they consider rewards are warranted. Variable remuneration currently consists of share option grants (long term incentives), which are currently considered to be the most effective and appropriate form of long-term incentives given the Company's financial resources and stage of development. The objective of the option grants is to link the variable remuneration to the achievement of key operational targets and shareholder value creation.

The table below shows the performance of the Group as measured by loss per share for the previous five years:

As at 30 June	2019	2018	2017*	2016*	2015*
Loss per share (cents)	$0.55	$0.64	$1.05	$1.95	$2.4
Share price at reporting date (cents)	9.0	8.0	8.0	31.0	17.5

*adjusted on a post-Consolidation basis

Details of the nature and amount of each element of the emolument of Directors and KMP of the Company for the financial year are as follows:

Director	Short Term Benefits Base Salary $	Director Fees $	Consulting Fees $	Super-annuation $	Share Based Payments – Options $	Total $
2019						
Non-Executive Directors						
Robert Boaz	-	21,250	-	-	-	21,250
Executive Officers (KMP)						
Mark Bojanjac	-	-	187,000	-	20,577	207,577
Frazer Tabeart	-	-	147,000	-	20,577	167,577
Jason Berton	-	-	152,500	-	20,577	173,077
Ian Cunningham	-	-	147,000	-	7,687	154,687
	-	**21,250**	**633,500**	**-**	**69,418**	**724,168**
2018						
Non-Executive Directors						
Michael Fowler[2]	-	7,610	-	723	-	8,333
Robert Boaz	-	20,000	-	-	-	20,000
Executive Officers (KMP)						
Mark Bojanjac	-	-	180,000	-	-	180,000
Frazer Tabeart[1]	-	-	128,333	-	-	128,333
Jason Berton[1]	-	-	136,250	-	-	136,250
Ian Cunningham	-	-	140,000	-	-	140,000
	-	**27,610**	**584,583**	**723**	**-**	**612,916**

Notes:

1. Frazer Tabeart and Jason Berton were appointed as directors on 25 July 2017.
2. Michael Fowler resigned as Non-Executive Director on 1 December 2017.

There were no other key management personnel of the Company during the financial years ended 30 June 2019 and 30 June 2018.

The share options issued as part of the remuneration to the Non-Executive Director were subject to vesting conditions, designed to secure his ongoing commitment to the Company.

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

Name	Grant Date	Grant Number	Second Vesting Date)	Expiry Date / Last Exercise Date	Average Fair Value per Option at Grant Date	Exercise Price per Option	Total Value Granted $	Vested	% Vested
Mark Bojanjac[1]	20/02/15	2,000,000	20/02/17	19/02/20	$0.0460	$0.0715	$92,393	2,000,000	100
Michael Fowler[1, 2]	20/02/15	1,000,000	20/02/17	19/02/20	$0.0460	$0.0715	$46,197	1,000,000	100
Robert Boaz[1]	20/02/15	1,000,000	20/02/17	19/02/20	$0.0460	$0.0715	$46,197	1,000,000	100
Mark Bojanjac	21/12/18	2,000,000	[3]	20/12/21	$0.0235	$0.125	$47,000	-	-
	21/12/18	2,000,000	[4]	20/12/21	$0.0120	$0.125	$23,970	-	-
	21/12/18	1,000,000	[5]	20/12/21	$0.0235	$0.125	$23,500	-	-
Frazer Tabeart	21/12/18	2,000,000	[3]	20/12/21	$0.0235	$0.125	$47,000	-	-
	21/12/18	2,000,000	[4]	20/12/21	$0.0120	$0.125	$23,970	-	-
	21/12/18	1,000,000	[5]	20/12/21	$0.0235	$0.125	$23,500	-	-
Jason Berton	21/12/18	2,000,000	[3]	20/12/21	$0.0235	$0.125	$47,000	-	-
	21/12/18	2,000,000	[4]	20/12/21	$0.0120	$0.125	$23,970	-	-
	21/12/18	1,000,000	[5]	20/12/21	$0.0235	$0.125	$23,500	-	-
Ian Cunningham	21/12/18	750,000	[3]	20/12/21	$0.0235	$0.125	$17,625	-	-
	21/12/18	750,000	[6]	20/12/21	$0.0235	$0.125	$17,625	-	-

Notes:

1. Options were granted for no consideration with 50% vesting on 20 February 2016 (fair value per option $0.0455) and the remaining 50% vested on 20 February 2017 (fair value per option $0.0465).
2. Michael Fowler resigned as Non-Executive Director on 1 December 2017.
3. Options were granted for no consideration and shall vest upon announcement of a JORC Inferred mineral resource estimate for the Alaska Range Project, comprising both the Stellar Copper Gold and the Caribou Dome Copper properties, of 10 million tonnes of mineralisation at a minimum cut-off grade of 0.5% copper or copper equivalent, signed off by a competent person other than a director or employee of the Company.
4. Options were granted for no consideration and shall vest upon the Shares trading on ASX at a volume weighted average price of $0.20 or more for 10 consecutive trading days.
5. Options were granted for no consideration and shall vest upon completion of feasibility study for the Alaska Range Project.
6. Options were granted for no consideration and shall vest upon the announcement of the completion of the acquisition of an 80% interest in the Caribou Dome Copper Project.

Options were granted as part of the recipient's remuneration package.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date. There were no forfeitures and no remuneration options were exercised during the year ended 30 June 2019 (2018: Nil).

Shareholdings of Directors and Key Management Personnel

The number of shares in the Company held during the financial year by Directors and Key Management Personnel of the Group, including their personally related parties, is set out below.

	Balance at the start of the year	Granted as compensation	Received on exercise of options	Acquired on Market	Balance on resignation date / Other	Balance at the end of the year
30 June 2019						
Non-Executive Directors						
Robert Boaz	-	-	-	-	-	-
Executive Officers (KMP)						
Mark Bojanjac	-	-	-	-	-	-
Frazer Tabeart	4,103,273	-	-	-	-	4,103,273
Jason Berton	13,664,938	-	-	-	-	13,664,938
Ian Cunningham	3,720,930	-	-	-	-	3,720,930
30 June 2018						
Non-Executive Directors						
Michael Fowler[1]	-	-	-		-	-
Robert Boaz	-	-	-		-	-
Executive Officers (KMP)						
Frazer Tabeart [2]	4,103,273	-	-		-	4,103,273
Jason Berton [2]	13,631,832	-	-	33,106	-	13,664,938
Ian Cunningham	3,720,930	-	-		-	3,720,930

Notes:

1. Michael Fowler resigned as Non-Executive Director on 1 December 2017.
2. Frazer Tabeart and Jason Berton were appointed as directors on 25 July 2017 and hence their opening balances represent shares held on the appointment date.

Option holdings of Directors and Key Management Personnel

The numbers of options over ordinary shares in the Company held during the financial year by Directors and Key Management Personnel of the Group, including their personally related parties, are set out below:

	Balance at the start of the year	Granted as compensation	Exercised during the year	Balance on resignation date / Other	Balance at the end of the year
30 June 2019					
Non-Executive Directors					
Robert Boaz	1,000,000	-	-	-	1,000,000
Executive Officers (KMP)					
Mark Bojanjac	2,000,000	5,000.000	-	-	7,000,000
Frazer Tabeart	-	5,000.000	-	-	5,000,000
Jason Berton	-	5,000.000	-	-	5,000,000
Ian Cunningham	-	1,500,000	-	-	1,500,000
30 June 2018					
Non-Executive Directors					
Robert Boaz	1,000,000	-	-	-	1,000,000
Michael Fowler[2]	1,000,000	-	-	(1,000,000)	-
Executive Officers (KMP)					
Mark Bojanjac	2,000,000	-	-	-	2,000,000
Frazer Tabeart[1]	-	-	-	-	-
Jason Berton[1]	-	-	-	-	-
Ian Cunningham	-	-	-	-	-

Notes:
1. Frazer Tabeart and Jason Berton were appointed as directors on 25 July 2017.
2. Michael Fowler resigned as Non-Executive Director on 1 December 2017.

Service Agreements

Executive Officers

The Executive Chairman, Mr. Mark Bojanjac consults to the Company and was remunerated on an average monthly basis at a rate of $15,583 per month (excluding GST). Mr. Bojanjac is not entitled to any termination benefits.

The Managing Director, Mr. Frazer Tabeart consults to the Company and was remunerated on an average monthly basis at a rate of $12,250 per month (excluding GST). Mr. Tabeart is not entitled to any termination benefits.

The Executive Director, Mr. Jason Berton consults to the Company and was remunerated on an average monthly basis at a rate of $12,708 per month (excluding GST). Mr. Berton is not entitled to any termination benefits.

The Company Secretary / Chief Financial Officer, Mr. Ian Cunningham consults to the Company and was remunerated on an average monthly basis at a rate of $12,250 per month (excluding GST). Mr. Cunningham is not entitled to any termination benefits.

Non-Executive Directors

Mr. Robert Boaz is paid Director's fees on a monthly basis. No notice period is required should a non-executive director elect to resign.

Mr. Michael Fowler was paid Director's fees on a monthly basis prior to his resignation on 1 December 2017.

END OF REMUNERATION REPORT

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

Mark Bojanjac
Executive Chairman
23 September 2019

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2019

	Notes	Consolidated 2019 $	Consolidated 2018 $
Interest Revenue & Other Income		**$ 736**	**$ 4,247**
Public company costs		54,092	43,558
Consulting and directors fees		431,243	402,630
Share-based compensation		34,945	29,738
Legal fees		17,576	40,373
Staff costs		50,586	50,471
Serviced office and outgoings		36,000	28,000
Interest and penalties		-	570
Foreign exchange loss		41,815	(40,931)
Write off of exploration assets	11	-	3,094
Other expenses	6	1,034,784	938,526
		1,701,041	1,496,029
Loss from operations		**$ (1,700,305)**	**$ (1,491,782)**
Income tax expense		-	-
Loss after Income Tax		**$ (1,700,305)**	**$ (1,491,782)**
Other comprehensive income			
Items that may be reclassified to profit and loss in subsequent periods			
Foreign currency translation	15	904,654	622,306
Other comprehensive income for the year		904,654	622,306
Total comprehensive loss for the year		**$ (795,651)**	**$ (869,476)**
Loss per share:			
Basic and diluted loss per share (cents per share)	19	$ (0.55)	$ (0.64)
Weighted Average Number of Shares:			
Basic and diluted number of shares		310,085,648	231,387,714

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

Statement of Financial Position
as at 30 June 2019

	Notes	Consolidated	
		As at	
		June 30 2019 $	June 30 2018 $
Current Assets			
Cash and cash equivalents	16	$ 4,254,493	$ 528,997
Other receivables and prepayments	8	152,650	1,096,095
Total current assets		**4,407,143**	**1,625,092**
Non-Current Assets			
Property, plant and equipment	9	$ 6,518	$ 8,834
Exploration and evaluation assets	11	25,961,956	20,308,946
Total Non-Current Assets		25,968,474	20,317,780
Total Assets		**$ 30,375,617**	**$ 21,942,872**
Current liabilities			
Trade and other payables	12	279,193	199,309
Total Current Liabilities		279,193	199,309
Total Liabilities		**$ 279,193**	**$ 199,309**
NET ASSETS		**$ 30,096,424**	**$ 21,743,563**
Equity			
Contributed equity	13	$ 86,874,320	$ 77,805,986
Reserves	15	6,790,756	5,805,924
Accumulated losses	14	(63,568,652)	(61,868,347)
TOTAL EQUITY		**$ 30,096,424**	**$ 21,743,563**
Commitments	17		
Contingent Liability	25		

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

Statement of Cash Flows *for the year ended 30 June 2019*

	Notes	Consolidated 2019 $	Consolidated 2018 $
Cash flows from Operating activities			
Payments to suppliers and employees		$ (1,654,788)	$ (1,627,717)
Interest received and other income		736	4,247
Net cash flows used in operating activities	16 (b)	(1,654,052)	(1,623,470)
Cash flows from investing activities			
Cash acquired on acquisition		-	35,142
Payments for expenditure on exploration		(3,751,237)	(5,404,515)
Net cash flows used in investing activities		(3,751,237)	(5,369,373)
Cash flows from financing activities			
Proceeds from issue of shares		9,424,274	8,012,313
Share issue costs		(316,783)	(521,941)
Net cash flows generated from financing activities		9,107,491	7,490,372
Net increase in cash and cash equivalents		3,702,202	497,529
Cash and cash equivalents at beginning of year		528,997	54,856
Foreign exchange variances on cash		23,294	(23,388)
Cash and cash equivalents at end of year		**$ 4,254,493**	**$ 528,997**

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

Statement of Changes in Equity *for the year ended 30 June 2019*

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 2018		262,871,510	$ 77,805,986	$(61,868,347)	$ 406,328	$ 1,190,098	$ 4,206,498	$ 3,000	$ 21,743,563
Loss for the year		-	-	(1,700,305)	-	-	-	-	(1,700,305)
Other comprehensive income		-	-	-	904,654	-	-	-	904,654
Total comprehensive (loss)/income for the year		-	$ -	$ (1,700,305)	$ 904,654	$ -	$ -	$ -	$ (795,651)
Transactions with owners in their capacity as owners									
Shares issued	13	109,841,128	9,424,274	-	-	-	-	-	9,424,274
Share issue costs	13	-	(355,940)	-	-	-	-	-	(355,940)
Options issued to consultants	13, 24	-	-	-	-	-	9,223	-	9,223
Share-based compensation	13, 24	-	-	-	-	-	70,955	-	70,955
Balance at 30 June 2019		**372,712,638**	**$ 86,874,320**	**$(63,568,652)**	**$ 1,310,982**	**$ 1,190,098**	**$ 4,286,676**	**$ 3,000**	**$ 30,096,424**

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 2017		91,982,673	61,123,936	(60,376,565)	(215,978)	1,190,098	4,176,760	3,000	5,901,251
Loss for the year		-	-	(1,491,782)	-	-	-	-	(1,491,782)
Other comprehensive income		-	-	-	622,306	-	-	-	622,306
Total comprehensive loss for the year		-	-	(1,491,782)	622,306	-	-	-	(869,476)
Transactions with owners in their capacity as owners									
Shares issued	13	78,924,407	8,012,313	-	-	-	-	-	8,012,313
Share issue costs	13	-	(526,689)	-	-	-	-	-	(526,689)
Shares issued for acquisition of Vista Minerals	5, 13	91,964,430	9,196,426	-	-	-	-	-	9,196,426
Options issued to consultants	13, 24	-	-	-	-	-	29,738	-	29,738
Balance at 30 June 2018		**262,871,510**	**77,805,986**	**(61,868,347)**	**406,328**	**1,190,098**	**4,206,498**	**3,000**	**21,743,563**

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

1. Corporate Information

The financial report of PolarX Limited (**PolarX** or the **Company**) and its controlled entities (the **Group**) for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the Directors on 23 September 2019.

PolarX Limited is a public company limited by shares and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange. It is a "for profit" entity.

On 7 August 2017, the Company completed a 1 for 5 security consolidation (**Consolidation**). Accordingly, the comparatives for the year ended 30 June 2018 have been presented on a post-Consolidation basis in this report, including all references throughout the financial statements and the notes to the financial statements to shares and options.

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 the 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 year ended 30 June 2019, the Group incurred a loss from operations of $1,700,305 (2018: $1,491,782) and recorded net cash inflows of $3,702,202 (2018: $497,529). At 30 June 2019, the Group had net current assets of $4,127,950 (2018: $1,425,783).

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;
- potential for additional funding from the strategic earn-in joint venture with Lundin Mining Corporation (**Strategic Partnership**), subject to exercise of the earn-in option; and
- the fact that future exploration and evaluation expenditure is generally discretionary in nature (i.e. at the discretion of the Directors having regard to an assessment of the Group's eligible expenditure to date and the timing and quantum of its remaining earn-in expenditure requirements). 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

Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars.

(a) Compliance Statement

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(b) New accounting standards and interpretations

New and revised accounting requirement applicable to the current reporting period

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2018 and that are applicable to the Group.

(i) *AASB 9: Financial Instruments and associated Amending Standards - AASB 139 Financial Instruments: Recognition and Measurement*

This Standard brings together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

As a result of adopting AASB 9 *Financial Instruments*, the Company has amended its financial instruments accounting policies to align with AASB 9. AASB 9 makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an ‘expected credit loss’ model for impairment of financial assets.

AASB 9 is applicable to annual reporting periods beginning on or after 1 January 2018.

There were no financial instruments which the Company designated at fair value through profit or loss under AASB 139 that were subject to reclassification. The Board assessed the Company’s financial assets and determined the application of AASB 9 does not result in a change in the classification of the Company’s financial instruments.

The adoption of AASB 9 does not have a significant impact on the financial report.

(ii) *AASB 15 Revenue from Contracts with Customers - AASB 118: Revenue, AASB 111 Construction Contracts*

The Standard replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue-related Interpretations. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 is applicable to annual reporting periods beginning on or after 1 January 2018.

The adoption of AASB 15 does not have a significant impact on the Company as the Company does not currently have any revenue from customers.

(iii) *AASB 2016-5 Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions*

This standard issued amendments to AASB 2 Share-based Payment that address three main areas:

- the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction;
- the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and
- accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

AASB 2016-5 is applicable to annual reporting periods beginning on or after 1 January 2018.

The adoption of these amendments does not have a material impact on the Group.

New accounting standards and interpretations issued but not yet effective

The following applicable accounting standards and interpretations have been issued or amended but are not yet effective. The Company has not elected to early adopt any new Standards or Interpretations. The adoption of the Standards or Interpretations are not expected to have material impact on the financial statements of the Group.

Reference	**Title**	**Summary**	**Application date of Standard**	**Application date for Group**
AASB 16 Leases	*AASB 117 Leases* Int. 4 *Determining whether an Arrangement contains a Lease* Int. 115 *Operating Leases—Lease Incentives* Int. 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. The key features of AASB 16 are as follows: - Leases are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. - A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. - Assets and Liabilities arising from the lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend to lease, or not to exercise an option to terminate the lease. - AASB 16 contains disclosure requirements for leases.	1 January 2019	1 July 2020

		Lessor accounting - AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. - AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. The directors anticipate that the adoption of AASB 16 will not have a material impact on the Group's financial statements.		

Other standards not yet applicable

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(c) Basis of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the Company and all of its controlled entities. Controlled entities are entities the Company controls. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the controlled entities is provided in Note 10.

The assets, liabilities and results of all controlled entities are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a controlled entity is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of controlled entities have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a controlled entity not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in controlled entities and are entitled to a proportionate share of the controlled entity's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the controlled entity's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(d) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided for on all temporary differences at balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

No deferred income tax will be recognised from the initial recognition of goodwill or of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

No deferred income tax will be recognised in respect of temporary differences associated with investments in subsidiaries if the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the near future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited to Profit or Loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance date and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each balance date and only recognised to the extent that sufficient future assessable income is expected to be obtained.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of profit or loss.

(e) Financial Instruments

Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date (i.e., the date that the Group commits to purchase or sell the asset).

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Group’s financial assets at amortised cost includes trade receivables.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost.

The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

<u>Derecognition</u>

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

<u>Impairment of financial assets</u>

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(f) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown as current liabilities in the Statement of Financial Position. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as described above, net of outstanding bank overdrafts.

(g) Trade and other receivables

Trade receivables generally have 30-90 day terms. Trade and other receivables are initially recognized at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(h) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. Repairs and maintenance expenditure is charged to Profit or Loss during the financial period in which it is incurred.

Depreciation

The depreciable amount of most of the fixed assets are depreciated on a diminishing balance method and some of the fixed assets are depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	*Depreciation Rate*
Plant and equipment	10 % to 30%
Computer Equipment	33%
Furniture and Fittings	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Derecognition

Additions of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in the Profit or Loss.

Impairment

Carrying values of plant and equipment are reviewed at each balance date to determine whether there are any objective indicators of impairment that may indicate the carrying values may be impaired.

Where an asset does not generate cash flows that are largely independent it is assigned to a cash generating unit and the recoverable amount test applied to the cash generating unit as a whole.

Recoverable amount is determined as the greater of fair value less costs to sell and value in use. The assessment of value in use considers the present value of future cash flows discounted using an appropriate pre-tax discount rate reflecting the current market assessments of the time value of money and risks specific to the asset. If the carrying value of the asset is determined to be in excess of its recoverable amount, the asset or cash generating unit is written down to its recoverable amount.

(i) Exploration expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Expenditure which fails to meet the conditions outlined above is written off, furthermore, the directors regularly review the carrying value of exploration and evaluation expenditure and make write downs if the values are not expected to be recoverable.

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition, as determined by the requirements of AASB 6 Exploration for and Evaluation of Mineral Resources. Exploration assets acquired are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions referred to in AASB 6 is met.

Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired, is accounted for in accordance with the policy outlined above for exploration expenditure incurred by or on behalf of the entity.

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

Expenditure is not carried forward in respect of any area of interest/mineral resource unless the Group's rights of tenure to that area of interest are current.

(j) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or categories of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset’s revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(k) Trade and other payables

Liabilities for trade creditors and other amounts are measured at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received that are unpaid, whether or not billed to the Group.

(l) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(m) Revenue

Revenue is recognised when a performance obligation in the contract with a customer is satisfied or when the control of the goods or services underlying the particular performance obligation is transferred to the customer.

Interest income

Income is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(n) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares, adjusted for any bonus elements.

Diluted earnings per share

Diluted earnings per share is calculated as net profit attributable to members of the Group, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

(o) Share based payment transactions

The Group provides benefits to individuals and entities, in the form of share based payment transactions, whereby the recipients render services in exchange for shares or options (**Equity Settled Transactions**).

There is currently an Employee Share Option Plan (**ESOP**) in place, which provides benefits to Directors and other eligible persons, including consultants who provide services similar to those provided by an employee. The Company may also issue options or shares outside of the ESOP to consultants and other service providers.

The cost of these equity settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value of options is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in Note 25.

In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the Company's shares ('market conditions').

The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected in the computation of loss per share (see note 20).

(p) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Tax Office is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which is receivable from or payable to the ATO, are disclosed as operating cash flows.

(q) Investments in controlled entities

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. Subsequent to the initial measurement, investments in controlled entities are carried at cost less accumulated impairment losses.

(r) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each entity within the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional and presentation currency of PolarX Limited is Australian dollars.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Group entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that Statement of Financial Position;
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
- retained earnings are translated at the exchange rates prevailing at date of transaction; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold the exchange differences relating to that entity are recognised in the profit or loss, as part of the gain or loss on sale where applicable.

(s) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, that are transferred to entities in the economic entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Group will obtain ownership of the asset or over the term of the lease. Leases are classified as operating leases where substantially all the risks and benefits remain with the lessor.

Payments in relation to operating leases are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of PolarX Limited.

(u) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

4. Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the size and composition of any future mineral resource and ore reserve estimates, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

Share based payment transactions

The Group measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in Note 25.

Functional currency translation reserve

Under the Accounting Standards, each entity within the Group is required to determine its functional currency, which is the currency of the primary economic environment in which the entity operates. Management considers the United States subsidiary to be a foreign operation with United States dollars as the functional currency. In arriving at this determination, management has given priority to the currency that influences the labour, materials and other costs of exploration activities as they consider this to be a primary indicator of the functional currency.

5. Acquisition

On 23 May 2017, the Company announced it had entered into agreements that provided it the right to acquire an 100% interest in the Stellar Copper Gold Project (**Stellar Property**) via the acquisition of Vista Minerals Pty Ltd (**Vista**) (the **Vista Transaction**), subject to shareholder approval and certain closing conditions. On 30 June 2017, the Company's shareholders approved the Vista Transaction and it was completed on 26 July 2017.

Pursuant to the Vista Transaction, PolarX issued 91,964,430 fully paid ordinary shares (**Shares**) to Vista's shareholders, being the consideration for the acquisition of 100% of the issued capital of Vista. Concurrently, the Company completed a private placement pursuant to which 54,950,000 Shares were issued at $0.10 per Share for gross proceeds of $5.495 million.

The Company accounted for the Vista Transaction as a business combination and identified and recognized the individual identifiable assets acquired and liabilities assumed. The purchase price was allocated to the individual identifiable assets and liabilities on the basis of their fair values at the date of purchase. Consideration consisted entirely of Shares, which were measured at the fair value of the PolarX Shares issued using quoted price per Share. The fair value of the 91,964,430 Shares issued to Vista's shareholders to complete the Vista Transaction was $9,196,426.

The fair value of net assets at the Vista Transaction date is as follows:

	July 26, 2017
ASSETS	
Cash	$ 35,142
Convertible note	100,921
Other receivables	44,191
Exploration and evaluation assets	9,240,287
Total Assets	**9,420,541**
LIABILITIES	
Accounts payables	140,787
Accrued liabilities	83,328
Total Liabilities	**224,115**
Net assets	**$ 9,196,426**

The acquired subsidiary contributed no revenue and a loss of $48,318 (July 2017 to 30 June 2018: $15,332).

	Consolidated	
	2019	2018
	$	$
6. Other expenses		
Accounting and audit fees	65,730	67,397
Analysts	1,192	46,845
Bank fees	4,503	3,981
Business expenses	65,298	107,545
Computer expenses	3,018	4,282
Conferences	123,087	57,446
Corporate finance	245,060	183,643
Insurance	48,262	35,933
Investor relations	49,510	42,117
Media coverage	124,305	60,357
Printing and stationery	4,809	3,206
Postage	5,408	5,247
Rent & accommodation	75,627	99,747
Subscriptions	9,965	-
Telephone	3,050	1,905
Travel expenses	177,845	155,400
Depreciation	210	246
Others	27,905	63,229
	1,034,784	938,526

	Consolidated	
	2019	2018
	$	**$**
7. Income Tax		
(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
	-	**-**
(b) Numerical reconciliation between aggregate tax expense recognised in the statement of profit or loss and other comprehensive income and tax expense calculated per the statutory income tax rate		
A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Company's applicable tax rate is as follows:		
Loss from operations before income tax expense	(1,700,305)	(1,491,782)
Tax at the company rate of 27.5% (2018: 27.5%)	(467,584)	(410,240)
Expense of remuneration options	9,610	8,178
Other non-deductible expenses	75,853	(149,558)
Income tax benefit not brought to account	382,121	551,620
Income tax expense	-	-
(c) Deferred tax		
Statement of financial position		
The following deferred tax balances have not been brought to account:		
Deferred Tax Liabilities		
Unrealised forex gain	-	11,747
Exploration (foreign @ 30%)	1,916,010	733,132
Deferred tax liability not recognised	1,916,010	744,879
Deferred Tax Assets		
Foreign carry forward revenue losses (@ 30%)	2,808,740	1,244,918
Australian carry forward revenue losses (@ 27.5%)	1,289,000	932,453
Accrued expenses	6,875	8,250
Other	46,050	-
	4,150,665	2,185,621

The benefit for tax losses will only be obtained if:

(i) the Company derives future assessable income in Australia or the US (as applicable) of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;

(ii) the Company continues to comply with the conditions for deductibility imposed by tax legislation in Australia or the US (as applicable); and

(iii) no changes in tax legislation in Australia or the US, adversely affect the Company in realising the benefit from the deductions for the losses.

(d) Tax consolidation

PolarX and its wholly owned Australian subsidiaries (**Controlled Entities**) implemented the tax consolidation legislation effective as of 1 July 2017. The Controlled Entities have also entered into tax sharing and tax funding agreements. Under the terms of these agreements, the Controlled Entities will reimburse PolarX for any current income tax payable by PolarX arising in respect of their activities. The reimbursements are payable at the same time as the associated income tax liability falls due and will therefore be recognised as a current tax-related receivable by PolarX when they arise. In the opinion of the Directors, the tax sharing agreement is also a valid agreement under the tax consolidation legislation and limits the joint and several liability of the Controlled Entities in the case of a default by PolarX.

	Consolidated	
	2019	2018
	$	$
8. Other Receivables and Prepayments		
Current		
GST / VAT receivable	22,273	22,927
Prepayments	130,377	1,073,168
	152,650	**1,096,095**

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

	Consolidated	
	2019	2018
	$	$
9. Property, Plant and Equipment		
Plant and Equipment		
Cost	17,628	17,628
Accumulated depreciation	(11,413)	(9,206)
Net carrying amount	**6,215**	**8,422**
Office Furniture and Fixtures		
Cost	519	519
Accumulated depreciation	(357)	(317)
Net carrying amount	**162**	**202**
Computer Equipment		
Cost	1,946	1,946
Accumulated depreciation	(1,805)	(1,736)
Net carrying amount	**141**	**210**
Total property, plant and equipment		
Cost	20,093	20,093
Accumulated depreciation	(13,575)	(11,259)
Net carrying amount	**6,518**	**8,834**

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

	Consolidated	
	2019	2018
	$	$
Plant and Equipment		
Carrying amount at beginning of year	8,422	11,599
Depreciation expense	(2,618)	(3,451)
Net exchange differences on translation	411	274
Carrying amount at end of year	**6,215**	**8,422**
Office Furniture and Fixtures		
Carrying amount at beginning of year	202	253
Depreciation expense	(40)	(51)
Net exchange differences on translation	-	-
Carrying amount at end of year	**162**	**202**
Computer Equipment		
Carrying amount at beginning of year	210	313
Depreciation expense	(69)	(103)
Net exchange differences on translation	-	-
Carrying amount at end of year	**141**	**210**
Total property, plant and equipment	**6,518**	**8,834**

10. Investments in Controlled Entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in Note 3. Details of controlled entities are as follows:

Name	Country of incorporation	% Equity Interest	
		2019	**2018**
Coventry Minerals Pty Ltd	Australia	100%	100%
Crescent Resources (USA) Inc.	USA	100%	100%
Vista Minerals Pty Ltd	Australia	100%	100%
Vista Minerals (Alaska) Inc.	USA	100%	100%
Aldevco Pty Ltd	Australia	100%	100%
Aldevco Inc.	USA	100%	100%

	Consolidated	
	2019	2018
	$	$
11. Deferred Exploration and Evaluation Expenditure		
Exploration and evaluation expenditure		
At cost	27,255,500	21,602,490
Accumulated provision for impairment	(1,293,544)	(1,293,544)
Total exploration and evaluation	**25,961,956**	**20,308,946**

	Consolidated	
	2019	2018
	$	$
Carrying amount at beginning of the year	20,308,946	6,031,415
Acquisition cost	-	9,240,287
Exploration and evaluation expenditure during the year	4,765,350	4,466,504
Net exchange differences on translation	887,660	573,834
Carrying amount at end of year	25,961,956	20,312,040
Write-off of exploration and evaluation expenditures	-	(3,094)
Carrying amount at end of year	**25,961,956**	**20,308,946**

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. It was determined the carrying amount of the Uncle Sam Project was not recoverable and therefore was written down to nil in the prior year.

	Consolidated	
	2019	2018
	$	$
12. Current Liabilities		
Trade and other payables		
Trade payables	146,966	111,507
Accruals	132,227	87,802
	279,193	199,309

Trade payables are not past due and are non-interest bearing. They are normally on average settled between 30-45 days term.

13. Contributed Equity

(a) Issued and paid up capital	2019 No. of shares	2018 No. of shares
Ordinary shares fully paid	372,712,637	262,871,510

	2019 No. of shares	2019 $	2018 No. of shares	2018 $
(b) Movements in ordinary shares on issue				
Balance at beginning of year	262,871,510	77,805,986	459,913,365	61,123,936
1:5 Share Consolidation	-	-	(367,930,692)	-
Number of shares post- Consolidation	262,871,510	77,805,986	91,982,673	61,123,936
Shares issued for acquisition of Vista Minerals	-	-	91,964,430	9,196,426
Share issues (net of costs)	109,841,128	9,068,334	78,924,407	7,485,624
Balance at end of year	372,712,638	86,874,320	262,871,510	77,805,986

(c) Ordinary shares

The Group does not have authorised capital nor par value in respect of its issued capital. Shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Shares entitle the holder to one vote, either in person or proxy, at a meeting of the Company.

2019

On 2 August 2018, the Company completed a placement consisting of 35,299,128 Shares at an issue price of $0.11 per share for gross proceeds of $3.883 million to institutional and sophisticated investors.

On 14 December 2018, the Company completed a placement consisting of 21,100,000 Shares at an issue price of $0.06 per share for gross proceeds of $1.266 million to institutional and sophisticated investors.

On 5 June 2019, the Company completed a placement of 53,442,000 Shares to Lundin Mining Corporation, at an issue price of $0.08 per share. The placement was undertaken pursuant to the terms of the Strategic Partnership (refer Note 28).

2018

On 26 July 2017, concurrent with the Vista Acquisition, the Company completed a private placement of 54,950,000 Shares at an issue price of $0.10 per share for gross proceeds of $5.495 million to institutional and sophisticated investors.

On 26 May 2018, the Company completed a placement consisting of 23,974,407 Shares at an issue price of $0.105 per share for gross proceeds of $2.337 million to institutional and sophisticated investors.

(d) Capital Risk Management

The Group's capital comprises share capital, reserves and accumulated losses which amounted to $30,096,424 at 30 June 2019 (2018: $21,743,563). The Group manages its capital to ensure its ability to continue as a going concern and to optimise returns to its shareholders. The Group was ungeared at year end and not subject to any externally imposed capital requirements. Refer to Note 23 for further information on the Group's financial risk management policies.

(e) Share options

At 30 June 2019, there were 23,450,000 options over unissued Shares (2018: 5,200,000 options). During the financial year no options expired and no options were exercised. Since the end of the financial year (i) a further 10,750,000 options, each exercisable at $0.125 on or before 20 December 2021, have been issued; (ii) no options have been exercised; and (iii) 400,000 options have expired.

On 21 December 2018, the Company issued 18,250,000 options, each exercisable at $0.125 on or before 20 December 2021 to directors, employees, and consultants which vest upon meeting certain performance or market conditions.

In the prior year, on 19 September 2017, the Company issued 400,000 options, each exercisable at $0.12 on or before 18 September 2020, in lieu of cash consideration for consulting services.

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Information relating to the Options granted by the Company, including details of options issued under the Plan, is set out in Note 24.

	Consolidated	
	2019	2018
	$	$
14. Accumulated losses		
Movements in accumulated losses were as follows:		
At 1 July	61,868,347	60,376,565
Loss for the year	1,700,305	1,491,782
At 30 June	**63,568,652**	**61,868,347**

	Consolidated	
	2019	2018
	$	$
15. Reserves		
Foreign currency translation reserve	1,310,982	406,328
Warrant reserves	1,190,098	1,190,098
Share based payments reserves	4,286,676	4,206,498
Option premium reserve	3,000	3,000
	6,790,756	**5,805,924**

	Consolidated	
	2019	2018
	$	$
Movement in reserves:		
Share based payments and option premium reserve		
Balance at beginning of year	**4,206,498**	4,176,760
Options issued to agents	9,223	29,738
Options exercised	-	-
Equity benefits expense	70,955	-
Balance at end of year	**4,286,676**	**4,206,498**

The Share based payments and option premium reserve is used to record the value of equity benefits provided to individuals acting as employees, directors as part of their remuneration, and consultants and for their services. Refer to Note 25 for details of share based payments during the financial year and prior year.

	2019	2018
	$	$
Foreign currency translation reserve		
At 1 July	406,328	(215,978)
Foreign currency translation	904,654	622,306
Balance at end of year	**1,310,982**	**406,328**

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

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	2019	2018
	$	$
Warrant reserve		
At 1 July	1,190,098	1,190,098
Warrants exercised	-	-
Balance at end of year	**1,190,098**	**1,190,098**

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

16. Cash and Cash Equivalents

	Consolidated 2019 $	Consolidated 2018 $
(a) Reconciliation of cash		
Cash balance comprises:		
Cash and cash equivalents	**4,254,493**	**528,997**
(b) Reconciliation of the net loss after tax to the net cash flows from operations		
Loss after income tax	(1,700,305)	(1,491,782)
Adjustments for:		
Depreciation	210	246
Gain on convertible note	-	(8,512)
Share-based compensation	34,945	29,738
Changes in operating assets and liabilities:		
(Decrease)/increase in other receivables/prepayments	(5,082)	61,974
Increase/(decrease) in trade and other payables	16,180	(215,134)
Net cash flow used in operating activities	(1,654,052)	(1,623,470)

17. Expenditure commitments

(a) Tenement expenditure commitments – Caribou Dome Property

Remaining commitments related to the Caribou Dome Project at reporting date but not recognised as liabilities, include the following:

(i) maintaining the claims (licenses) at the Project in good standing, including making annual claim rental payments and ensuring minimum expenditure commitments are met;

(ii) expending a minimum of US$2,000,000 in each of the periods (i) 2 September 2017 to 1 September 2020; and (ii) 2 September 2020 to 6 June 2023 (unless the Earn-in deadline of 6 June 2023 is extended);

(iii) expending a total of US$9,000,000 on the Project (inclusive of the expenditure in (i) and (ii) above and expenditure prior to 2 September 2017) or completing a feasibility study on the Project by 6 June 2023 (unless the Earn-in deadline of 6 June 2023 is extended); and

(iv) making annual payments to the underlying vendors of the Project in the amounts of:

Due Date	Payment
6 June 2020	US$100,000
6 June 2021	US$100,000
6 June 2022	US$100,000
Earn-in deadline (currently 6 June 2023)	US$1,360,000

Subject to Aldevco exercising its right to acquire an 80% interest in the Caribou Dome Project, Hatcher will retain a 10% interest in the Project with the remaining 10% held by SV Metals LP. The current owner of the Caribou Dome Project, C-D Development Corporation, would retain a 5.0% Net Smelter Returns royalty, with PolarX retaining the right to purchase this royalty for US$1million for each 1.0%.

(b) Tenement expenditure commitments – Stellar Property

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

(i) payment of US$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 US$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 2020	US$25,000
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.

	Consolidated	
	2019	2018
	$	$
(c) Services agreement		
Within one year	-	-
	-	-

18. Subsequent events

On 4 July 2019, the Company completed a non-renounceable rights issue (**Entitlement Offer**), which raised gross proceeds of $3,456,314 pursuant to the issue of 43,203,922 Shares at an issue price of $0.08 per Share. Net proceeds from the Entitlement Offer will be used for exploration and development activities on the Alaska Range Project and for general working capital purposes.

On 31 July 2019, the Company issued 10,750,000 options to consultants and advisers, each exercisable at $0.125 on or before 20 December 2021, as part consideration for past and ongoing services to the Company.

On 30 August 2019, the Company issued 305,555 shares at a deemed price of $0.108 per share as part consideration for consulting services.

No other significant events have occurred subsequent to the balance sheet date but prior to the date of this report that would have a material impact on the consolidated financial statements.

	Consolidated	
	2019	2018
	$	$

19. Loss per share

Loss used in calculating basic and dilutive EPS	(1,700,305)	(1,491,782)

	Number of Shares	
	2019	2018
Weighted average number of ordinary shares used in calculating basic earnings / (loss) per share:	310,085,648	231,387,714*
Effect of dilution:		
Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted loss per share:	310,085,648	231,387,714*
Basic and Diluted loss per share (cents per share)	(0.55)	(0.64)

*All share numbers are shown on a post-Consolidation basis

There is no impact from the 5,200,000 options vested and outstanding at 30 June 2019 (2018: 5,200,000 options) on the loss per share calculation because they are anti-dilutive. These options could potentially dilute basic EPS in the future.

20. Auditor's remuneration

During the financial year, the following audit fees were paid or payable:

	Consolidated	
	2019	2018
	$	$
Stantons International Audit and Consulting Pty Ltd.	33,550	46,765
	33,550	46,765

21. Key Management Personnel Disclosures

(a) Details of Key Management Personnel

Mr. Mark Bojanjac	Executive Chairman
Mr. Frazer Tabeart	Managing Director (appointed 26 July 2017)
Mr. Jason Berton	Executive Director (appointed 26 July 2017)
Mr. Ian Cunningham	Company Secretary/Chief Financial Officer
Mr. Robert Boaz	Non-Executive Director
Mr. Michael Fowler	Non-Executive Director (resigned on 1 December 2017)

(b) Remuneration of Key Management Personnel

Details of the nature and amount of each element of the emolument of each Director and Executive of the Group for the financial year are as follows:

	Consolidated	
	2019	2018
	$	$
Consulting and director fees	654,750	612,916
Share-based compensation	69,418	-
Total remuneration	724,168	612,916

22. Related Party Disclosures

The ultimate parent entity is PolarX Limited. Refer to Note 10 - Investments in Controlled entities, for a list of all controlled entities.

Mitchell River Group Pty Ltd., a Company of which Mr. Frazer Tabeart is a Director, provided the Company with consulting services related to exploration activities for a fee totalling $18,999 (2018: $33,579) and serviced office fees of $12,000 (2018: $nil).

There were no other related party disclosures for the year ended 30 June 2019 (2018: Nil).

23. Financial Instruments and Financial Risk Management

Exposure to interest rate, liquidity and credit risk arises in the normal course of the Group's business. The Group does not hold or issue derivative financial instruments.

The Company uses different methods as discussed below to manage risks that arise from financial instruments. The objective is to support the delivery of the financial targets while protecting future financial security.

(a) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The responsibility for liquidity risk management rests with the Board of Directors.

Alternatives for sourcing our future capital needs include our cash position and the issue of equity instruments. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs. We expect that, absent a material adverse change in a combination of our sources of liquidity, present levels of liquidity will be adequate to meet our expected capital needs.

Maturity analysis for financial liabilities

Financial liabilities of the Group comprise trade and other payables. As at 30 June 2019 and 30 June 2018, all financial liabilities contractually matured within 60 days.

(b) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Group's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash and term deposits. The Group manages the risk by investing in short term deposits.

	Consolidated	
	2019	2018
	$	$
Cash and cash equivalents	4,254,493	528,997

Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's statement of profit or loss and other comprehensive income to a reasonably possible change in interest rates, with all other variables constant.

Consolidated

Change in Basis Points	Effect on Post Tax Loss Increase/(Decrease)		Effect on Equity including accumulated losses Increase/(Decrease)	
Judgements of reasonably possible movements	2019 $	2018 $	2019 $	2018 $
Increase 100 basis points	42,545	5,290	42,545	5,290
Decrease 100 basis points	(42,545)	(5,290)	(42,545)	(5,290)

A sensitivity of 100 basis points has been used as this is considered reasonable given the current level of both short term and long term interest rates. The change in basis points is derived from a review of historical movements and management's judgement of future trends. The analysis was performed on the same basis in 2018.

(c) Credit Risk Exposures

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the statement of financial position. The Group holds financial instruments with credit worthy third parties.

At 30 June 2019, the Group held cash deposits. Cash deposits were held with financial institutions with a rating from Standard & Poors of A or above (long term). The Group has no past due or impaired debtors as at 30 June 2019 (2018: Nil).

(d) Foreign Currency Risk Exposure

As a result of operations in the USA and expenditure in US dollars, the Group's statement of financial position can be affected by movements in the USD$/AUD$ exchange rates. The Group seeks to mitigate the effect of its foreign currency exposure by holding cash in US dollars to match expenditure commitments.

Sensitivity analysis:

The table below summarises the foreign exchange exposure on the net monetary position of parent and the subsidiary against its respective functional currency, expressed in group's presentation currency. If the AUD/ USD rates moved by +10%, the effect on comprehensive loss would be as follows:

	Company	
	2019	2018
	$	$
Loan to subsidiary – Aldevco Pty Ltd and Aldevco Inc. (in AUD)	6,799,132	6,130,967
Loan to subsidiary – Vista Minerals Pty Ltd and Vista Minerals (Alaska) Inc. (in AUD)	11,932,791	7,881,418
	10%	10%
	A$	A$
Total effect on comprehensive loss of positive movements	1,873,192	1,401,239
Total effect on comprehensive loss of negative movements	(1,873,192)	(1,401,239)

The table below summarises the foreign exchange exposure on the net monetary position of parent and the subsidiary against its respective functional currency, expressed in group's presentation currency. If the AUD/ CAD rates moved by +10%, the effect on comprehensive loss would be as follows:

	Company	
	2019	2018
	$	$
Loan from subsidiary – Coventry Minerals. (in AUD)	750,861	709,298
Percentage shift of the AUD / CAD exchange rate	10%	10%
	A$	A$
Total effect on comprehensive loss of positive movements	75,086	70,930
Total effect on comprehensive loss of negative movements	(75,086)	(70,930)

(e) Fair Value

The aggregate net fair values of the Group's financial assets and financial liabilities both recognised and unrecognised are as follows:

	Carrying Amount in the Financial Statements 2019 $	Aggregate Net Fair Value 2019 $	Carrying Amount in the Financial Statements 2018 $	Aggregate Net Fair Value 2018 $
Financial Assets				
Cash and cash equivalents	4,254,493	4,254,493	528,997	528,997
Other receivables	22,273	22,273	22,927	22,927
Financial Liabilities				
Trade and other payables	279,193	279,193	199,309	199,309

The following methods and assumptions are used to determine the net fair value of financial assets and liabilities.

Cash assets and financial assets are carried at amounts approximating fair value because of their short term nature to maturity. Receivables and payables are carried at amounts approximating fair value.

24. Share Based Payment Plans

(a) Recognised share based payment expenses

Total expenses arising from share based payment transactions recognised during the year as part of share based payment expense, the income statement, or capitalised to exploration costs were as follows:

	Consolidated 2019 $	Consolidated 2018 $
Operating expenditure		
Options issued to employees, key management personnel and directors	70,955	-
Options issued to consultants	9,223	29,736
	80,178	29,736

(b) Share based payments

The Company makes share based payments in the form of Shares and options, to directors, executives and employees as part of their remuneration and to consultants and advisers for their services.

The Company has an Employee Share Option Plan (**ESOP**) in place, which provides benefits to Directors and other eligible persons, including consultants who provide services similar to those provided by an employee. The Company may also issue options or shares outside of the ESOP to consultants and other service providers (collectively the **Options**). The objective of the Options is to assist in the recruitment, reward, retention and motivation of the recipients and/or reduce the level of remuneration or consideration that would otherwise be paid to the recipient.

Details of Options granted are as follows:

2019

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
Feb 20, 2015	Feb 19, 2020	A$0.0715	4,000,000	-	-	-	4,000,000	4,000,000
Jun 18, 2015	Jun 17, 2020	A$0.175	400,000	-	-	-	400,000	400,000
Aug 31, 2016	Aug 30, 2019	A$0.195	400,000	-	-	-	400,000	400,000
Sep 19, 2017	Sep 18, 2020	A$0.12	400,000	-	-	-	400,000	400,000
Dec 21, 2019	Dec 20, 2021	A$0.125	-	18,250,000	-	-	18,250,000	
			5,200,000	18,250,000	-	-	23,450,000	5,200,000
Weighted remaining contractual life (years)			1.67				2.08	0.67
Weighted average exercise price			$ 0.09				$ 0.12	$ 0.09

On 21 December 2019, the Company issued 18,250,000 options, each exercisable at $0.125 on or before 20 December 2021, in lieu of cash consideration for consulting services. The 18,250,000 options shall vest as follows:

(i) 8,500,000 options shall vest upon announcement of a JORC Inferred mineral resource estimate for the Alaska Range Project, comprising both the Stellar Copper Gold and the Caribou Dome Copper properties, of 10 million tonnes of mineralisation at a minimum cut-off grade of 0.5% copper or copper equivalent, signed off by a competent person other than a director or employee of the Company;

(ii) 6,000,000 options shall vest upon the Shares trading on ASX at a volume weighted average price of $0.20 or more for 10 consecutive trading days;

(iii) 3,000,000 options shall vest upon completion of feasibility study for the Alaska Range Project; and

(iv) 750,000 options shall vest upon the announcement of the completion of the acquisition of an 80% interest in the Caribou Dome Copper Project from Hatcher Resources Inc.

The fair value at grant date of options was determined using the Black Scholes option pricing model that takes into account (i) the exercise price ($0.125); (ii) the term of the option (2-3 years); (iii) the share price at grant date ($0.052); (iv) expected price volatility (101%) of the underlying share; and (v) the risk free interest rate (2.04%) for the term of the Option. The fair value of the stock options was $359,785.

2018

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
Jan 8, 2013	Aug 17, 2017	C$0.25	226,170	-	-	(226,170)	-	-
Feb 20, 2015	Feb 19, 2020	A$0.0715	4,000,000	-	-	-	4,000,000	4,000,000
Jun 18, 2015	Jun 17, 2020	A$0.175	400,000	-	-	-	400,000	400,000
Jun 18, 2015	Jun 30, 2018	A$0.13	146,200	-	-	(146,200)	-	-
Aug 31, 2016	Aug 30, 2019	A$0.195	400,000	-	-	-	400,000	400,000
Sep 19, 2017	Sep 18, 2020	A$0.12	-	400,000	-	-	400,000	400,000
			5,172,370	400,000	-	(372,370)	5,200,000	5,200,000

Weighted remaining contractual life (years)	2.47	1.67	1.67
Weighted average exercise price	$ 0.10	$ 0.09	$ 0.09

On 19 September 2017, the Company issued 400,000 options exercisable at $0.12 on or before 18 September 2020, in lieu of cash consideration for consulting services. The fair value at grant date of options was determined using the Black Scholes option pricing model that takes into account (i) the exercise price ($0.12); (ii) the term of the option (3 years); (iii) the share price at grant date ($0.10); (iv) expected price volatility (135%) of the underlying share; and (v) the risk free interest rate (2.1%) for the term of the Option. The fair value of the stock options was $29,738.

25. 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 30 June 2019.

Refer also to Notes 17 and 29 for the contingent payments and royalties applicable to the Caribou Dome, Stellar and Uncle Sam properties.

26. Operating Segment

For management purposes, the Group is organised into one main operating segment, which involves mineral exploration, predominantly for gold and copper. 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 currently operates in Australia and the USA. The following table shows the assets and liabilities of the Group by geographic region:

	Consolidated	
	30 June 2019	30 June 2018
	$	$
Assets		
Australia	4,809,156	1,054,140
United States	25,566,461	20,888,732
Total Assets	30,375,617	21,942,872
Liabilities		
Australia	207,108	154,840
United States	72,085	44,469
Total Liabilities	279,193	199,309

	30 June 2019	30 June 2018
	$	$
Operating Result		
Australia	(1,626,583)	(1,463,701)
United States	(73,722)	(28,081)
Total loss from operations	(1,700,305)	(1,491,782)

27. Dividends

No dividend was paid or declared by the Company in the period since the end of the financial year and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the financial year ended 30 June 2019 (2018: Nil). The balance of the franking account as at 30 June 2019 is Nil (2018: Nil).

28. Lundin Mining Strategic Partnership

On 3 June 2019, the Company and Lundin Mining Corporation (**Lundin Mining**) agreed terms for a strategic earn-in joint venture over select porphyry Cu-Au targets within PolarX's 100% owned Stellar Project (**Strategic Partnership**).

The following summary sets out the key terms and conditions of the Strategic Partnership:

(1) in June 2019, Lundin Mining subscribed for 53,442,000 Shares at an issue price of $0.08 per share, to raise gross proceeds of $4,275,360 (**Share Placement**);

(2) the proceeds from the Share Placement are to be used to fund exploration activities on certain claims contained within the Stellar Project (**JV Claims**). This exploration program (**Exploration Program**) is to be completed by the end of 2019, subject to extension in certain limited circumstances;

(3) upon completion of the Share Placement, Lundin Mining was granted an exclusive option (**Option**) to earn in to a 51% participating interest in the JV Claims, expiring on the later of (i) 31 December 2019 and (ii) 30 days after Lundin Mining has been provided all information and data from the Exploration Program (**Option Period**), during which:

(i) the parties will form a joint exploration committee (**Exploration Committee**), which committee will comprise three representatives appointed by Lundin Mining and two representatives appointed by the Company, for the purposes of directing and reviewing the Exploration Program; and

(ii) the Company will remain the operator of the drilling program on the other Alaska Range Project claims which are located outside the JV Claims (**Excluded Claims**). The Excluded Claims include the areas covered by the Caribou Dome and Zackly deposits which contain the Company's existing mineral resource estimates.

(4) if Lundin Mining exercises the Option (**Option Exercise Date**), during the next three-year period (**Earn-in Period**):

(i) Lundin Mining's earn-in obligations will be as follows:

(A) Year One – a cash payment of US$2 million to the Company within 30 days of the Option Exercise Date (anticipated to be 30 January 2020) plus a US$8 million minimum expenditure commitment in relation to the JV Claims;

(B) Year Two – an additional cash payment of US$3 million to the Company within 30 days of the first anniversary of the Option Exercise Date (anticipated to be 30 January 2021) plus a further US$8 million minimum expenditure commitment in relation to the JV Claims; and

(C) Year Three – an additional cash payment of US$5 million to the Company within 30 days of the second anniversary of the Option Exercise Date (anticipated to be 30 January 2022) plus a further US$8 million minimum expenditure commitment in relation to the JV Claims,

(together, the **Earn-in Requirements**);

(ii) Lundin Mining will have the option to assume the role of operator in relation to the JV Claims;

(iii) all exploration work will be decided on by the Exploration Committee (which composition will remain the same as described in paragraph (3)(i) above);

(iv) Lundin Mining shall be entitled to nominate one candidate for appointment to the Board of the Company as a non-executive director of the Company, subject to Lundin Mining holding in aggregate no less than 12.5% of the shares on issue and assuming the role of operator in relation to the JV Claims and provided that if Lundin Mining's interest in the Company falls below 10% for more than 10 consecutive trading days, such nomination right will be terminated; and

(v) Lundin Mining shall have a first right of refusal in relation any purported sale of (i) the Company's interest in the JV Claims; and/or (ii) the Excluded Claims, subject to any requirements (including the requirement to obtain shareholder approval) that ASX may impose on the Company at the time of exercise by Lundin of such rights (provided that the Company shall use its best efforts to satisfy such requirements or obtain an exemption therefrom).

(5) upon completion of the Earn-in Requirements and subject to payment of an option exercise fee of US$10 million (**Option Payment**):

(i) the parties will form an incorporated joint venture or other agreed structure (**JV Entity**) in relation to the JV Claims, under which Lundin Mining would be entitled to an initial 51% interest;

(ii) the board of the JV Entity will comprise five directors, with three to be initially appointed by Lundin Mining and two initially appointed by the Company;

(iii) Lundin Mining will be manager and operator of the JV Claims;

(iv) the detailed structure and other terms related to the management, governance, administration, funding, and dilution of the JV Entity will be set out in a formal joint venture agreement, and will be consistent with industry practice for joint venture exploration, development and operating companies;

(v) Lundin Mining shall have a first right of refusal in relation any purported sale of (i) the Company's interest in the JV Claims; and/or (ii) the Excluded Claims, subject to any requirements (including the requirement to obtain shareholder approval) that ASX may impose on the Company at the time of exercise by Lundin Mining of such rights (provided that the Company shall use its best efforts to satisfy such requirements or obtain an exemption therefrom);

(vi) if the Company identifies a deposit on any of the Excluded Claims, which deposit exceeds a threshold size of 2Moz Au equivalent or 1Mt Cu equivalent (JORC Code – inferred resources), the JV Entity will have the right to require that those claims be transferred to the JV Entity at fair market value, subject to the Company first having a 90-day period to market the deposit to a third party for a higher value, subject to a right of first refusal in favour of the JV Entity and any requirements (including the requirement to obtain shareholder approval) that ASX may impose on the Company at the time of exercise of such rights (provided that the Company shall use its best efforts to satisfy such requirements or obtain an exemption therefrom); and

(vii) any and all rights now or hereafter acquired by PolarX or Lundin Mining or any of their respective affiliates within the JV Claims or the associated area of interest (other than with respect to the Excluded Claims) shall be subject to the joint venture.

29. Agreements over the Uncle Sam Gold Project

On December 15, 2010, Millrock Resources Inc. and Millrock Alaska LLC (collectively **Millrock**) entered into an option agreement with PolarX Limited (the **Millrock Option**), whereby PolarX Limited was granted (and subsequently exercised in April 2013) an option to purchase an undivided 100% interest the Uncle Sam Gold Project. Pursuant to the Millrock Option, during such time as PolarX Limited retains an interest in the Uncle Sam Project it has the following obligations (the **Resource Share Payments**) in relation to any future mineral resource estimate for the Uncle Sam Gold Project:

(i) the issue of 60,000 Shares to Millrock in the event that a gold mineral resource of 1,000,000 ounces or more is defined, in accordance with NI 43-101 on the Uncle Sam Project; and

(ii) the issue of a further 40,000 Shares to Millrock in the event that a gold mineral resource of 2,000,000 ounces or more is defined, in accordance with NI 43-101 on the Uncle Sam Project, plus an additional 40,000 shares for every additional 1,000,000 ounces of resources in excess of 2,000,000 ounces.

Pursuant to the Millrock Option, PolarX also remained obligated to pay a 2% net smelter return royalty to a third party in relation to any future production from the 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 noticed from the Department of Natural Resources (State of Alaska) that the mineral claims which comprise the Uncle Sam Gold Project had been declared abandoned (**DNR Notice**). The basis for the decision was an error on the affidavit of labour filed by the previous tenement owner in 2011. As a result, GAME has sought to terminate the Option Agreement.

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

- is considered a non-core asset and had a $nil carrying value in the Company's financial statements at the time of receipt of the DNR Notice; and

- is independent of the Company's Alaska Range Project.

30. Information relating to PolarX Limited ("the parent entity")

	2019	2018
	$	$
Current assets	4,323,473	564,370
Non-current assets	24,990,848	20,499,838
Total assets	29,314,321	21,064,208
Current liabilities	203,507	152,200
Non-current liabilities	-	-
Total liabilities	203,507	152,200
Net assets	29,110,814	20,912,008
Issued capital	82,081,571	73,013,238
Reserves	3,318,897	3,238,719
Retained losses	(56,289,654)	(55,339,949)
	29,110,814	20,912,008
(Loss) of the parent entity	(949,705)	(1,067,499)
Total comprehensive (loss) of the parent entity	(949,705)	(1,067,499)
Guarantees entered into by the parent entity in relation to the debts of its subsidiaries		
Guarantees provided	-	-
Contingent liabilities of the parent entity	-	-
	-	-
Commitment for the acquisition of property, plant and equipment by the parent entity		
Not longer than one year	-	-
Longer than one year and not longer than five years	-	-
Longer than five years	-	-
	-	-

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of PolarX Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 3(a); and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2019.

On behalf of the Board

Mark Bojanjac
Executive Chairman
23 September 2019

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23 September 2019

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 audit of the financial statements of PolarX Limited for the year ended 30 June 2019, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely,
STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD

Martin Michalik

Martin Michalik
Director

Stantons International Audit and Consulting Pty Ltd
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
POLARX LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of PolarX Limited the Company and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit 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 (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Key Audit Matters	How the matter was addressed in the audit
Carrying Value of Exploration and Evaluation Assets	
As at 30 June 2019, Exploration and Evaluation Assets totalled $25,961,956 (refer to Note 11 of the financial report). The carrying value of exploration and evaluation assets is a key audit matter due to: • The significance of the expenditure capitalised representing 86% of total assets; • The necessity to assess management's application of the requirements of the accounting standard Exploration for and Evaluation of Mineral Resources ("AASB 6"), in light of any indicators of impairment that may be present; and • The assessment of significant judgements made by management in relation to the capitalised exploration and evaluation expenditure.	Inter alia, our audit procedures included the following: i. Assessing the Group's right to tenure over exploration assets by corroborating the ownership of the relevant licences for mineral resources to government registries and relevant third-party documentation; ii. Reviewing the directors' assessment of the carrying value of the capitalised exploration and evaluation costs, ensuring the veracity of the data presented and assessing management's consideration of potential impairment indicators, commodity prices and the stage of the Group's projects also against AASB 6; iii. Evaluation of Group documents for consistency with the intentions for continuing exploration and evaluation activities in areas of interest and corroborated in discussions with management. The documents we evaluated included: ▪ Minutes of the board and management; and ▪ Announcements made by the Group to the Australian Securities Exchange; and iv. Consideration of the requirements of accounting standard AASB 6 and reviewed the financial statements to ensure appropriate disclosures are made.
Going Concern	
In considering the going concern basis of accounting, as referred to in Note 2 to the financial statements, management considered whether there are any material uncertainties on the Group's ability to continue as a going concern. In making this assessment management need to consider the period of at least 12 months from the date our audit opinion is signed. The assessment is largely based on the assumptions made by the management in their cash flow forecasts. These forecasts include management and directors' assumptions regarding the timing of future cash flows, operating results, and capital raising activities (if any). This is a key audit matter due to the Group's history of operating losses and negative cashflows.	Inter alia, our audit procedures included the following: • Obtaining and reviewing management's cash flow forecasts to assess whether current cash levels and proposed capital management initiatives can sustain operations for a period of at least 12 months from the date of signing the financial statements; • Reviewing the assumptions used by management in the going concern forecasts for reasonableness and challenging these where necessary; • Corroborating, where possible, management's assumptions in relation to its cash flow forecasts, including enquiry, verifications of and discussions pertaining to these assumptions; and • Assessing the adequacy of the Group's related disclosures within the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance opinion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 22 to 26 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of XYZ Limited for the year ended 30 June 2019 complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

Martin Michalik

Martin Michalik
Director
West Perth, Western Australia
23 September 2019

ASX Additional Information

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report. The additional information was applicable as at 2 September 2019.

Distribution of Security Holders

There are 416,221,615 fully paid ordinary shares on issue. Analysis of numbers of listed equity security holders by size of holding:

Holding	Number of shareholders
1 - 1,000	69
1,001 - 5,000	140
5,001 - 10,000	101
10,001 - 100,000	393
100,001 and over	282
	985

There are 225 shareholders holding less than a marketable parcel of ordinary shares.

Statement of Restricted Securities

There are no restricted securities on issue.

Substantial Shareholders

The Company is of the view, after taking into account publicly available information, that the substantial shareholders of the Company are as follows:

Shareholder	Number of shares
Lundin Mining Corporation	53,442,000
JP Morgan Chase & Co and its affiliates	34,813,892
Ruffer LLP	31,315,046

Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary Shares

Each ordinary share is entitled to one vote when a poll is called otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options

These securities have no voting rights.

Quoted Equity Security Holders

The names of the twenty largest ordinary shareholders of the Company as at 2 September 2019 are as follows:

Shareholder	Number of Shares	% of Issued Capital
Citicorp Nominees Pty Limited	75,899,522	18.24
HSBC Custody Nominees (Australia) Limited	75,432,123	18.12
J P Morgan Nominees Australia Pty Limited	34,670,836	8.33
Aetas Global Markets Limited	19,646,629	4.72
Orogen Investments Pty Ltd <Orogen Investments A/C>	13,631,832	3.28
Mr Adam Leslie Hajek + Mrs Lisa Gaye Hajek	11,453,932	2.75
Equity Trustees Limited <Lowell Resources Fund A/C>	8,018,041	1.93
BNP Paribas Nominees Pty Ltd <IB AU Noms Retail Client DRP>	5,247,135	1.26
Mr William Willoughby	5,169,427	1.24
Terra Metallica Nominees Pty Ltd <Terra Metallica A/C>	5,004,389	1.20
Mr Frank Violi	4,742,857	1.14
Mr Andrew Walsh	3,885,714	0.93
Dr Charles Frazer Tabeart	3,700,395	0.89
Mr Andrew Huat Seong Tay	2,867,223	0.69
MICJUD Pty Ltd <Chester Super Fund A/C>	2,754,840	0.66
Mr Andrew John Pearson	2,743,446	0.66
Mr Kevin Banks-Smith & Mrs Katrina Frances Banks-Smith <Banks-Smith Super Fund A/C>	2,550,000	0.61
Anita Cunningham	2,460,931	0.59
Martin Huxley	2,290,908	0.55
Spectral Investments Pty Ltd <Lithgow Family A/C>	2,195,999	0.53
	284,366,179	**68.32**

Unquoted Equity Security Holders

Class	Number of options	Number of holders	Holders with more than 20%
Unlisted stock options each exercisable at $0.125 on or before 20/12/2021	29,000,000	10	The Fiduciary Group Limited (10,000,000) Frazer Tabeart (5,000,000) Orogen Investments Pty Ltd (5,000,000) Kallara Holdings Pty Ltd (5,000,000)
Unlisted stock options each exercisable at $0.0715 on or before 19/2/2020	4,000,000	3	Denise Worthington (2,000,000) Robert Boaz (1,000,000) Michael Fowler (1,000,000)
Unlisted stock options each exercisable at $0.175 on or before 17/6/2020	400,000	1	Julie Lai (400,000)
Unlisted stock options each exercisable at $0.12 on or before 18/9/2020	400,000	2	Jayart Funds Management Pty Ltd (200,000) Borsa Enterprises Pty Ltd (200,000)

Tenement Schedule

The tenement interest held by the Group as at the date of this report are listed below:

Project	Location	Licence(s)		Ownership Interest
Caribou Dome Property	Alaska, USA	Claim	ADL #	
		Caribou 1 – Caribou 20 Copper 1 – Copper 6 Copper 7 – Copper 11 CD 1 – CD66 CDS 001 – 038	563243 - 563262 588461 – 588466 645375 – 645379 664859 – 664924 719949 – 719986[1]	Option to earn 80%
		CD 001 – 040 CDE-01 – 20 CDE 26 CD 41 - 51 SBX 71 SBX 74 – 75 SBX 77 - 82	719909 – 719948 722216 - 722235 722241 725113 - 725123 726910 726913 – 726914 726916 - 726921	Option to earn 90%
Stellar Copper Gold Project	Alaska, USA	SB 154 – 155	704562 – 704563	100%
		SB 167 – 168	704575 – 704576	
		ZK 3 – 5	704621 – 704623	
		ZK 14	704632	
		ZK 19 – 21	704637 – 704639	
		Z 1 – 5	709427 - 709431	
		Z 6 - 10	711728 - 711732	
		SB 281 - 283	714079 - 714081	
		SB 297 - 299	714095 - 714097	
		SB 317 – 319	714115 – 714117	
		SB 346 – 348	714144 - 714146	
		SB 364 - 368	714162 – 714166	
		SB 376 - 379	714174 - 714177	
		SB 389 - 390	714187 - 714188	
		SB 417	715392	
		SBA 001 – 066	721446 - 721511	
		SBX 001 – 070	724789 - 724858	
		LYKN 1 – 2	725111 – 725112	
		CD 41 – 51	725113 – 725123	
		CDE 21 - 25	722236 – 722240	
		CDE 27	722242	
		SBX 72 – 73	726911 – 726912	
		SBX 76	726915	
		SBX 83 – 91	726922 - 726930	
		SBX 92 -121	728878 - 728907	

Uncle Sam Gold Project	Alaska, USA	-[2]	-[2]	-[2]

Notes:

1. Caribou Dome Claims numbered CDS 007 (ADL# 719955), CDS 008 (ADL# 719956), CDS 009 (ADL# 719957), CDS 015 (ADL# 719963), CDS 016 (ADL# 719964) and CDS 017 (ADL# 719965), overlap prior existing active claims. Hence no exploration activity has been undertaken on these claims to date and no work will be undertaken on these claims unless they are abandoned by the original locator. The claims are not considered material to the overall Caribou Dome Project.

2. Refer Note 29 to the financial statements for the status of the Uncle Sam Gold Project. For a detailed listing of the Uncle Sam Gold Project mineral claims, held prior to receipt of the DNR Notice referred to in Note 29, please refer to Appendix 1 to the quarterly activities report dated 31 October 2017.